

GRIEVANCE PROCEDURES FOR FCP IMPLEMENTATION

1. BACKGROUND

APP believes in business sustainability that balances ecosystem conservation and community empowerment. It is important to APP that we implement targeted and measurable actions to responsibly manage the natural resources that we use.

In June 2012, APP launched its Sustainability Roadmap: Vision 2020 and we are committed to achieve all the targets that we have set for ourselves and continue to demonstrate to our stakeholders that we produce responsible products.

A set of policies have been developed to support our efforts to realise our Sustainability Roadmap goals. These policies include the APP Responsible & Sustainable Business Declaration and the Forest Conservation Policy (FCP) that covers commitments to protect HCVF and HCS, to implement best practices in peat land management, and social and community engagement, and to ensure responsible forest management, throughout our wood supply chain.

To ensure transparency in the implementation of our FCP, APP believes that interested stakeholders can be a constructive partner to help us improve the implementation of a sustainable FCP. Their inputs and concerns are very important to us. Therefore, we developed a procedure to address any grievance that our stakeholders have identified related to the implementation of our FCP.

2. OBJECTIVES

This procedure is a reference for the staff and management of APP/SMF to handle any grievance from external parties, either from individuals, government organizations, and non-governmental organizations concerning the implementation of FCP.

3. SCOPE

This procedure covers activities related to the handling of stakeholders' grievances related to the implementation of FCP. This includes recording grievances, taking actions to verify claims and rectifying any confirmed issues, reporting the verification result and actions on the ground, delivering the response to stakeholders and managing and monitoring any follow up action.

4. REFERENCES

- a. APP Responsible & Sustainable Business Declaration.
- b. APP Responsible Fiber Purchasing and Processing Policy (RFPPP)
- c. APP Forest Conservation Policy (FCP)
- d. Decision of APP's Board of Directors on the Grievance Technical Team

5. GENERAL TERMS

- a. A grievance is a complaint, concern or problem which an individual or a group wants the company to address and find solutions for.
- b. Suppliers of pulp to APP mills consist of:
 - Forest Management Units (FMU) can be either a business or individual that supplies round wood to produce pulp.
 - A business entity that supplies wood chips for the production of pulp.
- c. The technical grievance team is the team formed by the Board of Directors of APP to support effective and swift handling of grievances from external parties.

6. DUTIES AND RESPONSIBILITIES

- a. Grievance Support Team at APP's head office:

The members of this Team are based in the APP Head Office in Jakarta. The duties of this Team are to receive record, classify, and report the grievances to the Grievance Committee and Verification Team.

- b. Grievance Committee:

The members of this team are representatives from APP, Sinarmas Forestry, and TFT managements. The duties of this Committee are to assess and to respond to all the grievances expressed by external parties related to the implementation of FCP that has been verified by the Verification Team. This Committee will instruct staff at the district, region, and mill level to take the necessary actions to address the identified grievances as required.

- c. Verification Team

The members of this team are from APP, Sinarmas Forestry and TFT. The duty of this Verification Team is to study and to verify the data/information provided by the external parties with grievances. The Verification Team will work together with the staff of FMU and/or related mill in carrying out its duty. The Verification Team will develop report(s) outlining the result of its verification and recommended actions to address any confirmed issues, and a Draft Response Letter that will be submitted to the Grievance Committee. The Verification Team may include third party as needed. Third party can be the complainant or a representative of the complainant who has been given a clear mandate through a letter of assignment.

- d. Media Monitoring Team:

This team consists of members from APP and Sinarmas Forestry. It is tasked with monitoring all mass media (print and electronic) for news relating to APP and its suppliers. The team is required to send the news to the Corporate Affairs Division HQ, with copies to the verification team.

- e. District Manager

Together with the Region Head, the District Manager will take the necessary actions to resolve and/or settle the grievance in his/her area of work and report the implementation and result to the Grievance Committee and Verification team.

f. Regional Head

Together with the District Manager, the Region Head will take the necessary actions to resolve and/or settle the in his/her area of work and report the implementation and result to the Grievance Committee.

g. Mill Head

The mill head will take the necessary actions to resolve and/or settle the grievance in his/her area of work and report the implementation and result to the Grievance Committee.

