



**Stakeholder Advisory Committee (SAC) on  
APRIL's Sustainable Forest Management Policy (SFMP 2.0)**

– Minutes for SAC Meeting in Riau-Indonesia, 21-24 June 2016 –

<b>SAC MEMBERS:</b>	<ol style="list-style-type: none"><li>1. Joe Lawson (<i>Chair</i>)</li><li>2. Aditya Bayunanda (<i>WWF Indonesia</i>)</li><li>3. Al Azhar</li><li>4. Andy Tait (<i>Greenpeace</i>)</li><li>5. Prof. Dr. Jeffrey Sayer</li><li>6. Dr. Neil Byron</li></ol>
<b>IN ATTENDANCE:</b>	<ol style="list-style-type: none"><li>1. Kokok Yulianto (<i>WWF Indonesia</i>)</li><li>2. Rusmadya Maharuddin (<i>Greenpeace</i>)</li></ol>
<b>TOPICS OF DISCUSSION:</b>	
<b>1. Update on SAC Membership:</b>  SAC would like to thank Dr. Budi Wardhana, Director of WWF Indonesia, for his involvement in SAC for the last 2 years. SAC wishes him the very best on his new role in Badan Restorasi Gambut (BRG).  SAC welcomes Mr. Aditya Bayunanda and Mr. Kokok Yulianto ( <i>in attendance</i> ) to replace Dr. Budi Wardhana as the SAC Member from WWF Indonesia.	
<b>2. SAC Stakeholder Engagement:</b>  <u>a. Meeting with Local NGOs:</u> <ul style="list-style-type: none"><li>• SAC invited the local NGOs in Riau to have a dialogue about APRIL and its progress in implementing SFMP 2.0;</li><li>• The meeting was well attended and included an interactive session between SAC and local NGOs. The meeting was closed with a “buka-puasa” event;</li><li>• Please find the Minutes of Meeting with Local NGOs <a href="#">here</a>. The Minutes will be shared with Local NGO’s, along with correspondence from the SAC.</li></ul> <u>b. Field Visit to PT. SRL – Bayas:</u> <ul style="list-style-type: none"><li>• SAC members conducted a field visit to PT. SRL Bayas, an APRIL’s Long Term supply partner. Since only one helicopter was operating, SAC decided to have only four members joining the flyover and field visit to Bayas estate;</li><li>• The purpose of SAC’s visit is to see the latest update on the operation and the proposed plan</li></ul>	

for conservation, and to review IPEWG’s recommendations for Bayas estate.

### 3. Update on APRIL’s Sustainability Dashboard:

- As of June 2016, APRIL’s Sustainability Dashboard has published 12 RAPP concession maps and 17 Supplier concession maps;
- APRIL continues to aggressively push the suppliers to submit the rest of their concession maps (22) for APRIL to post on APRIL’s Sustainability Dashboard. The suppliers have been advising APRIL that delays are due to the ongoing legal process of finalizing their “tata batas” or boundary demarcation;
- SAC considers further delays unacceptable. As requested previously, SAC strongly recommends that APRIL publish at least the list of all suppliers while securing all supplier maps for posting online on APRIL’s Sustainability Dashboard as part of its commitments and to help with the broader process of transparency in Indonesia (towards One-map policy).

### 4. Update on SFMP 2.0 audit by KPMG:

#### a. KPMG presented the latest progress of the SFMP 2.0 audit:

- Key commitments in SFMP 2.0 have been reflected in a set of indicators. SAC will submit final suggestions to revise the indicators;
- In January 2016, KPMG provided assurance over 3 key indicators;
- Since January 2016, KPMG has been assessing APRIL’s readiness to report on all indicators and APRIL has been addressing the identified gaps and collecting indicator data for the period ended 30 June 2016;
- KPMG will provide assurance over APRIL’s performance data and plan to publish its full Assurance Audit report in October 2016.

