THIRD MONITORING REPORT: IMPLEMENTATION OF NATURAL FOREST CLEARANCE MORATORIUM

1. BACKGROUND

In February 2013, APP launched its Forest Conservation Policy (FCP) which strengthened its commitment to sustainably manage the forest concession of its pulpwood supply chain. A key aspect of that policy was the immediate end of natural forest conversion within all of APP’s pulpwood supply chain. APP is using High Carbon Stock (HCS) to identify areas of natural forest, and High Conservation Value (HCV) assessments to identify other areas for protection. The result of the HCS & HCV assessments will guide the forest managers of APP pulpwood suppliers in determining which areas they can develop into plantations and those areas they need to maintain as natural forest.

Implementation of the natural forest clearance moratorium throughout APP’s supply chain is achieved through the following components:

- Conduct field monitoring in the moratorium area that has degraded to non forest area because of:
  a) Land and forest fires
  b) Land conflict non category 1, 3, 7
  c) And other type of land clearing that has not been detected yet.

The periodic monitoring activity is held to identify if there is any breach in the moratorium area and to monitor the usage of natural forest woods logged before 1 February 2013. The periodic monitoring is conducted quarterly and involves Independent Observers (IO) from NGOs and local universities.

2. MONITORING PROCESS/GROUND CHECKING VII

2.1. MONITORING IMPLEMENTATION TEAM – Forest

The monitoring implementation team in Forest Management Unit:

2.1.1. Riau “Landscape Utara” (Riau Partner 2)

- APP/SMF : Agus Budi P
- TFT : Lutfian N
2.1.2. Riau “Landscape Selatan” (Riau Partner 1)
- APP/SMF: Nurhadi
- TFT: Abidin Lakadimu
- IO: Ali Afriandi (GreenPeace), Rudi Hidayat (Elang), Gilda Pudika (Jikalahari)
- UMH: District Manager dan Staf UMH

2.1.3. Jambi-South Sumatra
- APP/SMF: Bambang Abimanyu
- TFT: Lutfian N
- IO: Ali Afriandi (GreenPeace), Anwar Sadat (SPS), Ali Goik (Dipati Institute), Arum Setiawan (UNSRI), Nelly Akbar dan Habibi Mainas (Warsi), Jauhar Khabibi (UNJA)
- UMH: District Manager dan Staf UMH

2.1.4. West Kalimantan
- APP/SMF: Broto Sutejo
- TFT: Ario Bhirowo
- IO: Suhardani Hendri Sukri (EoF), Zulfahmi (YIARI), Uray
- Septiandano dan Agus Dwi Wahyudi (PRCF)
- UMH: District Manager, Staf Region dan Staf UMH

2.1.5 East Kalimantan
- APP/SMF: Supriyono
- TFT: Endra Gunawan
- IO: Djarot Effendi (ECOSITROP), Ndang Imang (CSF UNMUL)
- UMH: District Manager dan Staf UMH

2.2. MONITORING IMPLEMENTATION TIMELINE

2.2.1 Forest: The timeline of moratorium area monitoring in FMUs as follow:
- Riau: 4-9 October 2016
- Jambi: 20-23 September 2016
- Sumsel: 19-27 September 2016
- Kalbar: 9-14 August 2016
- Kaltim: 17-21 October 2016
2.3. LOCATIONS OF MONITORING IMPLEMENTATION

Locations of monitoring implementation in forest management unit are as follows:

2.3.1. Riau “Landscape Selatan”
- PT. Riau Indo Agropalma (RIA)
- PT. Mutiara Sabuk Khatulistiwa (MSK)
- PT. Bina Duta Laksana (BDL)

2.3.2. Riau “Landscape Utara”
- PT. Balai Kayang Mandiri (BKM)
- PT. Suntara Gajapati (SGP)
- PT. Ruas Utama Jaya (RUJ)
- PT. Satria Perkasa Agung (SPA)

2.3.3. Jambi – South Sumatra
- PT. Bumi Persada Permai I (BPP I)
- PT. Bumi Persada Permai II (BPP II)
- PT. Tripupa Jaya (TPJ)
- PT. Tebo Multi Agro (TMA)

