



APRIL SFM Policy 2.0 Implementation

Action Plan Update Report

October 2017

Summary of the Action Plan Process

In 2016, KPMG Performance Registrar Inc. (KPMG PRI) completed a limited assurance engagement over APRIL Group's (APRIL's) implementation of its Sustainable Forest Management Policy (SFMP 2.0) commitments for APRIL's independent Stakeholder Advisory Committee. The report, issued in December 2016, described the scope of the work conducted and KPMG PRI's findings, which included 3 non-conformances and 28 opportunities for improvement.

In December 2016, APRIL developed draft action plans to address each of the identified findings. Following the release of the KPMG report, APRIL further developed its action plans to generate the Final Action Plans, which are appended. The Final Action Plans have been accepted by KPMG PRI as addressing the issues identified.

Both KPMG PRI's 2016 Audit Report and the Final Action Plans are available on APRIL's Sustainability Dashboard online: <http://sustainability.aprilasia.com>.

Between May and September 2017 KPMG undertook document and record reviews, interviews and field inspections to determine the status of the agreed action plans. This report summarizes the current status of each of the agreed actions.

Current Status

Non-Conformances (page 2-5)

The 3 non-conformances are now closed.

Opportunities for Improvement (page 6-34)

24 of the opportunities are now closed. The remaining 4 opportunities remain in progress.

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Non-conformances January 2017		
Indicator I.b	# of Ha developed by category (Forested, Non-Forested and HCV ¹ /HCS ² and non-HCV/HCS)	
Non-Conformance #1	<p>Development of forested peat land and associated mixed hardwood harvest occurred on PT. Adindo Hutani Lestari’s concession in Kalimantan after the moratorium date imposed in APRIL’s SFMP 2.0.</p> <p>This activity occurred approximately between May 15 - June 9, 2015 and was initially identified by Eyes on the Forest (a coalition of three local environmental organizations in Riau Province, Sumatra) using landsat data. The non-conformance was publicly acknowledged on APRIL’s website and an action plan undertaken to restore indigenous species in the area where the harvesting occurred in 2015. This resulted in the planting of 39 ha with indigenous tree species.</p>	
APRIL Action Plan(s)	<p>An action plan was developed and implemented in 2015 upon identification of the non-conformance. The action plan included:</p> <ul style="list-style-type: none"> • Public acknowledgement that the incident had occurred on the aprildialog.com website; • Field inspections to quantify the amount of harvesting and development that occurred—these determined that approximately 39 hectares of mixed hardwood was logged; • Re-planting of native species on an area exceeding 39 hectares; and, • Ongoing third party monitoring of the concession for the remainder of 2015. <p>No further instances of non-conformance were identified in relation to the supplier during the reporting period.</p>	<p>Timeframe: Already Complete.</p>
APRIL Root cause analysis	N/A	

Evidence Reviewed by KPMG PRI	Aprildialog.com website Hatfield site inspection reports and photos Hatfield monthly land cover change monitoring reports through December 2015 Interviews with PT Hatfield	
Findings	No evidence of recurrence identified.	
Conclusion on status (August 2017)	Closed - January 2016	
Non Conformance #2	One new short-term supplier, PT. Agronusa Alam Sejahtera, located in Jambi province, had a supply contract for Acacia that started on March 1, 2016 but did not deliver Acacia to the Kerinci millsite until after the end of the reporting period. While this supplier had no deliveries during the period, it was determined through subsequent analysis of landsat imagery by APRIL to have developed forested land during the reporting period. Approximately 495 hectares were cleared in the period between April 2015 and July 5, 2016 in the absence of the required HCV and HCS assessments. This resulted in the termination of the supplier once this was identified in September, 2016.	
APRIL Action Plan(s)	<ol style="list-style-type: none"> 1. The supplier contract has been terminated. 2. A revised supplier due diligence process for new suppliers is in the process of completion (SFMP 2.0 Compliance SOP). This will require a broader assessment of conformance to SFMP 2.0 prior to initiation of deliveries and ongoing monitoring of land use change. 3. The Sustainability Department has been assigned responsibility to oversee the supplier selection and monitoring process. 	Timeframe <ol style="list-style-type: none"> 1. Complete. 2. Complete. 3. Complete.
APRIL Root cause analysis	The due diligence process in place at the time the contract was initiated with the supplier did not have sufficient checks in place in relation to conformance with SFMP 2.0. In particular, analysis of land use change to identify potential non-conformance by suppliers was not in place until later in 2016.	