#### b. KPMG’s interim report:

- In March 2016, KPMG published its Interim Report with one minor non-conformance: <https://aprildialog.com/2016/03/28/interim-report-on-the-implementation-of-the-sustainable-forest-management-policy-2-0-sfmp-2-0/>
- The Interim Report was based on KPMG’s due diligence, site visit, and extensive testing on mixed hardwood log traceability and on any change of land use in Moratorium areas (i.e. Adindo and Pulau Padang). SAC notes that land use change monitoring in all short term supplier areas is yet to be conducted as at meeting time;
- KPMG was using the detail information of volume by month by suppliers for Interim Report. SAC requests KPMG to compare this information with the list of suppliers provided to it by APRIL.

#### c. Final Indicators of SFMP 2.0 audit:

- The draft KPMG indicators were shared with various key stakeholders for their inputs. KPMG incorporated these inputs to the draft indicators and presented the final indicators to SAC

and APRIL Management in previous SAC Meeting on 12-15 January 2016;

- On account of new members, SAC requests KPMG to share again the list of final indicators with all SAC members and to get their final feedback or input on the final indicators by Monday, 27 June 2016;
- KPMG will share the location of site visits for audit with SAC for their inputs along with the format of the summary report. Moving forward, SAC resolves to be more involved in the audit process;
- KPMG clarified that KPMG's approach is similar to a “peer-review” where they will be offering an assurance verification of data provided by APRIL and verify their accuracy;
- SAC also requests KPMG to confirm that the audit coverage includes all new suppliers after 3 June 2015.

d. KPMG and SAC had a further discussion about improving the process of soliciting SAC’s inputs on how KPMG would conduct its audit on SFMP 2.0. SAC will also implement a stronger oversight of the KPMG’s SFMP 2.0 audit process.

#### **5. Update on Conservation initiatives outside of RER and Conservation Mapping:**

##### a. APRIL presented a Land-use map of all concession areas belonging to APRIL and Long Term Supply Partners:

- APRIL clarified that areas marked as needing dispute resolution include encroachment and illegal logging;
- APRIL also clarified that the map includes APRIL and Long Term Supply Partners concessions. There is one additional Short Term supplier in Jambi that started to supply APRIL last month;
- SAC notes that this land-use map does not capture what is going on outside of concessions. The ongoing landscape assessment by The Nature Conservancy (APRIL's partner for the Restorasi Ekosistem Riau project) of the Kampar Peninsula will help to provide this landscape context;
- SAC requests to see the proposal from TNC to see if the results of their assessment could help address SAC recommendation on the identification of other landscapes for greater conservation values beyond the Kampar Peninsula;
- SAC noted that the Land-use map presented does not include all ‘short term’ suppliers in Kalimantan.

##### b. Monitoring for Land Cover Change (LCC) map:

- APRIL presented the LCC map which is based on one-year accumulation of active encroachment monitored by remote sensing and verified on the ground. The LCC monitoring system was done by APRIL's Environment and Sustainability teams;
- APRIL noted that 90% of the encroachment took place in conservation areas. If not attended, the encroachment might turn into a land claim and lead into a social conflict;
- The LCC monitoring system can help to detect and locate the position/coordinate of the encroachment. APRIL has a specific team and process to identify and follow up each case with

the respective Estate managers;

- SAC requests APRIL to produce the same map for Short Term suppliers in Kalimantan and to make it available for SAC and IPEWG.

## **6. Update on Independent Peat Expert Working Group (IPEWG):**

### **a. APRIL presented the latest progress on IPEWG:**

- APRIL shared the information of IPEWG members and its Terms of Reference (TOR);
- IPEWG's purpose is to provide recommendations to APRIL on best management practices on peatland, including conservation of forested peatland and development options for non-forested peatland;
- IPEWG operates as independent and impartial group, and reports regularly to APRIL and SAC;
- There has been two IPEWG meetings to-date, where SAC (Joe Lawson) also participated to ensure close alignment between SAC and IPEWG. Next IPEWG meeting will be on 20-23 August 2016 in Singapore;
- APRIL also shared the key outcome of IPEWG meetings to-date, IPEWG Work Flow and IPEWG Work Streams.