2.3.4. West Kalimantan
- PT. Asia Tani Persada (ATP)
- PT. Kalimantan Subur Permai (KSP)
- PT. Daya Tani Kalbar (DTK)

2.3.5 East Kalimantan
- PT. Acacia Andalan Utama (AAU)
- PT. Kelawit Wana Lestari (KWL)
- PT. Kelawit Hutani Lestari (KHL)

The concessions listed above were monitored because they were still clearing natural forests until the moratorium was announced on 1st February 2013. Therefore groundchecking was performed to confirm that natural forest clearance activities previously planned in these concessions have not occurred since 1st February 2013. The remaining 22 concessions that supply pulpwood to APP stopped clearing natural forests prior to the announcement of the moratorium. As these 22 concessions did not contain ongoing forest clearance activities, they are considered to be a low risk of breaching the moratorium.
2.4. MONITORING METHOD – Forest Management Unit

2.4.1 Desktop Study
- Prior to the field activities, monitoring team (APP/SMF, TFT and IO) shall carry out desktop study first.
- Desktop study activity will be done by overlaying the moratorium area map with the updated landsat image map to identify whether there is an indication of change in the moratorium areas in each FMU.

2.4.2 Groundcheck in Moratorium Areas.
- Ground check will be carried out in the selected FMUs, which indicated that there is a change in the moratorium area according to the desktop study result.
- The selected area is the area that impacted by forest fire and other type of clearing and where the land conflict category 2, 4, 5, 6 and 8 occurred. For the areas that cleared but there is no land conflict category 1,3 and 7 and has no changes in the area, field visit will not be conducted.
- If based on desktop study result, there is no indication of change in moratorium area, so the monitoring team should agree on the needs of ground check for the area.
- Each selected location requires signs and marking with ID number and date of ID, name of FMU and coordinate points.
- Each selected location should be documented in terms of:
  a) Picture of location where the signs and marking are located
  b) Picture of north, east, south, west sides from where the marking is located

All ground check areas shall be plotted in working area map of each FMU and to be attached in the report.

3. CONCLUSION

3.2. There is no breach against FCP commitment in one of FMUs related to the new land clearing in moratorium areas. The summary of monitoring implementation in each region illustrated as follow:

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<th>No.</th>
<th>FMU</th>
<th>Location</th>
<th>Notes</th>
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| 1.  | SGP | Riau     | • Ground check was done in 6 agreed plots with IO, with following details:  
                       a) 2 plots in the cleared areas because of other type of clearing  
                       b) 3 plots in the cleared areas that have conflict category |
4 (livelihood)
c) 1 plot to update the land cover

- Plot 1. Categorised as other type of clearing. Based on field observation, the area is cleared area. The clearing was done for oil palm plantation approximately one year ago, in the area of more or less 150 ha. Based on the information from the custodians of the moratorium area, the land owner is Mr. Manurung.

- Plot 2. Categorised as other type of clearing in moratorium area. Based on the desktop analysis, the area is in cleared area, location 2 is close with location 1 and both areas are still in one overlay.

- Plot 3. Moratorium area with category 4. There was fire occurred in this area. Based on field observation, this area is young shrub. This plot is located in coordinate X 745617; Y 228509.

- Plot 4 and 5. Cleared area with category 4. The condition of plot 4 and 5 are similar with plot 3, because both are still in one overlay. Therefore, it has been agreed that ground check will be conducted in both 2 plots.

- Location 6. Moratorium area that is not included in the plots ground checking which agreed on October 3, 2016 in Pekanbaru, the plot was taken in order to update the land cover of moratorium area. The condition is LT and the area was ex- Mahang tree. The coordinate is X 74521; Y 228722. There was also fire in this area in around 2014. The location has already been blocked by the community.

- There is no breach against natural forest moratorium area in PT. Suntara Gajapati, but there is a change in moratorium area land cover because of the clearing that was done for oil palm plantation, ex burnt area in GC plot 3 and 6, and claimed by the communities.