Evidence Reviewed by KPMG PRI	PT. Agronusa Alam Sejahtera deliveries data Revised supplier due diligence process and the role of the Sustainability Department within the process. Socialization data associated with the roll-out of the revised supplier due diligence process to suppliers
Findings	The revised supplier due diligence process, which now falls under the sustainability department mandate, incorporates a structured assessment of new supplier conformance with SFMP 2.0 prior to contract signature.
Conclusion on status (August 2017)	Closed

Indicator IX.c	Long-Term and Short-Term supplier list publicly available.	
Non-Conformance #3	<p>The following suppliers who supplied fiber in 2015 or 2016 were (as of September, 2016) not included within the supplier list that is available on line:</p> <ol style="list-style-type: none"> 1) Fiber sources from small community suppliers are not included in the supplier list. The larger suppliers from these communities were PT Nusa Prima Manunggal (62,000 tonnes), Bina Jaya Langgam (4,900 tonnes), PT. Raja Garuda Mas Sejati (12,000 tonnes), Kop Tunas Harapan (10,000 tonnes) and HR Bedaguh (1,400 tonnes). There are approximately 29 small community “HR” companies. These are small scale operations with only 3 exceeding 1,000ha of plantable land with intermittent fiber flows 2) An additional 4 suppliers are listed in APRIL’s landbank as long-term suppliers and contribute to data on conservation area and plantation area. While these suppliers did not provide fiber during the reporting period it is appropriate to include them in the supplier list due to the ongoing long-term relationship. 	
APRIL Action Plan(s)	<p>Suppliers to be defined to include all long-term suppliers (regardless of level of deliveries during the period) and all short-term suppliers and community fiber suppliers with deliveries during the last 12 months.</p> <p>Supplier list to be updated and publicly posted on a quarterly basis.</p>	Timeframe 30 days
APRIL Root cause analysis	No definition of supplier established before publicizing the supplier list. This resulted in sources from small community fiber suppliers being excluded as well as long-term suppliers who had not recently supplied fiber (but continue to contribute to other SFMP 2.0 indicators) being excluded.	
Evidence Reviewed by KPMG PRI	<p>Final action plan accepted – January 2017</p> <p>Fiber delivery data for suppliers in 2017</p> <p>Supplier list (last updated February, 2017)</p> <p>Comparison of supplier list to delivery data for small community suppliers</p>	
Findings	Community suppliers are now included in the supplier list. Suppliers with a current contract are included whether or not they have made deliveries during the period.	
Conclusion on status (August 2017)	Closed	



APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement January 2017			
	Performance Indicator Data Reporting Limitations		
Opportunity for Improvement #1	<p>APRIL Indicator performance reporting lacks data for long-term suppliers totaling 49% of current plantation fiber supply for the following indicators:</p> <ul style="list-style-type: none"> All performance reporting under V. Proactive Support of Local Communities VI.g # of land conflicts outstanding as of June 30, 2016 		
APRIL Action Plan(s)	<table border="1"> <tr> <td> 1. Review the data requirements with all long-term suppliers; and 2. Establish enhanced long-term supplier data reporting requirements for the next report on SFMP 2.0 performance indicators </td> <td> Timeframes: 1. Review with Suppliers: 90 days 2. Reporting: Prior to the next SFMP 2.0 verification report </td> </tr> </table>	1. Review the data requirements with all long-term suppliers; and 2. Establish enhanced long-term supplier data reporting requirements for the next report on SFMP 2.0 performance indicators	Timeframes: 1. Review with Suppliers: 90 days 2. Reporting: Prior to the next SFMP 2.0 verification report
1. Review the data requirements with all long-term suppliers; and 2. Establish enhanced long-term supplier data reporting requirements for the next report on SFMP 2.0 performance indicators	Timeframes: 1. Review with Suppliers: 90 days 2. Reporting: Prior to the next SFMP 2.0 verification report		
APRIL Root cause analysis	The indicator reporting process is a new reporting process. Not all data was readily available in a reliable format for the first report.		
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Supplier due diligence and monitoring program		
Findings	<p>The revised supplier due diligence and monitoring program includes data requests that would address all of the above items. The data has been requested from suppliers and its receipt is being tracked by APRIL.</p> <p>However, not all suppliers have committed to provide all the required information at this point and on-site monitoring of SFMP 2.0 indicators has only recently been initiated.</p>		
Conclusion on status (August 2017)	In Progress		

<p>Opportunity for Improvement #2</p>	<p>APRIL Indicator performance reporting lacks data for short-term suppliers totaling 21% of current plantation fiber supply for the following indicators:</p> <ul style="list-style-type: none"> I.b. # of Ha developed by category III.a # of Ha plantation, conservation and ecosystem restoration on peatland III.c Total Ha developed on peatland VI.b Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts VI.f Established Standard Operating Procedure (SOP) for addressing grievances VI.g # of land conflicts outstanding as of June 30, 2016 VII.a # of fatalities VII.b Grievance mechanism in place for labor concerns raised by APRIL or supplier employees and contractors. VIII.a # of instances of fire on concessions by cause IX.a Total area and HCV/HCS area by concession publicly available 	
<p>APRIL Action Plan(s)</p>	<p>APRIL to continue direct monitoring of short-term suppliers for commitments covering no deforestation, no new development without any prior HCV and HCS assessments, no new development on peatland, and zero burn policy. This will be done through remote sensing systems and the submission of data by the suppliers. APRIL will as part of its supplier due diligence determine the existence of policies, programs or practices for addressing social grievances and conflicts and will encourage suppliers to share information on the list above with APRIL on an ongoing basis for APRIL's monitoring.</p>	<p>Timeframe 120 days</p>
<p>APRIL Root cause analysis</p>	<p>The indicator reporting process is a new reporting process. Not all data was readily available in a reliable format for the first report.</p>	
<p>Evidence Reviewed by KPMG PRI</p>	<p>Final action plan accepted – January 2017 Supplier due diligence and monitoring program</p>	