### **b. Discussion on the latest Greenomics Report and LiDAR:**

- SAC discussed the latest Greenomics Indonesia's Report titled "*APRIL needs to focus USD 100 million investment on restoration of acacia-planted peat domes*";
- SAC noted the importance to understand the difference between peat dome and various types of peatland, as defining peat dome is complex. Peat dome is not defined in any existing regulation in Indonesia. While the regulatory approach might define that 30% of top dome needs to be protected, a peat dome needs to be defined from a scientific approach that takes into account the hydrological function;
- Based on the understanding that the use of LiDAR technology will yield a more accurate hydrological map of peatlands, SAC recommends that APRIL undertake LiDAR mapping of its peatland area;
- SAC notes that an IPEWG member has successfully obtained the existing publicly available LiDAR data for the Kampar Peninsula landscape, and requests APRIL to immediately proceed with LiDAR mapping of the remaining gaps;
- SAC will revisit the matter of peat dome protection once LiDAR mapping is complete.

## 7. Update on Operations:

### a. Discussion on PT. SRL – Bayas:

- IPEWG has reviewed the infrastructure and conservation plan of Bayas, and has given its recommendations during the previous IPEWG meeting;
- Area proposed for conservation is 428 hectares. There is ongoing land-dispute resolution;
- SAC had a fly-over and visited Bayas area during this SAC meeting on 22 June 2016;
- SAC questions the high cost, low impact, and the long-term value of conserving the 428 hectares vs. other possible interventions where the conservation gain may be significantly larger. SAC again recommends APRIL to re-rationalize and strategize the location of conservation area from a broader landscape approach for bigger impact;
- SAC shared a couple of examples of landscape approach for bigger impact:
  - To obtain the “no-man’s land” area between SM Kerumutan and APRIL’s supplier concession, which will be more valuable to protect the remaining landscape;
  - There is a government initiative on Teso Nillo to create a sanctuary for elephants – where APRIL can participate or lead from private sector by conserving the value that is already there (e. elephant) and as part of APRIL’s 1-to-1 commitment.

### b. Discussion on PT. RAPP – PEN (Dayun – BOB):

- IPEWG has reviewed the infrastructure and conservation plan of BOB, and has given its recommendations during the previous IPEWG meeting. Area proposed for conservation is finalized, while land preparation continues on the scrub/open area and land-dispute resolution is ongoing with Community Development programs for Dayun village.

### c. Discussion on PT. SRL – Kubu:

- APRIL presented the update on Kubu (APRIL’s supply partner). Although the license was awarded in 2007, the supply partner was unable to operate due to issues with local government and illegal land encroachment that resulted in the establishment of illegal oil palm estates;
- APRIL’s supply partner began a major program to reclaim the existing non-oil palm and failing oil palm areas in conjunction with IPEWG inputs to provide a new ‘model’ for non-forested peatland management;
- SAC suggests that APRIL actively collaborate with the neighbouring palm-oil companies (i.e. Wilmar, Sinar Mas) and local government on establishing professional water management and social management benefits.

## 8. Update on APRIL's SFMP 2.0 implementation across the Wood Supply Chain:

### a. APRIL presented the Wood Legality Assessment:

- Before doing any business with APRIL, all wood supplier must review and sign APRIL's Code of Procurement Ethics (COPE), which requires agreement to the RGE's Sustainability Framework and APRIL's SFMP 2.0;
- APRIL presented the extensive process and work-flow of "Wood Legality Assessment", from the selection of wood supplier, registration, contractual and wood purchase agreement, assessment and verification process which include Chain of Custody monitoring and Land Cover Change (LCC) or Land bank Monitoring, to internal audit reporting;
- APRIL's "Wood Legality Assessment" process was built since the time of association with FSC, and now covers the supplier's due diligence process linked to SFMP 2.0 implementation.

