

**Evaluating the Environmental, Social and Corporate Governance
Performance of
Sinar Mas Group (SMG) and Royal Golden Eagle (RGE)
Companies**

Criteria and Indicators for Assessing and Verifying Performance

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Authors:

Auriga
Forest Peoples Programme
Hutan Kita Institute
Jikalahari
KKI Warsi
Rainforest Action Network
Titian
Walhi Riau & Walhi Jambi
Wetlands International
Woods & Wayside International
WWF-Indonesia

Review or Comment Provided by:

Environmental Paper Network
Greenpeace
Marks & Spencer
ITC Ltd.
Scholastic Inc.

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INTRODUCTION

FSC is considered by many NGOs and companies as the best certification system to verify environmentally and socially responsible management of forests. However, currently, FSC standards cannot be used as a tool to measure or verify the performance of Sinar Mas Group (SMG) and Royal Golden Eagle (RGE) companies, affiliates¹ and global wood supply chain partners in their pulp and paper production because:

- SMG’s Asia Pulp & Paper (APP) was disassociated by FSC “*because of substantial, publicly available information that APP was involved in destructive forestry practices, which brought it into conflict with the FSC mission in 2007*”².
- RGE’s APRIL was disassociated by FSC for “*large-scale deforestation activities in Indonesia and bringing negative social and environmental impacts to areas with high conservation values*” in 2013³.

Over the past year or more the FSC has, at the request of SMG and RGE companies, committed to develop “roadmaps for ending disassociation” with APP and APRIL. FSC is now developing the roadmap for APP; APRIL will follow. After the roadmap is agreed, and if subsequent independent verification finds that the requirements and conditions in the roadmap have been satisfactorily implemented, the FSC will decide whether to end dis-association. After dis-association has been ended a company may seek FSC certification of their operations and products.

In July 2017, FSC established a Stakeholder Working Group (SWG) of interested stakeholders to help develop the roadmap for APP. Many of the authors of this document are part of the SWG. Many of these groups have been monitoring SMG and RGE for almost two decades. They have developed this outcome based Performance Verification Framework because these companies are currently excluded from the FSC system, because re-association of the two companies will take some years to be completed, and in order to encourage buyers and others to assess and verify APP and APRIL’s performance independently. In developing the Framework, the authors have consulted with other NGOs and key private sector actors.

The Performance Verification Framework is based on a set of three **Performance Categories** – environmental responsibility, social responsibility and corporate governance – each with their respective **Performance Criteria** and **Verification Indicators** (C & I). The framework was developed:

- As a tool for corporate buyers of pulp and paper products as well as investors in the sector, NGOs, community groups and others to set specific measurable performance requirements for and independently verify on-the-ground performance of SMG and RGE companies.
- So its Criteria & Indicators (C&I) can be used in the development of the detailed

¹ Sinar Mas Group (SMG) and Royal Golden Eagle (RGE) Companies and affiliates include all current and future companies in the forestry, fibre, pulp and paper sectors, which SMG/RGE Companies and/or their founders/executives/directors own, manage or invest regardless of stake, such as, Asia Pulp and Paper (APP), Asia Pacific Resources International Limited (APRIL), and Toba Pulp Lestari (TPL). The scope includes all HTI or industrial pulpwood concessions and all other wood sources including HTR, HPH and any other areas (PKH, HGU, etc.) in Indonesia that supply pulpwood fiber to these companies.

² <https://ic.fsc.org/en/what-is-fsc/what-we-do/dispute-resolution/current-cases/asia-pulp-and-paper-app>

³ <https://ic.fsc.org/en/what-is-fsc/what-we-do/dispute-resolution/current-cases/asia-pacific-resources-international-april>

- roadmaps for ending the FSC's disassociation with APP and APRIL.
- So its C & I can be used in the FSC's national standard development process and improvement of the FSC's Forest Management and Controlled Wood standards and related guidance to deal with a range of social, economic and political circumstances (e.g. social conflict, lack of transparency, corruption and poor forest governance and weak rule of law and law enforcement) and ecological conditions (e.g. peat) specific to SMG/APP, RGE/APRIL and Indonesia.

There are four parts to the document.

Part I presents the C & I in each of the three Performance Categories and, for reference, provides a "cross-walk" comparison with the FSC requirements for full forest management (FM) certification and for Controlled Wood (CW) that will help in integrating the C&I into the roadmap process. The C & I establish the basis upon which buyers and investors can assess and verify whether these producers of pulp and paper products meet their expectations for environmental, social and corporate governance responsibility in the absence of FSC certification or where there are gaps in the FSC standards.

Part II recommends that the C & I be used to inform the FSC roadmap and national standards development processes and suggests that buyers and investors also use the C & I to develop and communicate their performance expectations for SMG and RGE independently. It provides guidance and presents two options for buyers and others to use the C&I: 1. to bolster the FSC roadmap process and 2. to set minimum performance requirements and as appropriate to conduct independent or pre-competitive joint audits to verify performance and determine conformance by SMG and RGE to meet the C & I in the absence of FSC certification or where FSC standards have gaps relating to Indonesia's specific conditions mentioned above.

Part III provides minimum standards for the conduct of audits that can be considered professional, rigorous, and independent, and that have sufficient scope and depth of analysis to be considered reliable and credible evaluations.

Part IV includes a glossary of terms.

PART I. Performance Criteria and Verification Indicators (C&I)

Scope of C & I

The C & I are designed to apply to:

- the Indonesian pulp and paper operations of Sinar Mas Group (SMG) and Royal Golden Eagle (RGE) companies, affiliates and global wood supply chain partners in including all current and future companies in the forestry, fibre, pulp and paper sectors, which SMG/RGE companies and/or their founders/executives/directors own, manage or invest in regardless of stake, such as, Asia Pulp and Paper (APP) of SMG and Asia Pacific Resources International Limited (APRIL) and Toba Pulp Lestari (TPL) associated with RGE.
- operations of Indonesian pulpwood suppliers of SMG and RGE's Indonesian mills, including all Hutan Tanaman Industri (HTI, industrial plantation forest) or Hak Pengusahaan Hutan (HPH, natural forest management permit) concession, Hutan Tanaman Rakyat (community plantation forest), and any other areas (PKH, HGU, etc.), as well as the mill's global fiber supply chain. There are no indicators related to pulp and paper mills, or production facilities – for example for effluent, energy use or employment, health and workplace safety in those mills.
- production of other wood products from concessions owned, managed or controlled by SMG and RGE.
- forestry concessions owned or controlled by SMG and RGE or their suppliers but not currently providing pulpwood. For example, those that are set aside to meet their corporate conservation and restoration commitments, projected to become suppliers or those that have been suspended due to fire or other reasons. The term “concession” refers to the entire area within an Indonesian government licensed tenure, rather than to a specific area of “plantation”. The plantation is a smaller area within a larger HTI or other legal concession that also includes forest, non-forest, conservation areas, etc. as well as the plantation. The environmental, social and corporate governance requirements set out in this framework apply to the SMG/RGE groups as well as to the larger concession areas, not just the plantation parts of the concessions. These requirements do not apply to areas that are outside of concessions, except when they are part of larger landscape level peat/forest/land management and restoration programs.

The framework places responsibility for conformity with the C & I on all points in the supply chains, including:

- the pulp and paper producer who purchases pulpwood fiber supplies,
- the forest/concession owner/manager/supplier who provides that fiber,
- both producer and supplier together, or
- producer and forest/concession owner/managers who may not supply fiber but are involved in conservation/restoration projects or other commitments made by the producers.

Comparison of C & I with FSC Standards

It is impossible to produce a direct apples-to-apples type comparison of this Framework's C & I and FSC Forest Management and Controlled Wood standards. The FSC standards have global applicability and therefore by design are less specific than required by some of the

situations for which these C & I were developed. While the FSC standards are more generic, the C & I deal with the performance of specific forest managers and/or pulp and paper producers and are applied to a narrow set of producers operating in Indonesia where an FSC national standard has yet to be developed.

Given the authors' intention that these C & I inform and, as appropriate, be integrated into the FSC national standard and roadmaps to end dis-association, the authors have attempted to show the relationship of the C& I with the FSC's standards. In the C&I table:

- **The first column shows the Criteria.** Underneath each Criterion we have provided a summary assessment of how this criterion is covered by the FSC Controlled Wood and Forest Management standards as “covered”, “mostly covered” and “partially covered” - including cases where a Criterion itself is covered, but some of the indicators are not fully covered, or “not covered” based on each of the detailed comparisons in the third and fourth columns.
- **The second column shows the Indicators.** The authors of this framework consider that some of the indicators should be used as indicators in the FSC roadmap processes in addition to providing a tool for buyers and others to set their own expectations and do their own audits. Underneath each of these indicators, notes are provided to indicate track(s) of the roadmap for which each indicator is relevant.
- **The third column compares the C & I with the FSC requirements for full Forest Management (FM) certification:**
 1. FSC Principles and Criteria (FSC-STD-01-001 V5.2⁴).
 2. International Generic Indicators (IGI) (FSC-STD-60-004 V1.0⁵).
- **The fourth, right most column compares the C & I with two FSC standards for Controlled Wood (CW):**
 1. FSC CW Standard for Forest Management Enterprises (FSC-STD 30-010 V2.06) for forest managers wishing to make that claim for forest products they deliver from forest land they manage⁷.
 2. FSC Requirements for Sourcing FSC Controlled Wood (FSC-STD 40-005 V3.18) for producers of forest products wishing to make that claim for the sources they buy products from.

Compared with the FSC FM standards, requirements of the FSC CW Standard for Forest Management Enterprises are much weaker, they only require forest management units to verify they are not involved in the worst management practices, such as: illegal harvesting;

⁴ <https://ic.fsc.org/en/document-center/id/59>

⁵ <https://ic.fsc.org/en/document-center/id/87> Designed in a generic format for adaptation and modification to be more specific to local circumstances in regional processes, this has not yet been completed for Indonesia. An old regional standard for Indonesia (2013) exists, but is based on old Principles and Criteria and is considered less useful than the current IGI for comparison purposes.

⁶ <https://ic.fsc.org/en/document-center/id/77>

⁷ Also refer to FSC Advice Note (10 July 2014) Applicable National and Local Laws and Regulations for Controlled Wood for Forest Management Enterprises. FSC-ADV-30-010-01 EN. <https://ic.fsc.org/file-download/applicable-national-and-local-laws-and-regulations-for-controlled-wood-for-forest-management-enterprises.a-456.pdf>

⁸ <https://ic.fsc.org/en/document-center/id/170>

harvesting in violation of traditional and civil rights; harvesting in forest management units in which high conservation values are threatened by management activities; harvesting in areas in which forests are being converted to plantations or non-forest use; or harvesting from forests in which genetically modified trees are planted. If those five requirements are met, the product can claim to be “controlled wood.”