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<th>RUJ</th>
<th>Riau</th>
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<td>2.</td>
<td>GC was conducted in 6 plots that agreed with IO, with the condition of clearing: because of other type of clearing.</td>
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<td>a)</td>
<td>Location plot 1,2, and 3 has become oil palm and claimed by Group of Mr. Tugiman.</td>
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<td>b)</td>
<td>Location plot 4 and 5 can not be accessed by the team, and will be replaced by other plots in other locations.</td>
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<td>c)</td>
<td>Location plot 6 and 7 has become oil palm and claimed by the Group of Mr. Situmeang.</td>
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<tr>
<td>d)</td>
<td>Plot 9, is the replacement of (b) based on dekstop, the area is young shrub land cover, and the communities</td>
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have been using the area as canal.
- There is no breach against natural forest moratorium in PT. RUJ, but the land cover of moratorium area has been changed because of the clearing for oil palm plantation and claimed by the communities.

| 3. | BKM Riau | GC was done in 6 plots that agreed with IO with following details:  
- Location plot 1 and 3, other type of clearing  
- Location 2, land has a conflict category 5 (buy and sell)  
- Plot 1, based on desktop analysis is old shrub, the condition in the field is old shrub as well.  
- Plot 2 and 3, the condition is shrubs and oil palm has been planted by Mr. Barus  
- There is no breach against natural forest in PT BKM’s moratorium area, but there has been a change in land cover in the moratorium area because of the clearing for oil palm plantation, and claimed by the communities. |

| 4. | BDL Riau | GC was done in 8 plots that agreed with IO, with following details:  
- 6 plots, the conditions are in conflict category 4 (livelihood) in the plot 1,2,4,6,7,8.  
- 2 plots, other type of clearing (plot 3 and 5)  
- Plot 1 and 2, land clearing because of claim by Mr. Fahrudi from Gembira Village.  
- Plot 4, the land is old shrubs and claimed by Mr. Fahrudin from Tulung Kabung Village.  
- Plot 3 and 5, clearing because of claim by Mr. Fahrudi from Gembira Village.  
- Plot 6 and 7, the field condition is old coconut field, with age of 20 years old and owned by Gembira village community.  
- Plot 8, is oil palm plantation with age of 8-10 years old and owned by community from Gembira village and aerca nut plantation.  
- There is no breach against natural forest in moratorium area of PT. Bina Duta Laksana. |

| 5. | MSK Riau | GC was conducted in 6 plots that agreed with IO, with the condition of clearing: other type of clearing.  
- Plot 1, the condition based on desktop analysis is young shrub, the condition in TPTI is gelam with diameter of 7-10 cm.  
- Plot 2, the condition based on desktop analysis is young shrub, the condition in TPTI is gelam with diameter of 7-10 cm.  
- There is no breach against natural forest in PT. Bina Duta Laksana. |
|   |   | shrub, the condition in the field is young shrub and there is no communities’ activities.  
|   |   | • Plot 3, 4 and 5, the condition based on desktop analysis is young shrub, the condition in the field is old shrub.  
|   |   | • There is no breach against natural forest of moratorium area in PT. Mutiara Sabuk Khatulistiwa.  
| 6. | RIA | Riau  
|   |   | • The GC plot is only 1, in the location of other type of clearing  
|   |   | • Based on desktop analysis, it is young shrub, the condition in the field is young shrub that cleared by communities. And the area is claimed by Mr. Kalim from Tanjung Simpang Village, Pelangiran District.  
|   |   | • There is no breach against natural forest of PT. Riau Indo Agropalma moratorium area.  
| 7. | SPA | Riau  
|   |   | • There are 3 ground check plots, with following details:  
|   |   | a) 2 plots are cleared areas because of land conflict category 5 (buy and sell) which is plot 1 and 2.  
|   |   | b) 1 plot is clearing area because of land conflict category 6 (speculator), which is plot 3.  
|   |   | • Plot 1 and 2, based on desktop analysis is young shrub, the area has been cleared and planted by oil palm approximately 5 years old.  
|   |   | • Plot 3, based on desktop analysis young shrub, in the field, clearing was just done recently, but there area wild acacia has been growing in these 2 years approximately.  
|   |   | • There is no breach against natural forest of PT. Satria Perkasa Agung’s moratorium area.  
| 8. | TPJ | Sumsel  
|   |   | • There area 3 ground check plots with following details:  
|   |   | a) 2 GC plots in the cleared area because of other type of clearing  
|   |   | b) 1 GC plot in the cleared area because of fire  
|   |   | • Plot 1, the condition based on desktop analysis is young shrub, the condition in the field is HK and there are other clearing was done for development of canal and road in 2009.  
|   |   | • Plot 3, GC can not be done due to limited access, and was replaced by Plot 2.  
|   |   | • Plot 2, cleared area because of fire. Based on desktop analysis, the area is young shrub. Based on field observation, the area is young shrub and there are spots of burnt area in moratorium area.  
|   |   | • There is no breach against natural forest in PT. TPJ’s moratorium area.  