### b. APRIL's SFMP 2.0 implementation to all suppliers:

- APRIL presented the list of APRIL's wood suppliers (as of 15 June 2016), which covers 12 blocks of RAPP concessions, 33 Long Term (LT) Supply Partners and 8 Short Term (ST) suppliers, with 1 ST supplier just started in May 2016;
- SAC noted with concern a gap in the update on short-term suppliers, as the last update on short-term suppliers was presented by APRIL in the Third SAC meeting (December 2014), and several new short-term suppliers have been added since. It was further noted that one short-term supplier has been added in May 2016 but only reflected in the list a month after;
- SAC also mentioned that there is lack of clarity on the difference between ST and LT suppliers. APRIL offered an assurance from highest level of management that SFMP 2.0 applies equally to all ST and LT suppliers. The SAC is of the view that from the perspective of SFMP 2.0, there should be no differentiation between ST and LT suppliers because the SFMP 2.0 Policy applies to all APRIL's wood suppliers;
- SAC requests clarification as to whether short term suppliers added since June 2015 are conforming with APRIL's SFMP 2.0 policy – e.g. independent HCV assessments prior to any new development, any land use change since June 2015;
- APRIL noted that this "Wood Legality Assessment" process has been applied to all LT Supply Partners and to two ST suppliers in Kalimantan: PT. ITCI Hutani Manunggal and PT. Adindo Hutan Lestari. This system should also have been applied to all other ST suppliers and verified on-site by APRIL's Wood Legality team. The SAC has asked for clarification of APRIL's Wood Legality on-site verification system, this will be added to the next SAC meeting agenda;
- SAC requests APRIL to circulate the latest list of APRIL's wood suppliers to SAC members and to immediately update its dashboard with this information;
- SAC recommends that APRIL's Sustainability Team be more clearly involved in the process for acquiring new wood suppliers. SAC suggests APRIL to create a simple checklist of SFMP 2.0 verification (i.e. checking on HCV/HCS assessment, FPIC, human rights violation, deforestation, etc), and every new supplier will need to be finally approved by the APRIL's Sustainability Team prior to issuance of contract.

**9. Update on Association Policy:**

- Citing the example of a Greenomics report (Oct 2015) regarding the companies that were conducting land clearing activities for a different license (not HTI/industrial tree plantations) but which are related to APRIL's long-term suppliers and which allegedly are not complying with APRIL's SFMP 2.0. SAC recommends that APRIL develop an Association Policy which will help define its scope of control and influence over companies that it associates with;
- It was noted in the meeting that KPMG has looked into this issue and confirmed that none of the wood from the cleared areas were received at the mill;
- APRIL shared that there has been an ongoing discussion within the senior management on this request. APRIL considers using the FSC's Policy for Association document as a guideline and starting point to define "control" and "influence".

**10. Update on APRIL's HCS Approach:****a. APRIL presented the history of HCS implementation in APRIL:**

- APRIL HCS commitment was made in September 2014. APRIL and Toba Pulp Lestari (TPL) went through basic training for HCS analysis by Greenpeace in November 2014 and by TFT in December 2014. Ata Marie was chosen as the consultant for TPL's HCS study, and the final report was done in June 2015 (note that HCS toolkit was launched in March 2015);
- While the remaining forest/scrub patches within existing mineral soil production areas are currently being assessed by external consultants. The draft findings have been presented and the final report will be due following completion of Rapid Biodiversity Assessments (RBA) in August 2016. In summary, out of 13,145 ha of forest/scrub patches in remaining production, there are 3,835 ha HCS areas;
- APRIL noted that HCS is an above ground Carbon Stock assessment and not designed to be used on peat.

**b. Update on Pulau Padang:**

- APRIL conducted modified HCS assessment with a much harder and more-thorough Forest Patch Analysis for Pulau Padang. The result was presented to IPEWG in January 2016 meeting. In summary, 496 ha 'Safe for Development'; 182 ha requires further field assessment; and 354 ha to be conserved as forest cover;
- SAC requests APRIL to find alternative area to compensate areas previously identified for livelihood plantation but which may now need to be conserved based on the results of HCS Patch Analysis;
- There is an urgency to proceed with the commercial plantation because APRIL has received a warning letter from the Ministry of Environment and Forestry in May 2016 on illegal activities in the middle area of Pulau Padang by encroachers.

**c. Update on Carbon Flux:**

- APRIL will establish three GHG eddy flux towers in three locations that represent various land

use conditions. It is estimated to start producing data in September 2016;

- Winrock International has prepared a report to support APRIL's commitment for tracking carbon emissions from land use activities by providing an objective, scientifically credible methodology that APRIL can apply to generate a comprehensive estimate of the biogenic emissions and removals resulting from its complex land use operations.