Although our comparison shows that in many cases FSC standards “mostly or partially cover” the C & I presented in this document, our analysis is that due to the FSC standards being generic, and in the case of CW less comprehensive, the C & I bolster and in some cases go beyond the FSC standards by lending specificity that is needed to assess and verify performance by APP/SMG and APRIL/RGE in the Indonesian context. And, as described above, in the absence of the FSC or where the FSC standards do not cover key performance areas, the C & I can also be used as an assessment and verification tool on its own.

Performance Category 1: Environmental Responsibility

<p>1. Environmental Responsibility</p> <p>Pulp and paper producers ensure that pulpwood fiber only comes from sources where supplier concession owners, managers and contractors demonstrate environmental responsibility and implement actions that achieve on-the-ground results meeting the following criteria and indicators:</p>	<p>Comparison with FSC FM or CW Standards</p> <p>When the C & I address “fiber coming from sources of materials” and are directed to the actions of the forest managers, the crosswalk used the two FSC FM standards and the FM CW standard 30-010. When the C & I address the diligence of sourcing by a pulp & paper producer who purchases supplies from forest managers, the crosswalk used the FSC CW standard 40-005.</p>
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Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>1.1. All natural forest areas within concessions are identified and zoned for protection.</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>1.1.1. Natural forest areas within concessions are mapped and approved based on High Carbon Stock Approach Toolkit⁹ prior to (re)starting forestry or conservation/restoration operations and reports and digital maps are publicly available for independent monitoring. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>1.1.2. Natural forest areas to be protected or managed by community rights holders under other regimes (e.g. hunting, NTFP collection, low impact logging, etc.) are mapped and agreed with interested and affected parties and with the free, prior and informed consent (FPIC) of rights holders. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>1.1.3. The agreed forest areas and plans for natural forest area protection and for other forest management regimes are reflected in formal planning document</p>	<p><i>There are no explicit provisions in the FSC P & C v5.2 or in the IGI v1.0 similar to 1.1.1 regarding “natural forests” except in relation to C6.5 & 6.9 (Organizations shall not convert natural forest) and C6.10 (Conversions from natural forest shall not qualify). There are no requirements that require natural forest to be mapped and identified on plans using the HCSA Toolkit, or to be fully protected.</i></p> <p><i>The place in the FSC standard where “natural forest” might be identified and protected or managed is C9.1, 9.2 and 9.3. These require assessment of HCV and it is likely that “natural</i></p>	<p><i>Both CW standards 30-010 and 40-005 require that wood supply is not from areas “where High conservation values are threatened by harvesting activities.” There is no reference to natural forests, High Carbon Stock Approach or to mapping.</i></p> <p><i>The emphasis would be on mapping and identifying “High conservation values at risk”.</i></p>

⁹ Use the latest toolkit published at <http://highcarbonstock.org/the-hcs-approach-toolkit/>. Quality of maps is confirmed by HCS Approach Quality Review Process: <http://highcarbonstock.org/hcs-approach-quality-review-process/>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>(RKU, RKT) and the interested and affected parties are informed. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>1.1.4. All natural forest areas within concessions remain protected. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p>	<p><i>forests” might be identified as HCV (2, 3, 4, 5, or 6) in some places, especially if they were rare or culturally significant. However, they are not explicitly referenced in the definitions. The definition of HCV 2 refers to “Intact forest landscapes and large landscape-level ecosystems* and ecosystem mosaics that are significant at global, regional or national levels”. This is more than just a patch of natural forest in a landscape. C9.2 and 9.3 require effective strategies based on consultation prior to development. There is no reference to FPIC of rights holders.</i></p>	
<p>1.2. Natural forest areas within concessions are not deforested, converted to other uses, or degraded.</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by</p>	<p>1.2.1. Natural forest areas within the concession are not degraded or converted to plantation or other crops by the concession holder or third parties.¹⁰ <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>1.2.2. New roads, canals or other infrastructure are not constructed in natural forest or other set aside areas for protection. <i>(this indicator informs APP roadmap Tracks 1, 3 & 4)</i></p> <p>1.2.3. Concession holders do not facilitate, contribute to, or</p>	<p><i>1.2.1 is essentially the same as C6.9, and C1.4 combined. C6.9 refers only to the Organization, not 3rd parties. But degradation or conversion by 3rd parties is addressed in C1.4 that requires systematic protection from unauthorized or illegal activity, including unauthorized or illegal harvest. C1.4 is not explicit to “natural forests” but they are</i></p>	<p><i>1.2.1 is similar to both CW documents. Indicator 6.1 (30-010) for example explicitly prohibit conversion of natural or semi natural forest to plantations or non-forest use except on very limited scale and only when benefit is identified.</i></p> <p><i>There is no similar requirement to 1.2.2. The CW do not prevent</i></p>

¹⁰ With the exception that man-made deforestation or forest degradation for small-scale low-intensity use by right holders to meet basic livelihood needs may be undertaken in areas that have been previously identified, mapped and agreed with rights holders and verified by independent observers.

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
FSC CW standards	assist deforestation or forest degradation inside, or, in cases where concession holders control access, outside of their concessions by providing physical access and/or failing to provide security. <i>(this indicator informs APP roadmap Tracks 1 & 4)</i>	<p><i>clearly included within C1.4.</i></p> <p><i>There is no similar requirement to 1.2.2. The only similar FSC requirement would be in cases where “natural forest areas” were identified as HCVF AND where the specified management strategy was “no new roads, canals” etc. This would be up to the HCV assessment process.</i></p> <p><i>1.2.3 is similar to C1.4 that requires measures that would prevent the deforestation and degradation inside the concession, however, C1.4 might not always address access and security issues on areas outside the concession.</i></p>	<p><i>construction of roads or canals if they were for forest management purposes including harvesting.</i></p> <p><i>There is no similar requirement to 1.2.3. The CW preclude conversion and destruction of High Conservation Values.</i></p>
<p>1.3. High Conservation Value areas are identified and HCVs are maintained or enhanced within concessions.</p> <p>Covered by FSC FM standards</p>	<p>1.3.1. High Conservation Value areas (including historical values/areas) are identified and mapped following the HCV Resource Network Common Guidance¹¹ and reviewed and approved by the HCV Resource Network Quality Panel prior to (re)starting forestry or conservation/restoration operations and summary reports and digital maps are publicly available for independent monitoring¹². <i>(this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</i></p>	<p><i>1.3.1 and 1.3.2 are similar to C9.1 and C9.2.</i></p> <p><i>There is a requirement for a summary of the management plan in C7.5 which would include HCV areas, and a requirement for a public summary of monitoring results in C8.5.</i></p>	<p><i>Both CW standards require an HCV assessment to be conducted at appropriate scale, and requires that “values are not threatened (Indicators 5.1 and 5.2 in 30-010)</i></p> <p><i>CW Indicator 5.2a (30-010) requires consultation with stakeholders including</i></p>

¹¹ See <https://www.hcvnetwork.org/als/hcv-assessment-process>, use the latest guidance documents and reporting templates posted.

¹² With the possible exception of HCV 5 & 6 as needed to protect affected parties and their interests.

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>Mostly covered by FSC CW standards</p>	<p>1.3.2. HCV areas to be protected or to be restored are mapped and agreed with credible experts and interested and affected parties and with the FPIC of rights holders. <i>(this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</i></p> <p>1.3.3. Strategies and management actions that maintain or enhance HCVs, including restoration, are agreed with credible experts and interested and affected parties and are written up as an HCV management plans. <i>(this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</i></p> <p>1.3.4. The agreed HCV management plan is reflected in formal planning documents (RKU, RKT). <i>(this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</i></p> <p>1.3.5. HCV areas are protected and if necessary, restored and HCVs are maintained or enhanced. <i>(this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</i></p>	<p><i>1.3.2 is similar to C9.2, which requires involvement of interested and affected stakeholders and experts in developing effective strategies to protect or enhance HCV. IGI 7.6.1 requires culturally appropriate engagement of affected stakeholders to ensure their proactive and transparent engagement in HCV assessment, management and monitoring.</i></p> <p><i>1.3.3 and 1.3.4 are similar to C9.2 and C7.1 and C7.2. These require a management plan to describe resources, and to include actions, plans and strategies to protect them and to meet certification requirements. This would include HCV and strategies as agreed. Annex E for Principle 7 in the IGI refer explicitly to HCV.</i></p>	<p><i>communities, but does not require FPIC. Risk analysis required by 40-005 does include broad consultation.</i></p> <p><i>1.3.3 and 1.3.4. CW does not specifically require management plans. But 40-005 does require risk analysis and where risks to HCVs are identified, 40-005 requires that control measures must be in place. These could reasonably be management plans setting out strategies and management actions to maintain the values.</i></p>
<p>1.4. Programs are implemented to restore natural forest and peatland ecosystems to protect species at risk and rehabilitate ecosystems and ecological services (e.g. carbon storage) damaged by past forestry operations.</p>	<p>1.4.1. Ecosystems and species and their habitats that are threatened and endangered (e.g. HCVs) and the conservation landscapes and concessions within which they reside and that have been harmed due to past forestry operations are:</p> <ul style="list-style-type: none"> i. identified and mapped with advice from independent experts; ii. agreed with affected parties, landscape partners managing adjacent areas and interested parties; and, iii. documented with reports and digital maps publicly 	<p><i>1.4.1 is similar to provisions in C9.1 and C6.4 for protection of rare and threatened species and their habitats. C9.1 requires consultation with interested and affected stakeholders and experts. C6.4 also requires best available information. Measures to restore habitats and species that are identified as HCV are required in the Annex H, Principle 9 guidance</i></p>	<p><i>See comments above. The CW requirements are more general. The prohibition is about destruction of HCV, not about restoration or rehabilitation.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>Partially covered by FSC FM standards</p> <p>Not covered by FSC CW standards</p>	<p>available for independent monitoring. <i>(this indicator informs APP roadmap Track 1 & 4)</i></p> <p>1.4.2. Specific protection, restoration and rehabilitation objectives, definitions, targets, partners, responsibilities and time-bound action plans:</p> <ul style="list-style-type: none"> i. are developed, taking into account landscape-wide HCVs and actions needed for conservation/restoration (above and beyond the required government set-asides), ii. are agreed with landscape partners, affected parties and interested parties; iii. have the free, prior and informed consent (FPIC) of rights holders; and, iv. are publicly available for independent monitoring. <i>(this indicator informs APP roadmap Tracks 1 & 4)</i> <p>1.4.3. The agreed restoration plans within concessions are reflected in formal planning documents (RKU, RKT) and plans outside concessions are reflected in publicly available agreements with landscape partners and affected parties including the rights holders and license holders/managers of the relevant areas. <i>(this indicator informs APP roadmap Tracks 1 & 4)</i></p> <p>1.4.4. Producers and suppliers have budgeted and publicly announced adequate funding and operational resources to ensure the planned conservation and restoration results are achieved. <i>(this indicator informs APP roadmap Tracks 1 & 4)</i></p> <p>1.4.5. Areas to be permanently conserved or restored:</p>	<p><i>on strategies for HCV. As noted above in FSC standard, there is only a requirement for public summary, not all reports and maps.</i></p> <p><i>1.4.2 is similar to C 9.2, 9.3 and 9.4 as explained above including consultation with interested and affected stakeholders and monitoring. C7.5 requires a summary of management plan to be made publicly available .</i></p> <p><i>1.4.3 is similar to C7.1 and C7.2, as explained above. However, there is no FSC requirement for agreements with landscape partners for “plans outside concessions”</i></p> <p><i>1.4.4 is similar to IGI5.5.1 and 5.5.2 which require sufficient funds, expenditures and investments to implement the management plan and meet the FSC standard.</i></p> <p><i>There are no explicit provisions similar to 1.4.5 in the P & C or in the IGI. C6.5 requires protection or restoration of representative sample areas. These are suggested to be 10% or more of</i></p>	