Findings	<p>The revised supplier due diligence and monitoring program includes data requests that would address all of the above items. The data has been requested from suppliers and its receipt is being tracked by APRIL.</p> <p>Satisfactory evidence is available to support the conclusion that the program has been implemented. Information requests and supplier visits have been undertaken. However, not all suppliers are currently providing all of the required data and the supplier visits have only recently been initiated on a priority basis so not all suppliers have been exposed to this process yet. It was evident that APRIL is continuing to attempt to gather the remaining data and are supplementing this information with additional information gathered from site visits.</p> <p>Overall, it was determined that the action plan has been appropriately implemented but that in light of supplier concerns over sharing of some of the data, full implementation will take significantly longer than predicted.</p>
Conclusion on status (August 2017)	In Progress

Indicator I.b	# of Hectares developed by category (Forested, Non-Forested and HCV/HCS and non-HCV/HCS).	
Opportunity for Improvement #3	In 2016, APRIL began tracking of short-term supplier landbases using landsat imagery to identify and follow-up on potential new development. However, to date, not all short-term supplier landbases are covered by the imagery.	
APRIL Action Plan(s)	APRIL to include all short term suppliers in its active land cover change monitoring program.	Timeframe 90 days
APRIL Root cause analysis	The land cover change monitoring process has expanded over 2016 but did not have full coverage by the end of the reporting period.	
Evidence Reviewed by KPMG PRI	<p>Final action plan accepted – January 2017</p> <p>Land Cover Change data related to short term suppliers.</p> <p>Supplier responses to land cover change queries.</p> <p>Field follow up to confirm information is being received by suppliers for 2 short-term suppliers that had not yet responded to questions related to land cover change.</p>	
Findings	<p>LCC data for short-term suppliers is now part of the active land cover change monitoring program.</p> <p>There remain challenges in getting all suppliers to provide the required information which is captured under “in progress” opportunities for improvement #1 and #2.</p>	
Conclusion on status (August 2017)	Closed	



Opportunity for Improvement #4	At the time of the field audit in September 2016 the supplier due diligence processes to assess conformance with SFMP 2.0 had not yet been fully developed or implemented.	
APRIL Action Plan(s)	A revised supplier due diligence process for new suppliers is in the process of completion (SFMP 2.0 Compliance SOP). This will require a broader assessment of conformance to SFMP 2.0 prior to initiation of deliveries and ongoing monitoring of land use change.	Timeframe Complete
APRIL Root cause analysis	Supplier due diligence process was in place but needed strengthening with respect to SFMP 2.0 compliance and involvement of the Sustainability team.	
Evidence Reviewed by KPMG PRI	<p>Final action plan accepted – January 2017</p> <p>Supplier due diligence process</p> <p>Data received from suppliers as part of the due diligence process</p> <p>Internal audit process and results</p> <p>Observation of 2 initial audits at suppliers</p>	
Findings	<p>The supplier due diligence process has been revised and captures SFMP 2.0 compliance more broadly.</p> <p>The updated process has been socialized with suppliers.</p> <p>The supplier audit process has been initiated. Implementation to date has been on a prioritized basis.</p> <p>There remain challenges in getting all suppliers to provide the required access to information which is captured under “in progress” opportunities for improvement #1 and #2.</p>	
Conclusion on status (August 2017)	Closed	

Opportunity for Improvement #5	While newly implemented short-term supplier monitoring processes identified land development by a short-term supplier and resulted in the termination of the supplier, there is an opportunity to undertake the analysis of potential new development using supplier GIS data and landsat imagery as part of the due diligence process undertaken prior to contracting with new suppliers.	
APRIL Action Plan(s)	<ol style="list-style-type: none"> 1. A revised supplier due diligence process for new suppliers is in the process of completion (SFMP 2.0 Compliance SOP). This will require a broader assessment of conformance to SFMP 2.0 prior to initiation of deliveries and ongoing monitoring of land use change. 2. The Sustainability Department has been assigned responsibility to oversee the supplier selection and monitoring process. 	Timeframe <ol style="list-style-type: none"> 1. Complete 2. Complete
APRIL Root cause analysis	Supplier due diligence process was in place but needed strengthening with respect to SFMP 2.0 compliance and involvement of the Sustainability team.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Supplier due diligence monitoring process for new suppliers Land cover change monitoring system	
Findings	The supplier due diligence process now includes a series of required conformance checks for SFMP 2.0, including land cover change checks to assess whether new development is taking place.	
Conclusion on status (August 2017)	Closed.	