#### d. Update on Adindo:

- APRIL noted the two big issues in Adindo:
  - Local government is not pleased that Adindo has stopped development and asks to revoke its license;
  - Adindo is having difficulty finding contractors;
- APRIL also noted that there is no HCS assessment in Adindo since there is no activity in the area (because of moratorium). There is no Forest Patch Analysis because there are no standing forest in the area;
- SAC recommends Adindo to undertake HCS assessments in line with SFMP 2.0 to determine the potential areas for new development and/or to open up new management opportunities.

#### e. Update on Hatfield's definition of "scrub":

- In responding to previous SAC's recommendation "SAC reminds APRIL to ask Hatfield to clarify and align the definition of "scrub" with the HCS definitions":
  - APRIL followed up with Hatfield Indonesia, and they responded that:
    - According to the HCS Approach Toolkit version 1.0, March 2015, Page 37: *"Scrub is Land areas that were once forest but have been cleared in the recent past. Dominated by low scrub with limited canopy closure. Includes areas of tall grass and fern with scattered pioneer tree species. Occasional patches of older forest may be found within this category."*
    - In general the interpretation of scrub from the HCS toolkit with what Hatfield determined is the same: *"It consists of low vegetation with a very low (almost none) canopy covers. Scrub is a part of the low vegetation, with NDVI in between 0.2 to 0.6. Scrub refers to the area where consists of low scrub and grassland with no canopy closure or tall vegetation. This includes a tall grass and a scattered pioneer vegetation."*
  - Hatfield Indonesia is also one of the registered HCS Approach Practitioner Organisations who may lead HCS assessments as part of the HCS Approach Steering Group Quality Review Process: <http://highcarbonstock.org/hcs-approach-quality-review-process/hcs-approach-registered-organisations/>

## 11. Update on Royal Golden Eagle (RGE) Group:

- Per SAC’s request, APRIL gave a brief presentation about RGE Group and the broad overview of each business group;
- RGE is a management service company to a group of resource-based manufacturing companies (“business groups”). RGE is a separate entity and does not own business groups. RGE is paid a management fee by business groups;
- RGE’s Sustainability Framework applies to fibre business groups (i.e. APRIL, Asia Symbol, Toba Pulp Lestari, Bracell, Sateri) and their suppliers;
- APRIL clarified that: PT. ITCI Hutani Manunggal (RGE owned) and PT. Adindo Hutan Lestari are suppliers to Kutai Chip Mill (KCM) – which supplies wood chip to Asia Symbol. PT. ITCI Hutani Manunggal and PT. Adindo Hutan Lestari are also Short Term suppliers to APRIL. SAC notes that PT. ITCI Hutani Manunggal and PT. Adindo Hutan Lestari need to be in full compliance with SFMP 2.0.

## 12. Update on Mapping of Social Conflict:

### a. Update on Grievance SOP and Conflict Resolution SOP:

- The final draft of Grievance Mechanism SOP and the final revision of Conflict Resolution SOP have been developed based on the inputs and consultation sessions with Social NGOs networks and local NGOs;
- APRIL will use the revised Conflict Resolution SOP and work closely with social NGOs in a pilot case study to resolve the community dispute in Bagan Melibur, Pulau Padang concession;
- SAC suggests that this Grievance SOP be finalized and published on APRIL’s Sustainability Dashboard.

### b. Update on Social Conflict Mapping:

- APRIL presented the latest status of location/areas that need dispute resolution. For RAPP, the dispute area is 2% of total concessions (or about 20 ongoing conflicts). For APRIL’s LT suppliers, the dispute area is about 14% of their total concessions;
- APRIL also presented the existing flowchart of land-conflict resolution. APRIL has the detail information of every social conflict.
- For ST suppliers, APRIL gets the information on the ongoing conflicts from the supplier;
- For PT. Rimba Rokan Lestari (a LT supplier), which was also brought up during the Stakeholder Forum meeting on 21 June 2016, APRIL is still in process of identifying the primary stakeholders in this conflict situation. The resolution process is still ongoing;
- Another conflict mentioned during the Stakeholder Forum meeting on 21 June 2016 was regarding the overlapping area of Hutan Desa Segamai with GCN (RER) area;
- APRIL will prepare a presentation in the next SAC meeting on the number of conflict cases for each Forest Management Unit (FMU) and how it determines the priority in resolving conflict.