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>i. are additional to areas required by government to be protected (e.g. riparian areas);</p> <p>ii. are at minimum the size of the established plantation areas;</p> <p>iii. have equivalent ecological values to the areas lost from past forestry operations; and,</p> <p>iv. are inside the impacted landscapes which include the suppliers' concessions. <i>(this indicator informs APP roadmap Tracks 1 & 4)</i></p> <p>1.4.6. The planned conservation and restoration results are achieved. <i>(this indicator informs APP roadmap Tracks 1 & 4)</i></p>	<p><i>the management unit, and proportionate to the conservation status of the ecosystems. However, there is no reference to "additional to areas required by government" or at least equal to the size of the established plantation.</i></p>	
<p>1.5. Rare and Endangered Species are protected and viable populations are maintained.</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>1.5.1. Populations of rare and endangered species threatened by past, current and planned forestry operations are identified and inventoried with advice from independent experts. <i>(this indicator informs APP roadmap Tracks 1 & 3)</i></p> <p>1.5.2. Protection plans to maintain, enhance or re-introduce populations are:</p> <p>i. developed with advice of independent experts;</p> <p>ii. agreed with interested and affected parties; and,</p> <p>iii. implemented. <i>(this indicator informs APP roadmap Tracks 1 & 3)</i></p> <p>1.5.3. Security measures are in place to ensure that populations of rare and endangered species do not lose individuals for killings, captures or other reasons. <i>(this indicator informs APP roadmap Track 3)</i></p>	<p><i>1.5.1 is similar to C6.4 which requires best available information to identify rare and threatened species. C6.4 does not make reference to past forestry operations.</i></p> <p><i>1.5.2 is similar to IGI 6.4.2, 6.4.3 and 6.4.4 which refer to protection through several means including conservation zones, and prevention of hunting, collecting etc.. There is reference in 6.4.3 to 'species recovery programs' but not specific mention of 'enhance or re-introduce populations'.</i></p> <p><i>1.5.3 is similar to IGI 6.4.4 that requires hunting, fishing etc is</i></p>	<p><i>1.5.1 is similar to CW requirements for identification of HCV species. HCV1 refers to rare threatened and endangered species.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>1.5.4. Periodic surveys of population and evaluation of implementation and effectiveness of protection plans are done with independent experts. <i>(this indicator informs APP roadmap Track 3)</i></p> <p>1.5.5. Rare and endangered species are protected and viable populations are maintained. <i>(this indicator informs APP roadmap Track 1, 3 & 4)</i></p>	<p><i>prevented.</i></p> <p><i>1.5.4 is similar to Criterion 8.1 and guidance in Appendix G, Principle 8 which refers to monitoring of rare and threatened species and the effectiveness of actions to protect them and their habitats.</i></p> <p><i>The monitoring requirements to not refer to “independent experts”</i></p>	
<p>1.6. Peatlands are protected, restored or phased into management without drainage¹³.</p> <p>Partially covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>1.6.1. All peatlands and the associated hydrology and underlying soil structure within and around concessions in contiguous peat landscapes are:</p> <ul style="list-style-type: none"> i. mapped (peat type, extent, depth and elevation) based on a credible methodology including direct peat core sampling. Peat thickness and elevation can be combined to develop Digital Terrain Model, by applying other techniques including LIDAR measurements¹⁴; ii. assessed for drainability and current subsidence rate; iii. reviewed by independent experts; and, iv. publicly available for independent monitoring and submitted to the government authorities as inputs 	<p><i>All indicators referring to legal compliance are covered by P1: Compliance with Laws.</i></p> <p><i>Some of the indicators requiring beyond legal compliance may be covered by P6 (Environmental Values and Impacts) and P9 (High Conservation Values), however, some details are missing.</i></p> <p><i>1.6.2 might be similar to management strategies developed and implemented to meet</i></p>	<p><i>All indicators referring to legal compliance are covered in the legality definition of CW standards (see also FSC Advice Note FSC-ADV-30-010-01 EN).</i></p> <p><i>There is no specific mention of peatlands in the CW standards. Peatlands are mentioned as HCV in Indonesian Toolkit.</i></p> <p><i>Specific measures like 1.6.2, through 1.6.9 are not mentioned in HCV. However, they could be considered as control measures, if peatlands were identified as</i></p>

¹³ Indonesian laws and regulations relating to peatlands, peatland management and restoration are evolving quickly so it should be noted that the indicators related to this criterion are relevant as of the publication date and may need adaptations.

¹⁴ For example see <https://www.deltares.nl/en/projects/lidar-data-large-scale-peatland-management-flood-risk-assessment/> Also, follow the progress of Indonesia Peat Prize <http://www.indonesianpeatprize.net/>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>for revision of Spatial Planning and Peat Hydrological Units (KHG)¹⁵ (this indicator informs APP roadmap Tracks 1, 3 & 4)</p> <p>1.6.2. No new canals or other peat damaging infrastructure are constructed on peatlands within concessions and natural stream channels in peatlands are maintained and stream flow on peatlands is not diverted into canals. (this indicator informs APP roadmap requirement Tracks 1 & 4)</p> <p>1.6.3. No new drainage-based plantations are established on peatland within concessions. (this indicator informs APP roadmap Tracks 3 & 4)</p> <p>1.6.4. Management plans for phasing out of drainage-based plantations on peatlands and restoration of degraded peat areas as required by law¹⁶ and additional areas needed for the maintenance and enhancement of hydrological, ecosystem and other ecosystem services (e.g. carbon) are:</p> <p>i. developed based on the maps and assessment results (1.6.1) and include landscape-level mitigation measures that cover entire Peat Hydrological Units (KHG) (including time bound/prioritized plantation phase out, peat</p>	<p>requirements to protect HCV if peatland was identified as HCV in an HCV assessment (C 9.1, 9.2 and 9.3)</p> <p>1.6.3 is similar to the requirement of the ecosystem services certification established in Annex C for Principle 5. This Annex requires indicators to ensure peatlands are not drained or converted to plantations or other land uses.</p> <p>There is no specific requirements similar to 1.6.4 to 1.6.9 in FSC standards.</p>	<p>HCV at risk.</p>

¹⁵ Indicative peat area map is published by the Ministry of Environment and Forestry as KEPUTUSAN MENTERI LHK NOMOR SK.130/MENLHK/SETJEN/PKL.0/2/2017 TENTANG PENETAPAN PETA FUNGSI EKOSISTEM GAMBUT NASIONAL (https://arthawisesa.com/pusluhut/index.php/arsip/file/252/buku-sk-menlhk-no.130-th2017_baru-16maret.pdf/) and this map is expected to be updated based on 1.6.1 iv.

¹⁶ Determination of Peat Ecosystem Function Zone following MoEF Regulation No. P.14/MENLHK/SETJEN/KUM.1/2/2017

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>protection and restoration, etc.);</p> <ul style="list-style-type: none"> ii. in compliance with all government regulations¹⁷ and go beyond legal compliance as recommended by independent experts; iii. agreed with independent experts, interested and affected parties and landscape partners; iv. have the free, prior and informed consent (FPIC) of rights holders; v. integrated with other (forest/species) conservation and restoration plans; and, vi. publicly available for independent monitoring. (<i>this indicator informs APP roadmap Tracks 1, 3 & 4</i>) <p>1.6.5. Best management and legal practices for peatland management during the phasing out of drainage based plantations are implemented and include:</p> <ul style="list-style-type: none"> i. maintenance of water table depths in plantations allowed by law¹⁸ - maximum 40 cm from the peat surface all year round¹⁹; ii. fully compliant with all relevant regulations²⁰; iii. promotion of paludiculture through replacement of exotic plantation species like acacia that require peatland drainage with peatland-adapted species which tolerate rewetting of the peatlands; and, iv. establishment of buffer area with forest cover without drainage system between government designated Cultivation and Protection Function zones at minimum 500 m to minimize impact of 		

¹⁷ Including but not limited to MoEF Ministerial Decree No. 16/2017 on Technical Guidelines for Peat Ecosystem Function and MoEF Regulation No. P.14/MENLHK/SETJEN/KUM.1/2/2017.

¹⁸ In areas designated for Cultivation Function by MoEF Regulation No. P.14/MENLHK/SETJEN/KUM.1/2/2017.

¹⁹ The Indonesian Government Regulation PP71/2014 jo PP 57/2016.

²⁰ Including but not limited to Kepres 32/1990; the Indonesian Government Regulation PP71/2014 jo PP 57/2016; Inpres Moratorium No 6/2017.

