



Status update #3 on the disassociation of FSC from APP

12 August 2014

The Forest Stewardship Council (FSC) has not yet entered into formal negotiations with the Asia Pulp & Paper Group (APP) about ending FSC's disassociation from APP. A decision on whether or not to enter into such a process will only be made, at the earliest, in November this year, following the completion of independent evaluation of APP's Forest Conservation Policy and further internal analysis.

This update provides an overview of the developments so far together with an outlook on the next steps and decisions to be taken.

DEVELOPMENT SO FAR

APP approaches FSC, stating that they have undergone fundamental changes and that they would therefore like to enter into a constructive dialogue on the possibility of renewed association with FSC. APP announces a new Forest Conservation Policy (FCP), with one part focused on the complete adoption of the FSC Principles & Criteria for High Conservation Value Forests across its entire supply chain. The FSC Board of Directors welcomes this announcement and expresses interest in following APP's process of achieving the stated objectives of the FCP and compliance with the FSC Policy for Association. FSC releases a first public update on the recent developments, outlining the conditions for any consideration of ending the disassociation which under any circumstances would not take place prior to at least a full year of implementation of APP's new conservation policy. The FSC Board announces to continue informal talks with APP on the potential to end the disassociation.	2007 Oct	FSC disassociates from the Indonesian company Asia Pulp and Paper (APP). The decision is taken due to substantial publicly available information that APP is involved in destructive forestry practices which brings them into conflict with the FSC mission.
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The FSC concept of disassociation

Disassociation is the termination of all existing contractual relationships between FSC and an organization, such as FSC membership or an FSC trademark licensing agreement. Disassociation decisions are taken by the FSC Board of Directors and usually imply that an organization has been found involved in one of the unacceptable activities specified in the FSC Policy for Association. Disassociation leads to the suspension of any FSC certificates an organization may hold, as a valid FSC licensing agreement is a prerequisite for certification. Ending the effectiveness of a disassociation does not mean that any of the previous contractual relationships is resumed or any certificates are reinstated, but that there is no longer an embargo in principle if the organization wishes to do so.

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OUTLOOK

The further discourse about and analysis of APP's new policies and changed practices can be differentiated into several phases. At the end of phases I and II, a decision will be taken by the FSC Board on whether to move towards the next phase.

I. Dialogue phase: Preliminary informal review

2014 Aug onward FSC reviews progress of APP's FCP implementation as well as documentation and stakeholder information indicating no further involvement, directly or indirectly, by APP or any of its subsidiaries, in unacceptable activities, as stipulated by the FSC Policy for Association. Review to include:

- APP documentation (policies, procedures, reports) of compliance with the FSC Policy for Association
- APP's commitment to forest restoration that can address past natural forest conversion
- Rainforest Alliance's independent evaluation of FCP implementation
- Third party reports and stakeholder comments

2014/15 Board mtg. Decision by the FSC Board on whether to enter into the following 'roadmap phase'.

II. Roadmap phase: Formal negotiations and evaluation

FSC and APP establish a formal roadmap for actions that APP needs to fulfill to achieve an end of the current disassociation. The roadmap will be based on FSC findings in the previous phase.

- Implementation of these actions by APP
- Evaluation and verification of APP actions

TBD (open)

Decision by the FSC Board on whether APP is eligible to become reassociated and to continue towards the 'association phase'.

III. Association phase: Seeking compliance with FSC standards

Ending the disassociation would not mean that APP's concessions would automatically be considered responsibly managed or would be FSC certifiable. It would simply constitute an acknowledgment that APP had ceased forest-related practices that are considered unacceptable under the FSC Policy for Association.

To become certified and thereby re-associated, APP would be required to follow the defined process for its mills to achieve FSC Chain of Custody and for its concessions to achieve Controlled Wood or Forest Management certification. Under current FSC rules on conversion, most of APP's plantations in Indonesia would not be eligible for full forest management certification.

Further information

FSC's Policy for Association: https://ic.fsc.org/fsc-pol-01-004-policy-on-association.441-4.htm
FSC rules on conversion and plantations: https://ic.fsc.org/certification-of-plantations.146.htm

APP's progress towards implementation of its Forest Conservation Policy: https://www.asiapulppaper.com/sustainability/tracking-progress/monitoring-dashboard