7. PROCEDURES

7.1 Workflows

a. Grievances can expressed to APP through the following channels:

- Email : sustainability@app.co.id
- Telepon : 0800-1-401471 or
0888-0814-7896
- Fax : +62-21-3162617
- PO Box : 6604 / JKPWK Jakarta 10350c

b. The grievance party should provide the following information:

- Full Name
- Name of Organization (if any)
- Address
- Phone No./Fax No./Email Address (min 1)
- Description of their grievance in detail
- Evidences to support their grievance

If the party that reports a grievance did not provide a clear correspondence data, then the grievance team cannot seek further clarification on the grievance/evidence nor can deliver a response. However, the party with grievance may request their identity to be kept confidential.

Any party may appoint a third party to submit their grievances provided that the third party follows the procedure.

c. The Grievance Support (GS) Team works everyday to collect, record, and classify all grievances that are received. At the end of the working day, GS Team develop a report compiling grievance received that day and send it to the Verification Team and the Grievance Committee. GS Team also keeps a duplicate/copy of all the Response Letters sent by the Grievance Committee to outside parties.

d. The Verification Team studies the report from the GS Team.

- e. If it is assessed that the grievance is unmerited or no field action is required to resolve it, then the Verification Team will submit a verification report and draft Response Letter to the Grievance Committee for approval before sending it to the party with grievance. This approved written response will be sent within 5 working days, after the APP/SMF receives the grievance.
- f. If the result of the verification indicates that a field action is necessary to resolve the grievance, then the Verification Team, after obtaining the approval of the Grievance Committee will send an official letter to the District Manager/Region Head/Mill Head to take the necessary steps/action in the field to resolve the grievance. The instruction shall be sent within three working days following approval from the grievance committee.
- g. The District Manager together with the Region Head will conduct steps/action in the field (forest) to resolve the grievance and report the result to the Verification Team and the Grievance Committee. Actions in the field to resolve the grievance shall be done immediately and the District Manager shall provide an implementation status and result report to the Committee and the Verification Team within three working days after receiving instructions.
- h. The Mill Head will conduct steps/action in the field (mill) to resolve the said grievance and report the result to the Verification Team and the Grievance Committee. Actions in the field to resolve the grievance shall be done immediately and the District Manager shall provide a Field Action Report that contains implementation status update to the Committee and the Verification Team within three working days after receiving instructions.
- i. Immediately after obtaining the Field Action Report from the District Manager/Region Head and Mill Head, the Verification Team will study the report and make a draft written response in behalf of the Grievance Committee for the party that reported the grievance and dissatisfaction. The said Draft Response Letter will be studied and approved by the Grievance Committee before sending it. This action will be conducted within three working days.
- j. The Verification Team will keep a duplicate/copy of every Verification Form, Action Result Report, Minutes of the Meeting, and its attachments.
- k. If the party that reported a grievance is unsatisfied with the written response from the Grievance Committee, the said party can send to the Committee its complaint and providing information on the issues that they consider to be insufficiently addressed by the Grievance Committee. If deemed necessary, the Grievance Committee, with the help of the Verification Team, can conduct the following:
 - Invite the concerned party to obtain a direct explanation.
 - Provide opportunity and access to the concerned party to conduct a cross-check in the field and submit its result to the Grievance Committee.
 - Together discuss other options that may be conducted to resolve the remaining grievance.
 - Involve IO in the verification.
- l. For cases related to media reports (print and electronic) the verification will be handled according to grievance procedure. The decision to respond to the media is in accordance with approval from the grievance committee.

7.2 Monitoring mechanisms for handling complaints and grievances:

- a. Region and Mill Head will monitor the progress in handling the grievance in their respective areas.

- b. Grievance Committee, with the help of the Verification Team, will monitor the progress in handling the grievance in all the regional offices.

8. DOCUMENT CONTROL

8.1 Related documents are controlled by relevant parties included in this procedure.

8.2 If a party needs a document, that party can request it to the Grievance Committee.

8.3 If a revision on a document is necessary, then it has to be coordinated with the related official in APP/SMF.

8.4 If a revision is conducted in a document, then the old document will be revoked by the relevant party in this procedure.

9. ATTACHMENTS

Recording and Classification Form

Verification Form

Action Order Form

Attendance Sheet

Minutes of Meetings

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