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>existing drainage. <i>(this indicator informs APP roadmap Tracks 1, 3 & 4)</i></p> <p>1.6.6. Best management and legal practices for peatland restoration are implemented following government regulations and guidelines²¹ and include²²:</p> <ul style="list-style-type: none"> i. restoration after one harvest cycle in planted peat or immediately in not-planted peat of Protection Function zones and additional areas as recommended by independent experts; ii. restoration of fire damaged areas in Cultivation Zones; iii. use of native peatland species for re-vegetation, full re-wetting of existing drainage system and other practices as required by government regulation; and, iv. other beyond legal compliance practices needed as planned and/or recommended and agreed to by independent experts. <i>(this indicator informs APP roadmap Tracks 1, 3 & 4)</i> <p>1.6.7. The agreed zoning, peat management, phase out and restoration plans are reflected in formal planning documents (RKU, RKT and peat restoration plan). <i>(this indicator informs APP roadmap Tracks 1, 3 & 4)</i></p> <p>1.6.8. Implementation of peatland management, phase out and restoration plans are monitored and publicly reported based on key elements of plans and regular</p>		

²¹ Sub points I to iii are following MoEF Regulation No. P16/MENLHK/SETJEN/KUM.1/2/2017.

²² Also refer to guidance on restoration in Criterion 1.4.

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>assessments of peat subsidence, water table depths, phase out of exotic plantation species, rewetting and introduction of peatland-adapted species. <i>(this indicator informs APP roadmap Tracks 1, 3, 4 & 5)</i></p> <p>1.6.9. Peatlands are protected, restored or phased into management without drainage. <i>(this indicator informs APP roadmap Tracks 1, 3 & 4)</i></p>		
<p>1.7. Fires are prevented and put out within concessions.</p> <p>Covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>1.7.1. Fire is not used by concession owners and managers for land preparation, clearing or any other operational purposes. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>1.7.2. Producers and concession owners/managers implement security, education and prevention programs, including programs and communication with local communities, to prevent fires. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>1.7.3. Producers and concession owners/managers implement a fire monitoring system that detects fires promptly and respond rapidly and effectively to put out fires. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p>	<p><i>1.7.1 is covered by P1 as use of fire is prohibited by law in Indonesia.</i></p> <p><i>1.7.2 and 1.7.3 may be similar to C10.9 which refers to fire as a natural hazard and require a company to implement activities that reduce. Fire is mentioned in the guidance for IGI 5.2 as a natural disturbance to be considered in determining sustainable harvest levels.</i></p>	<p><i>1.7.1 is covered by legality category of CW standards as use of fire is prohibited by law in Indonesia. Other than that there are no provisions related to fire in the CW standards.</i></p>
<p>1.8. Sources of Green House Gas emissions within concession areas are identified, measured and reduced.</p>	<p>1.8.1. Sources of Green House Gas emissions (GHG) associated with all concession management activities within concessions (and in peatlands surrounding concessions that are affected by the management activities) are identified and a GHG emissions baseline including peat elevation models (Digital Terrain</p>	<p><i>There is no explicit reference to greenhouse gas emissions in either the P & C v5.2 or the IGI. However, P5 Annex C requirement for ecosystem services has requirements related to GHG and carbon, as well as peatland</i></p>	<p><i>There is no reference to greenhouse gas emissions in the CW standards.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>Partially covered by FSC FM standards</p> <p>Not covered by FSC CW standards</p>	<p>Models) and subsidence and flooding projections is:</p> <ul style="list-style-type: none"> i. developed for a baseline year and period (up to concession license expiry, preferably longer, such as 100 years for permanency) agreed with interested and affected parties using an internationally credible methodology²³; ii. reviewed by independent experts; and, iii. publicly available for independent monitoring. <i>(this indicator informs APP roadmap Track 4)</i> <p>1.8.2. Specified targets for annual reduction of GHG emission to support the Government’s targets and management measures for each source are:</p> <ul style="list-style-type: none"> i. developed; ii. agreed with independent experts and interested and affected parties; and, iii. publicly available for independent monitoring. <i>(this indicator informs APP roadmap Track 4)</i> <p>1.8.3. The targets for annual reduction of GHG and peat subsidence rate are regularly and independently monitored, met and reported publicly. <i>(this indicator informs APP roadmap Track 4)</i></p>	<p><i>protection and management.</i></p>	
<p>1.9. Best management practices, including measures to protect soils, water quality, streams and wetlands,</p>	<p>1.9.1. Concession owners and managers have developed and are implementing a set of standard operating procedures reflecting internationally recognized guidance on “best management practice”²⁴ for all phases of operations, including site preparation and</p>	<p><i>1.9.1 is very similar to requirements in C6.6, C6.7, C10.10 and C10.11. The FSC requirements refer to all the phases of operations.</i></p>	<p><i>There are no similar requirements in the CW Standards. They are directed to avoiding five unacceptable sources, not to delivering and certifying “best management”</i></p>

²³ See for example <http://database.v-c-s.org/methodologies/find-a-methodology?keywords=&tid=14>, http://www.cifor.org/publications/pdf_files/Books/INCAS/INCASReport-Standard1501E.pdf

²⁴ As per the Forest Stewardship Council standard for example (<https://us.fsc.org/en-us>)

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>are implemented.</p> <p>Covered by FSC FM standards</p> <p>Not covered by FSC CW standards</p>	<p>planting, harvesting, road building and maintenance, and transportation.</p> <p>1.9.2. Harvesting of plantations does not cause significant soil erosion or negatively affect water quality and quantity.</p> <p>1.9.3. Natural streams and channels are maintained in their natural course.</p> <p>1.9.4. Buffer zones along all streams and wetlands are established (at least meeting or exceeding the government regulation), natural vegetation with native species are maintained or restored and protected from damage by concession operations or third parties</p> <p>1.9.5. Pesticides listed by World Health Organization Class 1A (extremely hazardous) and 1B (highly hazardous) are not used in nurseries or plantations.</p>	<p><i>1.9.2 is similar to C6.7 and related IGIs that require that organizations shall protect and restore water courses and avoid negative impacts on water quality. There is specific reference to measures to prevent sedimentation and soil erosion from harvesting roads and other activities.</i></p> <p><i>1.9.3 is similar to the provisions of C6.7 to protect natural watercourses.</i></p> <p><i>1.9.4 is similar to C6.7 which requires buffer zones be established and maintained. There is no reference to government regulation.</i></p> <p><i>1.9.5 is similar to C10.7. However, the FSC provisions in C10.7 are more extensive than in 1.9.5. FSC also addresses use of all pesticides (not only 1A and 1B) and has many requirements related to their use, and to safe work practices and protection measures for workers.</i></p> <p><i>FSC also has requirements to minimize or avoid use of fertilizers (C10.7) and biological</i></p>	

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
		<i>control agents (C10.8).</i>	

Performance Category 2: Social Responsibility

<p>2. Social Responsibility</p> <p>Pulp and paper producers ensure that pulpwood fiber comes from sources where supplier concession owners and managers and their contractors demonstrate social responsibility and implement actions that respect rights and achieve on-the-ground results meeting the following criteria and indicators:</p>	<p>Comparison with FSC FM or CW Standards</p> <p>When the C & I address “fiber coming from sources of materials” and are directed to the actions of the forest managers, the crosswalk used the two FSC FM standards and the FM CW standard 30-010. When the C & I address the diligence of sourcing by a pulp & paper producer who purchases supplies from forest managers, the crosswalk used the FSC CW standard 40-005.</p>
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Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>2.1. Internationally recognized human rights are respected and upheld.</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>2.1.1. There is no evidence of any situation in which pulp and paper producers or the suppliers of pulpwood fiber or their contractors are involved in gross violation of human rights (e.g. murder, forced eviction, violence, etc.). <i>(this indicator informs APP roadmap Track 3 and potentially Tracks 1 & 4)</i></p> <p>2.1.2. Pulp and paper producers and owners and managers of concessions that supply pulpwood fiber and their contractors have policies to eliminate discrimination based on ethnicity, race, gender or religion, and to prevent violation of community and individual rights and there is no evidence of such discrimination. <i>(this indicator informs APP roadmap – Track 3)</i></p> <p>2.1.3. There is no evidence of violence or intimidation by pulp and paper producers or the suppliers of pulpwood fiber or their contractors against any community members or interested and affected parties. <i>(this indicator informs APP roadmap –Tracks 2&3)</i></p> <p>2.1.4. Pulp and paper producers and owners and managers of</p>	<p><i>There are no references to “human rights” in either the P & C or the IGI except in glossary definitions or FPIC and gender equality. Physical violence is included within the definition of “disputes of significant magnitude”. There are no references to murder or eviction.</i></p> <p><i>2.1.2 addresses discrimination broadly. Indicators in FSC Criterion 2.2 address discrimination based on gender (Criterion 2.1) and sexual orientation (IGI 2.2.9)</i></p> <p><i>There are no direct references to “violence” or “intimidation” in either the P&C or the IGI. However, both are referred to in the definition of the term “disputes of significant</i></p>	<p><i>CW unacceptable sources include wood harvested in violation of traditional or civil rights.</i></p> <p><i>In CW 40-005, if there was an identified risk of violation of civil rights, policies might be provided as evidence of control measures.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>concessions that supply pulpwood fiber assess potential impact of operation on individual and community needs in a participatory and inclusive manner and, based on that assessment, maintain and strengthen food security and livelihood needs including the needs of local communities for agricultural land, adequate food and safe drinking water. (this indicator informs APP roadmap Tracks 2&3)</p>	<p><i>magnitude”. In IGI Indicator 1.6.4, operations must cease if there are “disputes of significant magnitude”.</i></p> <p><i>2.1.4 is similar to Criterion 4.1 and Criterion 8.2 of the P&C. These require contribution to the social and economic wellbeing of communities (4.1) and monitoring and evaluation of “social impacts” of forest management activities (8.2). These are also related to management planning in Principle 7. Social and economic evaluation requires (Indicator 4.1.2 and 7.6.1) engagement with stakeholders in “culturally appropriate” ways. Details related to land, food and water could reasonably be assumed to be addressed in national standards.</i></p>	<p><i>There is no similar provisions to assessing impacts on communities.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>2.2. The tenure, use and other rights of Indigenous Peoples and local communities are respected and upheld.</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>2.2.1. A Social Base Line Study on the social, economic and political dynamics of communities affected by pulp and paper development has been conducted in a participatory and inclusive manner.²⁵ (this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</p> <p>2.2.2. Indigenous Peoples, local communities and land users have been informed of their right to choose and have chosen their own representatives in their dealings with the developer, and measures have been taken to ensure that the views of key constituencies (e.g. women, youth, vulnerable groups) are reflected in studies/assessments, participatory mapping and land use planning, conflict resolution processes and other decision making affecting them. (this indicator informs APP roadmap Tracks 1,2,3&4)</p> <p>2.2.3. Indigenous Peoples and local communities with legal, individual, collective and/or customary rights within and in the vicinity of pulpwood concessions are identified and the current and historical land tenure, land claims and land use of these peoples and communities is mapped with their FPIC and cooperation using a participatory mapping process and credible experts, and is made available to interested and affected parties. (this indicator informs APP roadmap Tracks 1, 2 & 4)</p> <p>2.2.4. Indigenous Peoples and local communities with legal, collective or customary rights within and in the</p>	<p>See 2.1.4 above regarding evaluation of social and economic impacts. IGI 4.1.2 requires documentation of the interests of communities. This is similar to a social baseline study.</p> <p>The P&C and IGI refer at several points to “culturally appropriate engagement” related to evaluation of social and economic interests, disputes etc with Indigenous peoples and local communities. There is no specific reference to choosing representatives, but IGI indicator requires Indigenous peoples are informed of their right to withhold consent.</p> <p>P&C Principles 3 and 4 and related criteria and indicators in the IGI require identification and documentation of Indigenous Peoples and local communities, mapping of tenures, land use, appropriate engagement etc. There are no specific references to use of credible experts or public availability.</p> <p>2.2.4 is very similar to IGI 3.2.4</p>	<p>There are no similar requirements in the CW standards related to baseline studies or participatory mapping or FPIC. The prohibition is against violation of traditional or civil rights. Indicator 4.2 in 30-010 requires no conflicts relating to land tenure or land use rights, but little detail is provided.</p> <p>Indicator 4.4 in 30-010 requires a consultation process related to land tenure and traditional use rights. Requirements for stakeholder consultation are in an Annex B to 40-005.</p>