Indicator II.b	Ratio of conservation area to total plantation area	
Opportunity for Improvement #6	There is an opportunity to improve on the current reporting of this indicator. As the SFMP 2.0 commitment is to conservation areas that are of appropriate size, shape, connectivity, and representativeness to protect ecosystem functions and to conserve native biodiversity it would be appropriate to at least exclude agriculture and infrastructure areas, which are unlikely to contribute to this objective. The inclusion of open area remains appropriate only to the extent that this area is expected to be rehabilitated or recover naturally. Additionally, some forested areas currently designated as conservation may be of inadequate size or quality to meet the criteria described in SFMP 2.0.	
APRIL Action Plan(s)	Clarify with SAC the use of HCV standards, which account for various conservation values other than biodiversity, for designating conservation areas, along with the latest guidance from the Indonesia government on what should be included in conservation area classification.	Timeframe 90 days
APRIL Root cause analysis	Need to clarify the references and standards used by APRIL for the designation of conservation areas.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Government of Indonesia information on conservation areas per Pasal G MoEF Regulation No. P3/Menhut-11/2008. Landscape level process approach and data sources for existing conservation area within concessions.	
Findings	The footnote to SFMP 2.0 establishes a high standard for measurement of conservation area for which the data is currently not available. The approach currently being taken by the Company to characterize and prioritize the existing conservation areas will ultimately be able to address this requirement and prioritize conservation to the highest value areas, avoiding small isolated conservation areas where species are unlikely to be maintained over time. However this will take a significant amount of time. In the interim, the company is using the best available information. However, there will be an ongoing need to clarify this in future progress reporting.	
Conclusion on status (August 2017)	Closed	

Indicator III.b	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule for: - Best management practices in existing plantations on peatland; - Conservation of forested peatland and critical peatland landscape, and - Development options for non-forested peatland.	
Opportunity for Improvement #7	In reviewing Meeting Summary Reports and Meeting Minutes, it was noted that the majority of recommendations do not have a suggested timeline for completion.	
APRIL Action Plan(s)	For future IPEWG meetings, agree on a proposed timeline for implementation (where possible) in relation to new recommendations. Where a formal timeline for full implementation of the recommendation is not possible due to areas of uncertainty identify timelines for the initial steps necessary to implement the recommendation and update these at future meetings.	Timeframe Next IPEWG meeting
APRIL Root cause analysis	Depending on the nature of the recommendations, it is not always possible to identify and commit to timelines in relation to new recommendations within the timeframe of the IPEWG meetings.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Document tracking current status of actions	
Findings	The IPEWG recommendations now have a proposed action by management, a proposed timeframe and status.	
Conclusion on status (August 2017)	Closed	

Indicator V.b	Local GDP.	
Opportunity for Improvement #8	APRIL has not yet determined how best to monitor its contribution to local GDP on an ongoing basis.	
APRIL Action Plan(s)	APRIL to align its reporting with indicators being developed by the Indonesian Government which align with UN Global SDG indicators.	Timeframe Next SFMP 2.0 verification.
APRIL Root cause analysis	Available data was from a study conducted by the University of Indonesia in 2014 which estimates APRIL's GDP contribution at 6.9%. As the study is meant to be conducted every three years, the next GDP impact assessment will be conducted in 2017.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Internal APRIL communications	
Findings	The Institute for Economic and Social Research at the University of Indonesia has been asked to provide a proposal to measure PT. RAPP economic and fiscal impacts and to propose on a social impact methodology and assessment that links to the UN Sustainable Development Goals.	
Conclusion on status (August 2017)	In Progress	

Indicator V.g	# and status of agreed actions arising from stakeholder forums.	
Opportunity for Improvement #9	APRIL estimates the number of agreed upon actions that have yet to be started is approximately 800 but does not yet have sufficiently reliable data to accurately report on this number.	
APRIL Action Plan(s)	Provide support to community development team to develop more robust tracking processes for agreed upon actions.	Timeframe 60 days
APRIL Root cause analysis	Data had not been historically reported so was not stored in a way that can be readily substantiated.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Revised tracking process for agreed upon actions Testing of a sample of reported actions	
Findings	Data tracking processes are now sufficient to support reported information.	
Conclusion on status (August 2017)	Closed	