| 9. | BPP I | Sumsel | • There are 4 GC plots, with following details:  
|     |       |        | a) 2 GC plots in the cleared area because of conflict category 2  
|     |       |        | b) 1 GC plot in the location of other type of clearing area.  
|     |       |        | c) 1 GC plot in cleared area because of conflict category 6 (speculator)  
|     |       |        | • Plot 1. Moratorium area with land clearing category 2. Based on field observation, the area is young shrub. In 2011, the area has been burnt.  
|     |       |        | • Plot 2. Moratorium area with land clearing category 2. Based on field observation, the area is HK, the topography is hilly with tilt of ± 20°. Approximately 50 meter towards west side, there are land clearing and “resam” has been grown in the area which is approx. 0.5 ha.  
|     |       |        | • Plot 3. Cleared area because of other type of clearing. Based on field observation, the area is young shrub, and the type of vegetation is dominated with; Sungkai, Jati Sumatera, Jambu-jambu, Bamboo (small), Mahang, Kempas, and Waru. Dominated with piles and shrubs, the topography is hilly with tilt of ± 20°.  
|     |       |        | • Plot 4. Cleared area category 6 (speculators). Based on field observation, the area is old shrubs, the topology is hilly with tilt of ± 20°. Dominated with vegetations such as Durian, Jambu-Jambuan, Rattan, Meranti, Mahang, Nuts and Bamboo.  
|     |       |        | • There is no breach against natural forest of PT. Bumi Persada Permai I moratorium area.  
| 10 | BPP II | Sumsel | • There are 3 GC plots with following details:  
|    |       |        | a) 2 plots, clearing because of land conflict category 2  
|    |       |        | b) 1 plot, clearing because of other type of clearing  
|    |       |        | • Plot 1 and 2, GC was not conducted due to limited time.  
|    |       |        | • Plot 3, cleared area categorised as other type of clearing. Based on desktop analysis, the area is young shrub. Based on field observation, the area is young shrub and has no signs of clearing.  
|    |       |        | • There is no breach against natural forest of PT. Bumi Persada Permai II moratorium area.  
| 10. | TMA | Jambi | • There are 9 GC plots with following details:  
|     |       |        | a) Plot 2, 3, 4 8, the cleared area is because of other type of clearing  
|     |       |        | b) Plot 1 and 9, the cleared area because of land conflict category 4.  
|     |       |        | c) Plot 6 and 7, the cleared area because of land conflict
category 6.
- Plot 2, 3, 4 were not visited due to limited access and time.
- Plot 1, based on desktop analysis, the condition is young shrub. But based on field observation, the area has been changed to LT. Clearing was indicated because of fire.
- Plot 5 was not visited due to limited access and time.
- Plot 6 and 7. The desktop analysis result is young shrub, but based on field observation, the area is cleared area and formerly burnt in 2014, shrubs and “perdu”.
- Plot 8. Based on field observation, the area was cleared and has been planted by rubber approximately 1-2 weeks ago and there are communities’ houses which also planted by banana, coconut and jackfruit in surrounding. Also there are rubbers with age of 5-10 years old.
- Plot 9. Based on field observation, the area is young shrub and there are rubbers with age of 2-4 years. There is an access and illegal logging activity.
- There is no breach against moratorium area in PT. Tebo Multi Agro.