²⁵ See *Social Requirements for Conserving High Carbon Stock Forests* – in press

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>vicinity of concessions are informed, in a culturally appropriate manner, of their rights, including the right to give or withhold their free, prior and informed consent (FPIC), to planned plantation development and other major operational (e.g. harvesting & planting & infrastructure development) activities that might affect those rights. <i>(this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</i></p> <p>2.2.5. FPIC is sought and obtained before operations (e.g. new development, harvesting & planting & infrastructure development) commence on lands to which Indigenous Peoples and local communities have legal, individual, collective and/or customary rights. <i>(this indicator informs APP roadmap Tracks 1, 2, 3 & 4)</i></p> <p>2.2.6. An assessment of harm, from the beginning of plantation development until the present (including to forests, rivers and water sources, farms, livelihoods, economies and culture) is conducted in a participatory manner. Where concessions have been established without FPIC of rights holders or where other harm has taken place:</p> <ul style="list-style-type: none"> i. the concession holder has informed each community (down to the level of hamlet) in person and in writing, that the company is committed to respecting their customary, collective and legal rights and wishes to resolve any and all outstanding past and present harms and conflicts; ii. communities have freely chosen to engage with the concession holder and have identified community representatives and the process and institutions to 	<p><i>and 4.2.4 in regard to informing about right to withhold consent.</i></p> <p><i>P&C and IGI require free, <u>prior</u> and informed consent (P&C 3.2 and 4.2)</i></p> <p><i>The specific situations of concessions established without FPIC are not referred to. However in order to be certified, provisions for FPIC and conflict resolution must be met in ways consistent with the requirements of 2.2.6 here.</i></p> <p><i>There are similar requirements in P&C Criterion 3.3 to document and maintain records of the agreements related to FPIC. There are no similar requirements related to agreements following an FPIC process with local communities.</i></p> <p><i>Implementation is required for measures agreed to protect sites. There is no other requirement for “implementation”. However, any failure to implement the agreed measures in an agreement would be considered a dispute of substantial magnitude. Additionally, the P&C IGI require</i></p>	<p><i>There is no reference to FPIC in 30-010. Indicator 4.10 in 40-005 refers to FPIC</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>which those representatives will report and through which decisions will be taken;</p> <p>iii. the subjects and objects of harms and conflicts have been identified and mutually agreed; and,</p> <p>iv. a process for conflict resolution and harm remedy has been mutually agreed in a transparent and inclusive manner. <i>(this indicator informs APP roadmap Tracks 2, 3 & 4)</i></p> <p>2.2.7. Specific measures, remedies and timelines to address conflict and previous harm (including supporting requests by communities to government to excise lands from the concessions over which communities have rights) have been mutually agreed. <i>(this indicator informs APP roadmap Tracks 2 & 4)</i></p> <p>2.2.8. Agreed measures, remedies and timelines to address conflict and previous harm are being satisfactorily implemented with satisfactory results in specific locations according to transparent, mutually agreed plans. <i>(this indicator informs APP roadmap Tracks 2, 3 & 4)</i></p> <p>2.2.9. Traditional rights of Indigenous Peoples and local communities to hunt, fish, gather, grow annual and perennial crops and carry out other traditional activities are respected, and compensation and or remedy for loss of these rights that the concession has caused or will cause have been agreed and implemented. <i>(this indicator informs APP roadmap Tracks 2 & 4)</i></p> <p>2.2.10. Resourced access to independent expert advice is</p>	<p><i>that there is no violation of rights.</i></p> <p><i>2.2.9. Rights to fish, hunt gather etc are not specifically mentioned in the generic FSC documents, but the FSC requirements would require them to be identified and documented, and they would be required to be addressed in an agreement with Indigenous peoples and local communities. Again, Indicator 4.2.2 requires that these rights not be violated.</i></p> <p><i>There is no mention of “resourced access to expert advice” (2.2.10).</i></p> <p><i>There is no mention of sharing this information with affected parties (2.2.11).</i></p> <p><i>The P&C and IGI require “culturally appropriate engagement”. If requested, involvement of advisors or experts would be considered part of that engagement.</i></p>	

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p>offered to affected Indigenous Peoples and local communities at each stage of an FPIC, participatory mapping, land use planning or conflict resolution process. <i>(this indicator informs APP roadmap Tracks 2 & 4)</i></p> <p>2.2.11. Credible conflict assessment conducted and conflict maps and resolution plans are shared with affected and interested parties by pulp and paper producers and their suppliers. <i>(this indicator informs APP roadmap Tracks 2 & 3 & 4)</i></p> <p>2.2.12. Interested parties invited by Indigenous Peoples and local communities as advisors or observers of FPIC or conflict resolution processes, are consulted throughout the process. <i>(this indicator informs APP roadmap Tracks 2, 3 & 4)</i></p>		
<p>2.3. The rights of workers are respected and upheld in accordance with ILO core conventions.</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>2.3.1. Workers are free to associate and collectively bargain and are free to leave employment. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>2.3.2. Employment fees are not charged and no personal property such as identity cards is held by employers. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>2.3.3. A clear policy and compliance system is in place that prohibits child labor and sets the minimum age for employment consistent with applicable law. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>2.3.4. Young workers are employed in accordance with legal provisions and in tasks allowed by law. <i>(this indicator</i></p>	<p><i>2.3.1 is similar to Criterion 2.1 which includes freedom of association and movement and collective bargaining</i></p> <p><i>2.3.2 is more specific than the IGI, but could be included in a national standard within Criterion 2.1.</i></p> <p><i>2.3.3 and 2.3.4 are more detailed than FSC requirements. But Child Labour is addressed in P&C Criterion 2.1 and ILO convention on child labour.</i></p>	<p><i>CW unacceptable sources include wood harvested in violation of traditional or civil rights. That includes any sources where the ILO conventions Fundamental Principles and Rights at work is violated. (Indicator 4.1, 30-010). Comparison would require reference to that ILO convention.</i></p> <p><i>Indicators in 40-005 require no evidence of child labour.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<p><i>informs APP roadmap Tracks 3 & 4)</i></p> <p>2.3.5. Workers are given copies of employment or contractual agreements covering hours of work, leave and benefits in language they understand. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>2.3.6. Workers are:</p> <ul style="list-style-type: none"> i. paid regularly, on time, and directly in legal tender or check at a rate equal to or better than the minimum wage; ii. receive legally mandated holidays and periods of leave; and, iii. receive benefits and workplace accident insurance. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i> <p>2.3.7. Workers are provided with adequate housing, water and sanitation facilities and access to education and medical service.</p> <p>2.3.8. Workers receive safety training and personal safety equipment free of charge and can refuse unsafe work.</p> <p>2.3.9. Workers are not subjected to harassment, abuse or discrimination. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>2.3.10. Workers have access to procedures to address grievances. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p>	<p><i>2.3.5 is more detailed than FSC requirements.</i></p> <p><i>2.3.6 is similar to FSC IGI Indicators in Criterion 2.4 that require that wages meet or exceed legal minimums, and are paid on time.</i></p> <p><i>2.3.7 is similar to FSC requirements in Criterion 2.4 related to wages. The FSC definition of “living wage” includes food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events” so similar to 2.3.7</i></p> <p><i>2.3.8 is similar to FSC IGI indicators in Criterion 2.3 and 2.5 related to safety measures and training.</i></p> <p><i>Harassment and discrimination is included in IGI 2.2.8 for women, but not in general terms. Discrimination could be addressed in Criterion 2.1 in the ILO conventions.</i></p> <p><i>2.3.10 is similar to FSC Criterion 2.6 and related IGI that require mechanisms for grievances and</i></p>	