Indicator VI.b	Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts.	
Opportunity for Improvement #10	It was noted during site visits to concessions that land use designation changes within the Company’s GIS tracking systems to reflect the settlement of land claims often occurs before the claim is fully settled, i.e. in the expectation that the claim will be settled shortly. While APRIL has initiated processes to ensure that future changes to land use designation only occur after claims are agreed and the settlement is signed the current data includes a number of adjustments that have been made in advance of full settlement. Note: our field inspections did not identify any instances where this approach actually led to development of the land before the settlement of the claim.	
APRIL Action Plan(s)	Circulate instructions to all estates and suppliers regarding the recognition of settlement of land claims within GIS systems and the fact that this should not occur before final MOUs are signed.	Timeframe 30 days
APRIL Root cause analysis	The data being used for tracking potential new development previously included Land Dispute areas with potential for new development, for which proactive identification of claims expected to be settled in the short-term was useful. Given the new use of the data this approach is no longer appropriate.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Letter from Mark Warren to Estate Managers, Plantation Regional Managers, Planning Regional Managers, sector Planners, Social Governance Relations Departments, Forest Protection Managers.	
Findings	All sectors have been advised to ensure quality over their updates to the GIS tracking system. While the letter sent to the sectors does not explicitly deal with the issue of pre-emptively removing land claim disputes from the database prior to final signing of agreements, recurrence of this issue was not identified based on a 2017 sample of 2 RAPP sectors.	
Conclusion on status (August 2017)	Closed	



Indicator VI.f	Established standard operating procedure (SOP) for addressing grievances.	
Opportunity for Improvement #11	At two of the four supplier concessions visited, management interviews indicated a lack of awareness of the existing formal grievance systems for communities.	
APRIL Action Plan(s)	To raise awareness as part of the roll out of the new process of APRIL's formal grievance system.	Timeframe 180 days
APRIL Root cause analysis	Root cause unknown at this time	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 SFMP 2.0 socialization process with suppliers SFMP 2.0 monitoring process Status of documentation received from suppliers related to SFMP 2.0	
Findings	The requirement to have a grievance process has been socialized with suppliers' management. Although, gaps in awareness of this requirement still exist at the concession level, this is expected to take time to address.	
Conclusion on status (August 2017)	Closed	

Opportunity for Improvement #12	At the four Sectors visited directly after the launch of the Grievance mechanism on August 30, 2016, Estate management and community stakeholders were not yet aware of the new process.	
APRIL Action Plan(s)	Undertake full socialization to raise awareness and understanding of the new process of APRIL's formal grievance system.	Timeframe 180 days
APRIL Root cause analysis	The new SOP had just been released at the time of the audit.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Summary of socialization activities by sector and number of participants from communities List of communities attending socialization events for a sample of two sectors. Interviews with a sample of community members at a sample of two RAPP sectors	
Findings	Socialization of the grievance process has been undertaken. While stakeholder awareness of the process is not yet consistent, there are continuing processes to raise the level of awareness.	
Conclusion on status (August 2017)	Closed	

Indicator VI.g	# of land conflicts outstanding as of June 30, 2016.	
Opportunity for Improvement #13	During one of the concession/estate field visits, discrepancies in the land conflict database were noted, as the number of hectares identified in signed MOUs as being resolved and the number of hectares recorded as under claim in the database did not consistently match.	
APRIL Action Plan(s)	APRIL will investigate why differences occurred between the stated hectares in the MOUs and the entry in the land conflict database identify new processes or management controls to reduce the risk of future discrepancies once the cause is identified.	Timeframe 90 days
APRIL Root cause analysis	Root cause unknown at this time.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Signed representation from Estate management with an explanation of the differences.	
Findings	The number of hectares entered into the database was a preliminary estimate and had not yet been updated to the final size of the claim based on the MOU. This has now been done for the discrepancies noted during the 2016 assurance engagement. A new opportunity for improvement (OFI #1) has been raised in the 2017 Interim Audit Report as inconsistencies in supply partner land conflict data continues to be identified.	
Conclusion on status (August 2017)	Closed	

Opportunity for Improvement #14	The land conflict database listed one large conflict in respect to one of the PT. RAPP estates visited. During stakeholder and management interviews, however, it was noted this land conflict relates to multiple individual land claims and is being resolved as separate conflicts.	
APRIL Action Plan(s)	APRIL will investigate why the approach described above was taken and any implications in relation to the accuracy of land claims data within its databases and identify new processes or management controls if necessary to increase the accuracy of the database once the cause is identified.	Timeframe 90 days
APRIL Root cause analysis	Data base was not updated as more information became known.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Signed representations from the Estate management with an explanation of the discrepancy List of claimants related to the specific claim	
Findings	The claim was preliminary in nature so was entered into the database as a single large claim. Once the individual claims were established and verified the database was updated with the individual claims. A new opportunity for improvement (OFI #1) has been raised in the 2017 Interim Audit Report as inconsistencies in supply partner land conflict data continues to be identified.	
Conclusion on status (August 2017)	Closed	