| 11. | ATP Kalbar | There are 3 GC plots with following details:
| a) | Plot 1, cleared area because of land conflict category 4
| b) | Plot 2, cleared area because of other type of clearing
| c) | Plot 3, cleared area because of conflict category 8
| Plot 1, based on field observation, the area is young shrub, and owned by (Alm) Mr. Anwar (Ex Head of BPD Labai Hilir).
| Plot 2, based on field observation, the area is young shrub and other type of clearing is because of the area was formerly as bauxite mining of PT KUTJ.
| Plot 3, based on field observation, the area is young shrub, and the type of clearing is because of the area was formerly as bauxite mining of PT KUTJ.
| There is no breach against PT. Asia Tani Perasada’s moratorium area. |

| 12. | DTK Kalbar | There are 4 GC plots, with following details:
| a) | Plot 1, land clearing with land conflict category 4
| b) | Plot 2, land clearing which categorised as other type of clearing
| c) | Plot 3, land clearing with conflict category 8
| d) | Plot 4, land clearing because of the area is outside the moratorium area.
| Plot 1, based on field observation, the area is old shrub, there is no clearing in the area, but the area has becoming
an access for communities in Simpang Aur and Sejenuh for livelihood fulfillment, with some indications that there are some plots that were cleared.

- Plot 2, based on field observation, the area is old shrub and no clearing
- Plot 3, based on field observation, the area has been planted by oil palm with age of 2-3 years old which planted by PT.Gerbang Benua Raya (GBR)
- Plot 4, based on field observation, land clearing was done by government authorities for paddy preparation for communities. Location is outside the moratorium area.
- There is no breach against PT. Daya Tani Kalbar moratorium area.

| 13. KSP Kalbar | • There are 4 ground check plots with following details:
| | a) Plot 1, clearing beacuse of land conflict category 5.
| | b) Plot 2 and 3, clearing because of other type of clearing
| | c) Plot 4 and 5 are outside the moratorium area, other type of clearing
| | • Plot 1. Based on field observation, the area is cleared area for oil palm plantation, and the area is claimed by Mr. Marius
| | • Plot 2. Based on field observation, the area is planted by new oil plam. The clearing was done for oil palm plantation, and the area is claimed by Mr. Marius.
| | • Plot 3. Based on field observation, the area is cleared area, and clearing was done for oil palm plantation, and it is owned by Gen.
| | • Plot 4. Based on field observation, the area has been planted by a 2 years old oil palm. The clearing was done for oil palm plantation, and the area is claimed by Mr. Acin. The location is close to road access of PT. KSP
| | • Plot 5. Based on field observation, the area is forest area, but there are plots that have been cleared and the clearing was done because of illegal logging. To access the locations, it requires water transportation in Jelau River.
| | • There is no breach against natural forest of PT. KSP’s moratorium area.

14. AAU Kaltim | • There are 8 ground check plots, with following details:
| | a) 4 plots of cleared area which categorised as other type of clearing
| | b) 3 plots of cleared area with land conflict category 4
| | c) 1 plot of cleared area because of conflict category 6
| | • Plot 1. Based on desktop analysis, the condition of land
cover is young shrub, but based on field observation, it has changed to community's field.

- Plot 2. Based on desktop analysis, the condition of land cover is young shrub, and based on field observation, the area is young shrub and based on information from the field, it is owned by Mr. Asrin.
- Plot 3. The condition of clearing with conflict category 4. The condition in the field is young shrub and claimed by Mr. Benhoner.
- Plot 4. The condition of clearing with conflict category 4. The condition in the field is oil palm plantation and owned by Mr. Liadi.
- Plot 5. The condition of clearing with conflict category 4. The condition in the field is young shrub and the area is owned by Mr. Yohanes (Head of Customs)
- Plot 6. The condition of clearing which categorised as other type of clearing. The condition is young shrub and the area is owned by Mr. Yohanes (Head of Customs)
- Plot 7. The condition of clearing which categorised as other type of clearing. The condition in the field is young shrub.
- Plot 8. Clearing with land conflict category 6. The condition in the field is young shrub.
- There is no indication of wood movement both internal and external.

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4. RECOMMENDATION

- FMU to actively conduct socialisation on the presence of moratorium area in each FMU, its area boundaries, its objectives to all stakeholders.
- Need to improve the regular patrol and periodic monitoring in moratorium area which is sensitive to encroachment, communities’ activities and illegal logging.
- Speed up the DMPA implementation to reduce the potential land conflict.
- Build and/or add and/or keep the signboard or information board or direction in moratorium area so that it will be easier for communities/other parties to notice.
- Speed up the implementation of social aspect recommendation related to the process of ISFMP development by POKJA team.
- GC VII plots to be ground check at the time ISFMP GC is conducted.
- Development of KARHUTLA signboard in the moratorium areas.