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
		<i>dispute resolution.</i>	
<p>2.4. Disputes with, and grievances and complaints from affected and interested parties are addressed in an accessible and transparent manner and resolved to the satisfaction of affected and interested parties</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>2.4.1. Grievances and complaints are: i. handled according to a transparent process agreed with interested and affected parties; ii. are publicly available; and, iii. are prioritized in consultation with interested parties. <i>(this indicator informs APP roadmap Tracks 2, 3 & 4)</i></p> <p>2.4.2. Procedures to verify and resolve grievances and disputes: i. include third parties; ii. are mutually agreed with affected parties; iii. are documented and reported publicly: and, iv. are available for review by interested parties. <i>(this indicator informs APP roadmap Tracks 2,3 & 4)</i></p> <p>2.4.3. Affected parties have opportunities to obtain independent advice or assistance. <i>(this indicator informs APP roadmap Tracks 2,3 & 4)</i></p> <p>2.4.4. Measures to address grievances and resolve disputes are agreed with affected parties and implemented. <i>(this indicator informs APP roadmap Tracks 2,3 & 4)</i></p> <p>2.4.5. Affected parties are satisfied with efforts to address disputes and grievances. <i>(this indicator informs APP roadmap Tracks 2,3 & 4)</i></p> <p>2.4.6. There are no major outstanding and unresolved grievances or disputes where resolution procedures are not being implemented. <i>(this indicator informs APP</i></p>	<p><i>The FSC standards have several Criteria that provide requirements for dispute resolution with workers, indigenous peoples, local community and affected stakeholders (IGIs in 1.6, 2.6, 3.2, 4.2, 4.6, and 7.6) The IGIs require dispute resolution procedures developed through culturally appropriate engagement, up to date records, prompt resolution. IGI Indicator 1.6.1 requires that dispute procedures be publically available.</i></p> <p><i>2.4.3. There is no reference to independent advice. But there are requirements that the mechanism be developed in consultation and provisions for advice could be included.</i></p> <p><i>IGI Criterion 1.6 and IGI indicator 1.6.2 requires that disputes are either resolved or in process.</i></p> <p><i>2.4.5. There is no FSC requirement for “satisfaction”</i></p>	<p><i>Indicator 4.2 (CW 30-010) refers to dispute resolution, but only in cases related to land tenure and use rights. There are no general requirements for dispute resolution.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
	<i>roadmap Tracks 3 & 4)</i>	<i>2.4.6 is similar to IGI indicator 1.6.4 which requires no disputes of significant magnitude. IGI indicator 1.6.2 requires that disputes are either resolved or in process.</i>	
<p>2.5. Affected and interested parties are meaningfully consulted.</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>2.5.1. All parties that are potentially affected by the activities on concessions that produce pulpwood fiber are identified and consulted in an appropriate manner about those activities. <i>(this indicator informs APP roadmap Track 3)</i></p> <p>2.5.2. Parties that identify themselves as interested in the activities on concessions that produce pulpwood fiber are identified, agreed and consulted on a regular basis.</p> <p>2.5.3. Interested and affected parties are satisfied with the efforts to consult and outcomes of consultations.</p>	<p><i>2.5.1, 2.5.2 and 2.5.3 are similar to C7.6 and IGIs that relate to engagement of stakeholders.</i></p>	<p><i>The CW standards require consultation in the limited circumstances related to land tenure and land use rights, and high conservation value forests.</i></p> <p><i>CW 40-005 has an annex B that establishes minimum requirements for stakeholder consultation</i></p>

Performance Category 3: Corporate Governance Responsibility

<p>3. Corporate Governance Responsibility</p> <p>Pulp and paper producers ensure their own activities, those of their suppliers and those of concession owners, managers and contractors demonstrate corporate responsibility and comply with environmental, social and governance policies, and with legal requirements, and do so in a transparent manner that is independently monitored and verified, publicly reported and meets the following criteria and indicators:</p>	<p>Comparison with FSC FM or CW Standards</p> <p>When the C & I address “fiber coming from sources of materials” and are directed to the actions of the forest managers, the crosswalk used the two FSC FM standards and the FM CW standard 30-010. When the C & I address the diligence of sourcing by a pulp & paper producer who purchases supplies from forest managers, the crosswalk used the FSC CW standard 40-005.</p>
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Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>3.1. Corporate policies and standard operating procedures for environmentally and socially responsible management and responsible corporate governance are published and implemented.</p> <p>Mostly covered by FSC FM standards</p> <p>Not covered by FSC CW standards</p>	<p>3.1.1. Corporate policies and SOPs which address the requirements for environmental, social and corporate governance conduct outlined in this document are in place and are publicly available. <i>(this indicator informs APP roadmap Track 4)</i></p> <p>3.1.2. There are capable teams assigned to implement policies and associated SOPs and management plans at the forest management unit level and whose performance to deliver improved social and environmental outcomes is regularly evaluated and rewarded/penalized accordingly. <i>(this indicator informs APP roadmap Track 4)</i></p> <p>3.1.3. Interested and affected parties have been consulted on the policies and associated SOPs. <i>(this indicator informs APP roadmap Track 4)</i></p> <p>3.1.4. Policies and SOPs are being implemented. <i>(this indicator informs APP roadmap Track 4)</i></p>	<p><i>3.1 is similar to C7.1 that requires a full range of policies. IGI 7.1.3 requires a summary of policies in the management plan</i></p> <p><i>There are no requirements in the FSC standard related to staff or to auditing of staff performance.</i></p> <p><i>3.1.3 is similar to C 7.6 which requires consultation in management planning, which includes policies and SOPs.</i></p> <p><i>3.1.4 is similar to a number of FSC requirements in Principle 10 that relate to implementation of policies, practices and SOPs.</i></p>	<p><i>There are no CW requirements related to corporate policies and procedures, or to teams and management plans to implement them.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>3.2. All pulpwood suppliers and their associated concessions and all other pulpwood fiber and pulp sources are identified and disclosed and 100% pulpwood fiber traceability is achieved.</p> <p>Not covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>3.2.1. Pulp and paper producers identify all concessions owned or managed by the producer and all other suppliers of pulpwood fibre in their national and global supply chain and the full copies of producer’s formal wood supply plan and realization report (Rencana Pemenuhan Bahan Baku Industri (RPBBI) are publicly disclosed on an annual basis.</p> <p>3.2.2. All concessions, including those that supply wood and those that do not supply wood but are owned or managed by the producers, and all other sources of pulpwood fiber or pulp to the producer are identified and their key details are available to interested and affected parties including but not limited to:</p> <ul style="list-style-type: none"> i. name of corporate or other entity to which the concession or production license has been issued; ii. size, location, and spatial delineation of all concession or production area boundaries; iii. license (date obtained, date expiring); and, iv. complete copies of latest RKU, RKT, AMDAL.²⁶ <i>(this indicator informs APP roadmap all Tracks)</i> <p>3.2.3. Pulp producer has a robust chain-of-custody tracking to ensure no pulpwood fiber enters the supply chain from unknown or unverified suppliers or sources. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p>	<p><i>These requirements are not addressed in the FSC FM or FM-CW standard. However, 3.2.1, 3.2.2 and 3.2.3 are similar requirements within the FSC CoC standards that would apply to pulp mills. The CoC requires identification of all incoming suppliers.</i></p> <p><i>The CoC requirements do not require that details are available to interested parties.</i></p> <p><i>3.2.3 is similar to FSC COC requirements that must be completed as part of an FM evaluation.</i></p>	<p><i>CW 30-005 and 40-010 both require identification of all forest management units from which wood is sourced. There are no requirements for wood supply reports.</i></p> <p><i>Detailed information must be maintained but there are no requirements to make details public.</i></p> <p><i>3.2.3 type of tracking is required by the CW standards.</i></p>

²⁶ In addition, the following data on all concessions and all other wood suppliers should be made available upon request:

- v. net plantable and planted area with breakdown of stands by age class;
- vi. harvest plans and realized harvest volumes and yields of all plantation species and MTH during reporting period;
- vii. land area cleared during reporting period; and,
- viii. royalties paid.

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>3.3. Regular audits by credible third parties verify progress towards environmental and social responsibility.²⁷</p> <p>Mostly covered by FSC FM standards</p> <p>Partially covered by FSC CW standards</p>	<p>3.3.1. Regular independent audits by credible third parties with proper inputs from all interested and affected parties are conducted on an annual basis on the operations of all pulpwood fiber suppliers. The audits follow the verification methodology specified in this framework and verify that their actions are legal and result in outcomes that conform with these Performance Criteria and Verification Indicators. <i>(this indicator informs APP roadmap all Tracks)</i></p> <p>3.3.2. Audit results are publicly available and disclose corporate ownership structure and ultimate beneficial owner(s) of the auditing firm. <i>(this indicator informs APP roadmap Track 5)</i></p> <p>3.3.3. Identified non-conformities are addressed promptly and re-audited to verify whether problems or gaps identified have been adequately addressed <i>(this indicator informs APP roadmap Track 5)</i></p> <p>3.3.4. Pulp and paper producers terminate fiber supply contracts when audits identify significant non-conformities or unauthorized activities. <i>(this indicator informs APP roadmap Tracks 3, 4 & 5)</i></p> <p>3.3.5. No public claims regarding compliance with corporate sustainability policies are made without prior independent verification that is publicly available. <i>(this indicator informs APP roadmap all Tracks)</i></p>	<p><i>3.3.1, 3.3.2 and 3.3.3 are similar to the FSC system that provides the framework for required audits and auditing standards to verify conformance with the FSC requirements. There are audits to verify performance to rectify non-conformity (3.3.3)</i></p> <p><i>Public summary reports of audits are required in FSC. There is no requirement for disclosure of the ownership structure of the auditing firm.</i></p> <p><i>FSC auditing requirements set limits of 3 months, 6 months or 1 year for rectifying identified non-conformance depending on whether they are major or minor. Auditing to confirm completion of all non-conformances is required.</i></p> <p><i>3.3.4. FSC does not require producers to terminate contract with suppliers.</i></p> <p><i>3.3.5 There are no similar requirements in FSC</i></p>	<p><i>FSC requires annual audits are conducted within the CW system.</i></p> <p><i>Public summaries of audit reports are publicly available.</i></p> <p><i>Any major non-conformance requires that a CW certificate be suspended.</i></p> <p><i>3.3.4. FSC does not require producers to terminate contract with suppliers.</i></p>

²⁷ Refer to the Part III - Minimum Standards for Rigorous, Independent and Reliable Audits.

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>3.4. Pulp and paper producers have a long-term sustainable, socially and environmentally responsible supply of pulpwood fiber.</p> <p>Partially covered by FSC FM standards</p> <p>Not covered by FSC CW standards</p>	<p>3.4.1. The producer has completed an independent analysis of its long-term fiber supply using an internationally recognized methodology²⁸ and provides underlying assumptions, data sources, data verification process, and results in a publicly available report. <i>(this indicator informs APP roadmap Track 4)</i></p> <p>3.4.2. The independent analysis confirms that the supply of pulpwood fiber is sustainable in the long term. <i>(this indicator informs APP roadmap Track 4)</i></p> <p>3.4.3. The publicly available independent analysis of the producer’s long-term wood supply includes a contingency plan should plantations fail to achieve projected yields or are damaged/destroyed by fire, pests and diseases or other circumstances. <i>(this indicator informs APP roadmap Track 4)</i></p> <p>3.4.4. The producer does not install new or additional pulp manufacturing capacity unless an environmental impact assessment (AMDAL) and an environmentally and socially responsible long-term fiber supply plan are in place and have been independently verified and are publicly available for independent monitoring. <i>(this indicator informs APP roadmap Track 4)</i></p> <p>3.4.5. Pulp and paper producers do not source mixed tropical hardwood (MTH) from any sources for either pulp production, energy production, or other purposes.</p>	<p><i>3.4.1, 3.4.2 and 3.4.3 are similar to C5.2 and IGI 5.2.1 and the Instructions to standard developers re C5.2</i></p> <p><i>3.4.3. There is not a requirement for publicly available analysis in FSC</i></p> <p><i>3.4.4. There is not a similar requirement in FSC, although IGI 5.2.3 requires that an Organization’s cut cannot exceed sustainable levels. These provisions likely would not extend to suppliers.</i></p> <p><i>3.4.5. There is no similar requirement in FSC. FM certification can apply to mixed tropical hardwood forests.</i></p>	<p><i>CW does not require an analysis of long term fiber supply, or any measures related to sustainability of supply, only a complete knowledge of where supplies come from and an analysis of the risk that supply included illegal harvesting</i></p>

²⁸ For example, check Varmola et al. Sustainability of Wood Supply: Risk Analysis for a Pulp Mill in Guangxi, China. (https://www.iufro.org/download/file/5908/4668/385-398_pdf/) which outlines many of the key issues on wood supply planning and risk assessment that should be considered for pulp mills.