Indicator VII.b	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors.	
Opportunity for Improvement #15	While a confidential email and phone number are in place to raise issues for PT. RAPP employees and contractor workers, based on worker interviewers at three PT. RAPP estates visited, these are not consistently socialized across the operations.	
APRIL Action Plan(s)	To raise awareness as part of the roll out of the new process of APRIL's formal grievance system.	Timeframe 90 days
APRIL Root cause analysis	Inadequate socialization of the confidential phone number as part of the formal grievance mechanism.	
Evidence Reviewed by KPMG PRI	<p>Final action plan accepted – January 2017</p> <p>Public Messenger communication sent to all employees via email, including a link to the work instruction and related hotline number.</p> <p>Letter to contractors dated May 16, 2017 from Contract Administration regarding the need for grievance mechanisms and the specific work instruction and related hotline number.</p> <p>Interviews with a sample of RAPP contractor employees</p>	
Findings	Socialization of the process has been undertaken.	
Conclusion on status (August 2017)	Closed	

Opportunity for Improvement #16	APRIL obtains the Company Regulation of contractor companies as a part of its contractor monitoring program, however, the documents are not specifically reviewed to ensure the grievance process is adequate and the implementation of the grievance process is not monitored.	
APRIL Action Plan(s)	APRIL will as part of its supplier due diligence determine the existence of policies, programmes or practices for addressing social grievances and conflicts and will encourage suppliers to share information on these with APRIL on an ongoing basis for APRIL's monitoring.	Timeframe 90 days
APRIL Root cause analysis	Existing supplier assessments were focused on legal compliance.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Letter to contractors dated May 16, 2017 from Contract Administration regarding the need for grievance mechanisms and the specific work instruction and related hotline number. Monitoring process forms and current status of data collection	
Findings	The existence of grievance processes is now part of the information being monitored for all supply sources. As per Opportunity #1 and #2 there remain gaps in data availability but the process of requesting and following up on the existence of grievance processes is now established and being implemented on a prioritized basis.	
Conclusion on status (August 2017)	Closed	

Opportunity for Improvement #17	At this time, APRIL does not have information on the extent of long-term supplier contractor monitoring in relation to the adequacy and implementation of employee grievance mechanisms for contractor employees.	
APRIL Action Plan(s)	APRIL will as part of its supplier due diligence determine the existence of policies, programmes or practices for addressing social grievances and conflicts and will encourage suppliers to share information on these with APRIL on an ongoing basis for APRIL's monitoring.	Timeframe See Opportunity for improvement #16
APRIL Root cause analysis	Existing long-term supplier assessments were focused on legal compliance and not explicitly on appropriate grievance mechanisms.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 SFMP 2.0 Monitoring Process and documentation Current status of documents received from suppliers related to SFMP 2.0 requirements	
Findings	APRIL has provided information on the grievance process to all suppliers. The monitoring process (both for new suppliers and for annual assessment of existing suppliers) explicitly addresses employer / contractor grievance processes. The existence of a grievance process is being addressed during contractor monitoring and records maintained of which long-term suppliers have provided this information. As per Opportunity #1 and #2 there remain gaps in data availability but the process of requesting and following up on the existence of grievance processes is now established and being implemented on a prioritized basis.	
Conclusion on status (August 2017)	Closed	

Opportunity for Improvement #18	<p>Based on management and employee interviews during a field visit to one short-term supplier concession, existing grievance programs for employees do not extend to contractor employee grievances. To date, APRIL is not monitoring and has not accessed any employee or contractor grievance mechanisms at Short-Term Suppliers.</p>	
APRIL Action Plan(s)	<p>APRIL to continue direct monitoring of short-term suppliers for commitments covering no deforestation, no new development on forested land as per HCV and HCS assessments, and zero burn policy. This will be done through remote sensing systems and the submission of data by the suppliers. APRIL will as part of its supplier due diligence determine the existence of policies, programmes or practices for addressing social grievances and conflicts and will encourage suppliers to share information on these with APRIL on an ongoing basis for APRIL's monitoring.</p>	<p>Timeframe See Opportunity for improvement #16</p>
APRIL Root cause analysis	<p>The indicator reporting process is a new reporting process. Not all data was readily available in a reliable format for the first report.</p>	
Evidence Reviewed by KPMG PRI	<p>Final action plan accepted – January 2017 SFMP 2.0 Monitoring Process and documentation Current status of documents received from suppliers related to SFMP 2.0 requirements</p>	
Findings	<p>APRIL has provided information on the grievance process to all suppliers. The monitoring process (both for new suppliers and for annual assessment of existing suppliers) explicitly addresses employer / contractor grievance processes. The existence of a grievance process is being addressed during contractor monitoring and records maintained of which long-term suppliers have provided this information. As per Opportunity #1 and #2 there remain gaps in data availability but the process of requesting and following up on the existence of grievance processes is now established and being implemented on a prioritized basis.</p>	
Conclusion on status (August 2017)	<p>Closed</p>	



Indicator VII.c	% of PT. RAPP, supplier and contractor operations covered by OHS certification.	
Opportunity for Improvement #19	Planned dates of OHS certification (OHSAS 18001 or SMK3) are not formally monitored by APRIL for Short-Term Suppliers.	
APRIL Action Plan(s)	APRIL will as part of its supplier due diligence determine the status of OHS certification.	Timeframe 90 days
APRIL Root cause analysis	The focus of historic monitoring was wood legality.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Updated list of suppliers showing certification status and expected certification dates SFMP 2.0 monitoring process Status of SFMP 2.0 monitoring program data collection by supplier	
Findings	Supplier completion of OHS is being tracked. The status of certification is also included within the annual SFMP 2.0 monitoring process for suppliers.	
Conclusion on status (August 2017)	Closed.	