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>3.5. Pulp and paper producers are associated with the Forest Stewardship Council.</p> <p>Covered by FSC FM standards</p> <p>Covered by FSC CW standards</p>	<p>3.5.1. Pulp and paper producers and suppliers are not disassociated with FSC. <i>(indicator informs APP roadmap all Tracks)</i></p> <p>3.5.2. The producer has made a public commitment to achieve FSC certification using the Forest Management Standard for all fiber sources. <i>(indicator informs APP roadmap all Tracks)</i></p>	<p><i>An organization disassociated could not seek certification without successfully ending disassociation</i></p>	
<p>3.6. Pulp and paper producers and their pulpwood suppliers publicly identify their shareholders, commissioners and directors; and publicly report payment of taxes, PNPB (non-tax state revenue, including royalties, levies and fees for timber and pulpwood production) and all related-party financial transactions.</p> <p>Partially covered by FSC FM standards</p> <p>Partially covered by</p>	<p>3.6.1. The producer and all suppliers disclose their directors, commissioners and shareholders. <i>(indicator informs APP roadmap Track 3)</i></p> <p>3.6.2. The producer and all suppliers have publicly available policies that require full and accurate disclosure of tax payments, payment of PNPB obligations, and all related party financial transactions.</p> <p>3.6.3. Payment of all required taxes and levies including dates on which payments were made and specifying for which products and at what quantities are publicly disclosed.</p> <p>3.6.4. There is no evidence of tax evasion, failure to make PNPB payments, and/or unreported related party transactions. <i>(this indicator informs APP roadmap Track 3)</i></p>	<p><i>There is no FSC requirements to disclose directors etc. And any FSC requirements would refer only to the Organization, not all suppliers.</i></p> <p><i>There is no FSC requirement for a policy requiring disclosure of tax.</i></p> <p><i>3.6.3 and 3.6.4 are similar to IGI 1.3.2 that requires “payment ... in a timely manner* of all applicable legally prescribed charges connected with forest* management. Annex A for Principle 1 includes a list of applicable taxes, including “harvesting fees, value added, sales taxes and income and profit taxes”. Annex A Principle 1 also refers to tax avoidance through tax havens. FSC requirements to</i></p>	<p><i>There is no CW requirements to disclose directors etc, only names and addresses of suppliers.</i></p> <p><i>“Table A. Minimum list of applicable laws, regulations and national ratified international treaties, conventions and agreements” in Annex A refers to “Payment of royalties and harvesting fees Value added taxes and other sales taxes Income and profit taxes”.</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
FSC CW standards		<i>not require payment dates or amounts.</i>	
<p>3.7. Pulp and paper producers, their owned or managed concessions and their pulpwood suppliers are not involved in corrupt, unethical or illegal activity.</p> <p>Covered by FSC FM standards</p> <p>Covered by FSC CW standards</p>	<p>3.7.1. Producers, associated concessions and all suppliers have publicly available policies that prohibit all forms of corruption and other illegal activity including the offer or receipt of improper payments, bribes or gifts. <i>(this indicator informs APP roadmap Tracks 3 and 4)</i></p> <p>3.7.2. There is no evidence of corruption, tax evasion, money laundering, fraud or illegal activities involving the producers, associated concessions and all suppliers. <i>(this indicator informs APP roadmap Tracks 3 and 4)</i></p>	<p><i>Corruption and other illegal activities mentioned by 3.7.1 and 3.7.2 are covered by PI Annex A (see the comparison with FSC CW standards).</i></p> <p><i>3.7.1 is similar to C 1.7 that refers to publicly available policies related to bribes, offers or receipt of money or other forms of corruption.</i></p> <p><i>3.7.2 is similar to IGI 1.7.4 that requires that bribery, coercion or other acts of corruption do not occur. IGI 1.7.4 is not as specific as 3.7.2.</i></p> <p><i>FSC requirements refer to the Organization only not associated concessions and suppliers.</i></p>	<p>“Table A. Minimum list of applicable laws, regulations and national ratified international treaties, conventions and agreements” in Annex A <i>refers to corruption, bribery, tax evasions, related to various aspects of operations, including concession licenses, harvesting permits, payment of royalties and harvesting fees, classification of species/quantities/qualities, offshore trading and transfer pricing.</i></p>
<p>3.8. Pulp and paper producers establish and use a transparent, accessible and accountable Grievance Mechanism for reporting, verification and resolution of disputes, policy</p>	<p>3.8.1. A system for dealing with complaints and grievances is publicly available and has been agreed with affected and interested parties. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>3.8.2. The system provides a clear and known procedure with an established time frame for each stage. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p>	<p><i>3.8.1 and 3.8.2 are similar to the dispute resolution requirements in C 1.6, 2.6 and 4.6. FSC requirements requires a dispute resolution process, records of disputes and publicly available dispute procedures. IGI 4.6.2 refers to response in a timely manner. C 2.6 refers to grievances</i></p>	<p><i>CW requires a dispute resolution system in regard to tenure and use rights, but not generally</i></p>

Performance Criteria	Verification Indicators	Comparison with FSC FM Standards	Comparison with FSC CW Standards
<p>violations and conflicts.</p> <p>Partially covered by FSC FM standards</p> <p>Not covered by FSC CW standards</p>	<p>3.8.3. Information on grievances is reported publicly and the system keeps parties to a grievance informed of its progress and entails provisions for interested parties to participate in verification of grievances. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p> <p>3.8.4. The system includes the options of:</p> <ul style="list-style-type: none"> i. access to independent legal and technical advice; ii. support from representatives of local communities' own choosing; and, iii. third party mediation. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i> <p>3.8.5. The system is implemented and grievances are being addressed to the parties' satisfaction. <i>(this indicator informs APP roadmap Tracks 3 & 4)</i></p>	<p><i>with workers. C 4.6 refers to grievances about forest management. C7.6 sets requirements for culturally appropriate engagement around disputes.</i></p> <p><i>FSC requirements do not mention of public reporting of grievances, as in 3.8.3.</i></p> <p><i>FSC requirements do not mention the options in 3.8.4</i></p> <p><i>3.8.5 is similar to IGI 1.6.2 requires disputes are resolved or in process.</i></p>	

PART II. Using the Performance Criteria and Verification Indicators

One of the purposes for developing this Performance Verification Framework, as described in the Introduction, is to assist buyers and investors to:

- Develop and communicate their values, expectations and needs for the environmental, social and corporate governance performance of SMG and RGE companies, and embed them into pre-conditions for starting new business or into contractual performance obligations for existing business.
- Monitor and evaluate conformance of the SMG and RGE companies with such pre-conditions and performance obligations.

The Framework provides an outcome oriented and verifiable basis for setting minimum performance requirements and information needs for evaluation and verification. It assists in establishing performance baselines that will show clearly where SMG and RGE companies, affiliates and supply partners are currently positioned and what exactly they still need to do to meet minimum requirements and go beyond them to implement best practices.

Buyers and investors who adopt and use this Framework will take an active role in conveying their values by setting minimum requirements with closely related positive incentives for improved and negative incentives for not improved environmental, social and corporate governance performance by SMG and RGE companies. They will reduce supply chain and investment risk and help address the history of the environmental and social problems caused by SMG and RGE's pulp and paper production during decades of operations.

Buyers, investors, NGOs and other stakeholders who wish to evaluate APP and APRIL's performance have several options to use and apply the C & I, including the two recommended here:

Option 1: Engaging in and Bolstering the FSC Roadmaps to End Dis-Association

At the time of writing this document, the FSC is still developing a roadmap to end the dis-association of SMG and associated companies, with a similar process planned for the RGE group to follow. Ending dis-association could take several years and the rigor of verification processes related to the implementation of the roadmaps has yet to be demonstrated. Buyer and investor scrutiny and engagement is critical to help ensure the roadmaps are sufficiently robust and performance is credibly verified.

After re-association, SMG and RGE and their products will remain controversial and high risk at least until FSC certified. But even then the companies' products may be risky as the current FSC Controlled Wood standards and to a lesser extent the FSC Forest Management standards have gaps in their respective criteria and indicators because they do not yet sufficiently address several key risk areas that are significant in Indonesia: tropical peatlands, fire, land tenure, third party deforestation and corporate fiscal and governance transparency.

Still, the FSC roadmap and potential certification processes hold significant promise if supplemental criteria and indicators are added and robust assessments are conducted and

measure suppliers' performance related to high risk areas not adequately covered by the current FSC standards. The Performance Verification Framework and C & I presented here cover many current gaps and - if applied – would help ensure development of robust FSC Indonesian standards and credible FSC roadmaps.

This is where buyers, investors, civil society and others interested in a rigorous and reliable processes can take action by using the C & I. The current FSC processes requires close due diligence and active participation by buyers, investors and other interested parties.

Option 2: Conducting Buyer/Investor Led Audits

Independent or pre-competitive joint audits undertaken by buyers and investors using this Framework and its C & I offer another route to assessing SMG and RGE performance in the near-midterm. Prior to ending dis-association and in cases where gaps remain unaddressed by the roadmap and/or revised FSC standards, buyers and investors can undertake their own audits.

In both of the two options above, the C & I can be used to:

- Determine minimum performance requirements and expectations by buyers and investors and the positive incentives for succeeding, as well as the sanctions for failing, to achieve key outcomes and to meet associated milestones and timelines.
- Determine key parameters for audits – including how large a sample, how much risk to accept, how to address non-conformities, how much reliance to place on other sources of information – all of which affect the complexity, cost and reliability of an audit.
- Conduct baseline audits that would
 - (1) measure strict “conformity” or “non conformity” with each of the Indicators presented in this document so the current status against the Indicators are clear,
 - (2) present Minor or Major Corrective Action Requirements (CARs) for the “non-conformities” so that the necessary steps producers must take to meet the requirements are clear, and
 - (3) help SMG or RGE develop credible time-bound action plans that incorporate the CARs and that set out measures, milestones and timelines for meeting the minimum performance requirements and expectations set by buyers and investors or implementing the FSC roadmaps and regular follow up audits to monitor progress.
- Make audit process and results transparent, establish monitoring systems and conduct follow up audits to verify the progress against the action plan(s) and in achieving conformity with the minimum performance requirements and expectations and/or FSC roadmaps.
- Establish agreements to jointly finance audit costs thereby helping to ensure independence and transparency.

PART III. Minimum Standards for Rigorous, Independent and Reliable Audits

Both options described in Part II anticipate audits – either under FSC requirements or commissioned by buyers or investors or NGOs. Any audit should meet the following **minimum standards** to be considered a professional, rigorous and independent evaluation with sufficient scope and depth of analysis to be considered reliable and credible. A fundamental attribute of both options is that they do not rely on the producer/supplier/concession manager’s own assertions of performance and conformity.

The guidance below provides basic parameters for a buyer or investor to conduct an independent audit, to retain auditors and to prepare a term of reference for a rigorous and reliable audit. It follows general guidance related to the composition of audit teams, competency of auditors, independence, audit process, and reporting in various certification systems (for example, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC), Equitable Origin) and by accreditation and standard setting organizations (for example, ISEAL, ISO, IEC).

Team Size and Composition

- The audit team should consist of three qualified auditors, with a lead auditor and two audit team members.
- The audit team should have expertise and experience in all three areas being audited – environmental responsibility, social responsibility and corporate governance responsibility.
- At least one member of the audit team should be fluent in the local language.
- At least one member of the audit team should be resident in the country of the audit, or should be resident in a nearby country with a similar forest environment and similar social and corporate conditions and have work experience in the country where the main parts for the audit are conducted.

Auditor Qualifications and Suitability

- The audit team leader should have certification as a team leader with ISO 9001 or equivalent, and professional qualification in forestry or environmental sciences or related discipline.
- The audit team leader should have at least 5 years of professional experience in forestry or related land management and prior experience as an audit team member on at least 3 audits.
- The audit team members should have at least 3 years of professional experience and prior experience on at least 3 audits.
- The team leader and team members should be recognized as qualified auditors by one or more of the internationally recognized forest or agricultural certification systems.

- The team leader and team members should have demonstrated personal suitability to undertake independent audits, and an absence of potential for bias or conflicts of interest.
- The team members do not have a record of being involved in controversial or sub-standard audits.

Independence and Absence of Conflicts of Interest

- Any company or certification body retained to conduct an audit should have had no other business relationships or interests with the auditee, other than providing these audit services, currently and for at least two years previously.
- The audit team leader and team members, retained by the company or certification body should have no other business relationships or interests with the auditee, other than as independent auditors, currently and for at least two years previously.
- The team leader and team members should sign a declaration that they have no conflicts of interest and are free of any situations that would cause a reasonable apprehension of bias.
- The team leader, team members and any company should be held in high regard by the segments of civil society with whom they have to consult during this audit.
- The auditee should sign a declaration to respect the independence of the audit team and not to use legal or other means to influence their findings.

Audit Scope

- The audit should evaluate conformity by the producer with all indicators in this performance verification framework within a geographically defined area of land.
- The auditee and the geographical areas should be clearly identified and verified independently.
- The audit should involve field work, document review, interviews with interested and affected parties, and engagement with specialists. Findings of conformity or non-conformity with the requirements established in the Performance Criteria and Verification Indicators should be based on evidence from this work.
- The field work should be based on an identified and credible sampling procedure and should include a sufficient diversity of field sites and stakeholder interviews to encompass all aspects of the auditees' operations and reflect the diversity of sites and situations within the defined geographical area.

Audit Process

- The audit should include notification to the producer and to interested and affected parties in advance.

- The audit team leader should prepare an audit plan describing the geographical scope, the methodology being used, the audit process and timelines, with inputs from the interested and affected parties and independent experts for the approval of the producer and the financiers of the audit. The audit plan should confirm that SMG and RGE companies and suppliers will provide access to sites, documents and company staff in a timely way during the audit.
- The audit team leader should conduct an opening meeting to explain the scope and procedure of the audit and a closing meeting to inform the producers and the financiers of the audit of the findings.
- Interviews with interested and affected parties should be conducted only after they have given their explicit agreement to participate.
- Interviews with interested and affected parties should protect the identity of those parties and should be undertaken without the knowledge of, or participation by, the producer.
- The audit team leader should provide the producer with the opportunity to respond to the findings of the audit in a draft report prior to completing a final report.
- The audit team leader should provide the buyer, investor, or other parties who commissioned the audit, with the draft report for review prior to completing a final report.

Audit Reporting

- A full audit report, providing an evaluation of conformity with each Verification Indicator should be available to the buyer.
- At minimum, a publicly available summary of the full report should provide an evaluation of conformity and associated corrective actions with each Verification Indicator and should identify all Indicators where there is non-conformity. The full report may be made available to interested parties.
- The final, publicly available, report should:
 - provide an evaluation of performance to meet any non-conformities identified in previous audit reports and recommendations for corrective actions to resolve the remaining issues.
 - identify and clearly describe the geographical scope of the audit and identify the auditors and their qualifications.
 - describe the sites visited, the documents reviewed, and the process of engaging interested and affected parties and specialists.
 - shall be available within 60 days of the completion of the field portion of the audit.

PART IV. Glossary of Terms

Affected party – Any party (person or group of persons) that is likely be affected by forest management operations or activities, but not including Indigenous Peoples or local communities with legal, communal or customary rights.

Associated with the Forest Stewardship Council – Not disassociated by FSC under the Policy for Association and either a member of FSC or a holder of FSC FM, CW or CoC certificate.

Auditee – The subject of an audit.

Auditor – A properly qualified individual carrying out an audit against a specific set of requirements or standard.

Community Representative – A person elected by, or appointed by, a community or by an elected leader of a community to represent the community, and whose representation is known to and accepted by the majority of community members.

Concession – The legal forest tenures held by pulp and paper producers or pulpwood suppliers including the entire area of plantation, natural forest, non-forest, wetland, environmental set aside or any other land designation within the legal tenure boundary.

Culturally appropriate - Means/approaches for outreach to target groups that are in harmony with the customs, values, sensitivities, and ways of life of the target audience.

Degradation – A human-initiated process that degrades the quality of natural forest by removing some parts or components of the forest, while leaving other parts standing.

Deforestation – A human-initiated process that involves the complete removal of natural forest or conversion of natural forest to other non-forest land use, including plantation.

Free, Prior and Informed Consent – A legal condition whereby a person or community can be said to have given consent to an action prior to its commencement, based upon a clear appreciation and understanding of the facts, implications and future consequences of that action, and the possession of all relevant facts at the time when consent is given. Free, prior and informed consent includes the right to grant, modify, withhold or withdraw approval.

(Source: Based on the Preliminary working paper on the principle of Free, Prior and Informed Consent of Indigenous Peoples (...)) (E/CN.4/Sub.2/AC.4/2004/4 8 July 2004) of the 22nd Session of the United Nations Commission on Human Rights, Sub-commission on the Promotion and Protection of Human Rights, Working Group on Indigenous Populations, 19–23 July 2004). See also <http://www.forestpeoples.org/sites/fpp/files/publication/2016/01/rspo-free-prior-and-informed-consent-fpic-companies-2015-english.pdf>.

Greenhouse gases - Gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of terrestrial radiation emitted by the Earth's surface, the atmosphere itself, and by clouds

High Carbon Stock Forest – An area identified as having high carbon stock following an assessment meeting requirements outlined in “The High Carbon Stock Approach Toolkit 2.0: Putting No Deforestation into Practice”, released on 3 May 2017. <http://highcarbonstock.org/the-hcs-approach-toolkit/>

High Conservation Value Forest – An area identified as having high conservation value following an assessment meeting requirements in Guidelines for the Identification of High Conservation Values in Indonesia. HCV Toolkit – Indonesia, version of 2009. <https://www.hcvnetwork.org>

Human Rights - Rights inherent to all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status.

Indigenous People – People and groups of people that can be identified or characterized as follows:

- The key characteristic or criterion is self-identification as Indigenous Peoples at the individual level and acceptance by the community as their member
- Historical continuity with pre-colonial and/or pre-settler societies
- Strong link to territories and surrounding natural resources
- Distinct social, economic or political systems
- Distinct language, culture and beliefs
- Form non-dominant groups of society
- Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.

(Source: Adapted from United Nations Permanent Forum on Indigenous Issues, Factsheet ‘Who are Indigenous Peoples’ October 2007; United Nations Development Group, ‘Guidelines on Indigenous Peoples’ Issues’ United Nations 2009, United Nations Declaration on the Rights of Indigenous Peoples, 13 September 2007).

Interested parties – A person or group of person who has shown an interest or self-identifies as having an interest in the forest management operations and activities.

Legal or customary rights- Legal rights are in accordance with primary legislation (national or local laws) or secondary legislation (subsidiary regulations, decrees, orders, etc.) and ‘Legal’ includes rule-based decisions made by legally competent agencies where such decisions flow directly and logically from the laws and regulations. Customary Rights result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of a law within a geographical or sociological unit.

Local Community - Communities of any size that are in or adjacent to the Management Unit, and also those that are close enough to have a significant impact on the economy or the environmental values of the Management Unit or to have their economies, rights or environments significantly affected by the management activities or the biophysical aspects of the Management Unit.

Long-term fiber supply – A supply of pulpwood fiber reasonably projected to be available for a period of at least 20 years.

Natural Forest - A forest area with many of the principal characteristics and key elements of native ecosystems, such as complexity, structure and biological diversity, including soil characteristics, flora and fauna, in which all or almost all the trees are native species, not classified as plantations. Natural forest does not include land that is not dominated by trees, was previously not forest, and that does not yet contain many of the characteristics and elements of native ecosystems.

Peatland – An area of flooded and soggy areas, with large accumulations of organic material at the surface, covered by a layer of poor vegetation associated with a certain degree of acidity, and which presents a characteristic amber color.

Producer – A corporate entity that manufactures or produces forest products from the raw wood fibre or round logs that originate as trees in a forest.

Satisfied – Evidence that interested or affected parties or Indigenous peoples and local communities are generally in support of, or are not opposed to, the outcome of a consultation or dispute resolution process

Social Baseline Study – A comprehensive collection and analysis of information that provides an information base of socio-economic conditions against which to monitor and assess an activity's progress and effectiveness during implementation and after the activity is completed.

Stakeholder –Any person or group of persons who are known to be, or who self-identify as interested or affected by forest management planning and operations.

Supplier – A forest owner or manager supplying pulpwood fiber to a pulp and paper producer.