Opportunity for Improvement #20	APRIL does not currently have processes in place to identify contractor companies that are required to achieve SMK3 certification due to size or classification as “high risk” and ensure that the certification is achieved.	
APRIL Action Plan(s)	<ol style="list-style-type: none"> 1. Identify those contractors that have legal requirements to obtain SMK3 certification and where this process is not yet underway agree targets for completion with contractors and monitor progress through existing contractor monitoring processes. 2. Require the same approach by suppliers. 	Timeframe <ol style="list-style-type: none"> 1. 90 days 2. 90 days
APRIL Root cause analysis	The focus of historic monitoring was wood legality and did not include follow-up on achievement of any required OHS certification.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 List of PT. RAPP contractors showing certification status and expected certification dates	
Findings	<ol style="list-style-type: none"> 1) List of RAPP contractors with more than 100 staff. 2) List of RAPP contractors designated as high-risk based on the nature of work undertaken. 3) Implementation plan for SMK3 certification of RAPP contractors <p>The processes are in place to achieve SMK3 certification for RAPP contractors in 2017/2018. The equivalent information is not yet available for suppliers.</p>	
Conclusion on status (August 2017)	In Progress	

Indicator VIII.a	# of Instances of fire on concessions by cause (APRIL or supplier initiated or third party initiated).	
Opportunity for Improvement #21	APRIL has an opportunity to extend its existing monitoring of short-term term suppliers to include identification and follow up on forest cover lost due to fires and/ or encroachment as well as to request that short-term suppliers provide details of any regulatory sanctions received in relation to fires.	
APRIL Action Plan(s)	<ol style="list-style-type: none"> 1. Include all types of land cover change as a reporting requirement for all suppliers as part of the SFMP 2.0 Compliance SOP. 2. Request details of any related regulatory sanctions from all suppliers. 	Timeframe 90 days
APRIL Root cause analysis	Short-term supplier monitoring was historically less extensive than long-term supplier monitoring.	
Evidence Reviewed by KPMG PRI	<p>Final action plan accepted – January 2017</p> <p>SFMP 2.0 annual monitoring process</p> <p>Land cover change data for suppliers</p> <p>Follow-up process and supplier responses for land cover change queries</p> <p>Field inspection of a sample of land cover change monitoring results to confirm accuracy of monitoring</p> <p>SFMP 2.0 compliance self-assessment form</p> <p>SFMP 2.0 compliance monitoring form</p>	
Findings	<p>All suppliers are now covered by a land cover change monitoring process to identify forest cover loss.</p> <p>The SFMP monitoring process includes assessment of fires and encroachment as well as regulatory sanctions.</p>	
Conclusion on status (August 2017)	Closed	

Indicator VIII.b	% of fiber covered by legality certification.	
Opportunity for Improvement #22	FSC chain of custody (and particularly FSC Controller Wood certification) provides evidence of legality for the logs sold associated with a formal FSC claim. The logs purchased by APRIL from Malaysia did not carry any form of claim and as a result this legality test has not been completed. APRIL should request that its supplier sell the logs with a formal legality claim.	
APRIL Action Plan(s)	Present all export documents to KPMG Audit for legality assurance in addition to the FSC Chain of Custody certification.	Timeframe 30 days
APRIL Root cause analysis	Lack of Malaysian export legality assurance documentation provided at time of audit.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Chain of Custody Certificate for KTS KTS controlled wood risk assessment Malaysian timber export documentation	
Findings	The timber export documentation in conjunction with the KTS controlled wood risk assessment (which specifically covers the concession from which APRIL sources fiber) provides satisfactory evidence of legality.	
Conclusion on status (August 2017)	Closed	



Indicator IX.a	Total area and HCV/HCS area by concession.	
Opportunity for Improvement #23	Approximately 50% (19 of 40) of the long-term suppliers listed in APRIL’s land bank as contributing to APRIL’s conservation hectares do not have publicly listed HCV reports. To improve transparency on this indicator there is an opportunity to more fully explain why some suppliers do not have publicly listed HCV reports (e.g., in some case they developed their concessions prior to the HCV process being in place).	
APRIL Action Plan(s)	Indicate clearly where supplier concessions have been developed before 2005 when HCV commitment was adopted by the company and which therefore did not require any HCV assessment. Clarify all other reasons (if any) for the unavailability of HCV reports for some long-term suppliers.	Timeframe 90 days
APRIL Root cause analysis	The existing disclosure included available HCV reports but lacked clarity on why they were missing for some concessions.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017	
Findings	Disclosure on the reason for the lack of an HCV report is now included on the APRIL Sustainability Portal.	
Conclusion on status (August 2017)	Closed.	

Indicator IX.c	Long-Term and Short-Term supplier list publicly available.	
Opportunity for Improvement #24	One supplier (PT. Agronusa Alam Sejahtera) was identified with a contract that initiated on March 1, 2016. The supplier did not supply any fiber between March 1, 2016 and June 30, 2016 but did supply fiber between July and September before being terminated for non-conformance with SFMP 2.0. This supplier did not appear on the APRIL supplier list at any time. There is an opportunity for APRIL to make its supplier list more transparent by listing all suppliers at the time contracts are initiated.	
APRIL Action Plan(s)	Sustainability department to verify that all suppliers are on the supplier list at the time of contract initiation. Public supplier list to be updated quarterly.	Timeframe 30 days
APRIL Root cause analysis	At the time this supplier was contracted, the sustainability department (which has responsibility for updating the supplier list) was not yet formally part of the new supplier due diligence process so updating of the supplier list was not timely.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 Supplier list on APRIL Sustainability Portal Fiber deliveries by supplier for 2016 and 2017 List of suppliers in APRIL landbank Comparison of public supplier list to current fiber sources and APRIL landbank	
Findings	The public supplier list is now periodically updated. New suppliers have been added to the online list during quarterly updates.	
Conclusion on status (August 2017)	Closed	



Opportunity for Improvement #25	Access to the sustainability dashboard is password controlled and requires a manual approval by an APRIL employee in order to successfully register to access information on the site. There is an opportunity to remove the manual approval process in order to allow more timely access to the site.	
APRIL Action Plan(s)	APRIL will follow a standard of 2 days for the processing of new requests for accounts to avoid delays in access to the site.	Timeframe 60 days
APRIL Root cause analysis	Use of current industry practice to track interest in the dashboard.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017	
Findings	KPMG tested the functionality of the system with a new access request, which was approved within a satisfactory timeframe.	
Conclusion on status (August 2017)	Closed	



Indicator IX.d	% of RAPP, Long-Term and Short-Term supplier concession maps publicly available.	
Opportunity for Improvement #26	There is an opportunity to continue to expand the number of suppliers who have publicly available concession maps.	
APRIL Action Plan(s)	Include map data as a reporting requirement for all suppliers as part of the SFMP 2.0 Compliance SOP.	Timeframe 90 days
APRIL Root cause analysis	Short-term supplier data requirements were historically less extensive than for long-term suppliers.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 APRIL Sustainability Portal map data SFMP 2.0 new supplier requirements SFMP 2.0 supplier data and monitoring requirements	
Findings	Actions have been taken to encourage suppliers to share concession maps publicly. Low resolution supplier maps are now included on the sustainability portal identifying the location of supplier concessions. These are not detailed maps but do provide location information. More detailed maps are available for PT RAPP and long term supply partners. Given the maps provide adequate detail for users to determine the sources of APRIL’s log supply this approach is considered satisfactory.	
Conclusion on status (August 2017)	Closed	



Indicator IX.e	Status of Stakeholder Advisory Committee (SAC) Recommendations.	
Opportunity for Improvement #27	APRIL should prepare formal responses to SAC recommendations that indicate any action that APRIL agrees to take in relation to the recommendation and the timeframe within which this action will take place.	
APRIL Action Plan(s)	Initiate a formal action planning process for SAC recommendations.	Timeframe All future SAC meetings
APRIL Root cause analysis	The number of active recommendations has increased over time to the point where formal tracking of closure is necessary for recommendations.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 List of SAC recommendations including prioritization and proposed timelines.	
Findings	The full list of SAC recommendations and comments has been updated to include management responses, proposed timeline for implementation and prioritization.	
Conclusion on status (August 2017)	Closed	



Opportunity for Improvement #28	APRIL should re-assess the priority level associated with those recommendations made by the SAC that have not been fully addressed to date to ensure that those actions which will reduce the risk of non-conformance with SFMP 2.0 are prioritized. (e.g., an SAC recommendation from January 2016 to strengthen the due diligence process for new short-term suppliers remained partially complete at the time of our review. During the period since January new suppliers had been contracted with and in one case had already been terminated for non-conformance with SFMP 2.0 indicating that the strengthening of the due diligence process is an urgent need).	
APRIL Action Plan(s)	APRIL will prioritize completion of outstanding recommendations and provide a proposed timeline to SAC.	Timeframe Next SAC meeting
APRIL Root cause analysis	Lack of prioritization and internal completion plans and timelines for key SAC recommendations.	
Evidence Reviewed by KPMG PRI	Final action plan accepted – January 2017 List of SAC recommendations including prioritization and proposed timelines.	
Findings	The full list of SAC recommendations and comments has been updated to include management responses, proposed timeline for implementation and prioritization.	
Conclusion on status (August 2017)	Closed	