**RECOMMENDATIONS:**

1. The SAC was encouraged to see the presentation of the landscape-scale map of APRIL and Long-Term Supply Partners' operations. The SAC has requested APRIL to continue refining this map and make it publicly available. The SAC requests this process be extended to include all suppliers in Kalimantan.
2. As previously recommended, APRIL needs to make progress in developing and implementing a landscape approach. The SAC is encouraged to hear that TNC is contributing to the ongoing landscape assessment of the Kampar Peninsula. APRIL should seek opportunities to implement a broader landscape management approach, particularly where APRIL's footprint is significant. The SAC requests an action plan including a timetable at our next meeting.
3. The SAC requests that APRIL publish all supplier maps on its Sustainability Dashboard. This request has been made previously and although there has been some progress, the SAC considers further delays unacceptable. As an interim step, APRIL should immediately publish an updated list of all suppliers, including those currently classified as 'short term suppliers' on its Sustainability Dashboard. The SAC would prefer that all Long-Term/Short-Term suppliers are simply classified as suppliers given that all are expected to conform to APRIL's SFMP 2.0.
4. It is not clear to the SAC that all short term suppliers have implemented and are being monitored to assure conformance with SFMP 2.0, including developing HCV and HCS assessments. The SAC recommends that APRIL provide verification to the SAC of all suppliers conformance with SFMP 2.0.

If any new suppliers are added, there should be transparency and APRIL's Sustainability Team should have oversight to ensure conformance with SFMP 2.0.

5. The SAC recognizes APRIL's efforts to engage numerous stakeholders in the development of a Grievance Mechanism SOP. However, the SAC strongly recommends that this Grievance SOP be finalized and published by end of August 2016.

The SAC requests APRIL to submit an action plan and timeline for resolving existing conflicts across its supply chain, which includes the social conflict mapping, by the next SAC meeting.

6. The SAC notes that some relevant LiDAR data have recently been made available to APRIL through the efforts of the Independent Peat Expert Working Group (IPEWG). The SAC recommends APRIL acquire LiDAR data for hydrological mapping in line with its commitment to improved management of peatland areas where the company and its suppliers operate. The SAC also recommends APRIL to make the LiDAR data available to other stakeholders.

7. The SAC commends APRIL's initiative to expand out-grower schemes into PT. SRL Kubu and recommends that APRIL continue to explore opportunities for out-grower schemes in other areas.
8. The SAC recommends that APRIL develop an Association Policy. APRIL should construct this Policy in draft form and submit it to the SAC for further comment and/or input before the next SAC Meeting.
9. The SAC noted a recent report by an Environment Group (Greenomics), which requested that APRIL identify all peat domes in its concessions and move forward with a restoration plan, including both degraded areas and peat domes, some of which are currently planted.

The SAC recommends APRIL consult with the Ministry of Environment and Forestry, the Peatland Restoration Agency (BRG), and other stakeholders regarding how to move forward on this issue. On the case of PT. SRL, the SAC also recommends APRIL continue to fully cooperate with the ongoing investigation currently being conducted by the Ministry of Environment and Forestry.

10. The SAC recommends that the current buying relationship with PT. Adindo Hutan Lestari (AHL) is clarified. The SAC also recommends to proceed with HCS assessment on AHL that is aligned with APRIL's SFMP 2.0.
11. In the recent Stakeholder Forum, the SAC noted local NGOs' concerns on social disputes in Bengkalis (Rimba Rokan Lestari), Bagan Melibur, overlapping areas with Segamai Village forestry, and livelihood areas in Teluk Meranti and Teluk Binjai. The SAC recommends APRIL update the resolution of these concerns in the next SAC meeting.
12. The SAC requests APRIL to supply an update of the progress in meeting previous SAC's recommendations two weeks prior to each SAC meeting.

**NEXT SAC MEETING:**

Location : Riau Province, Indonesia

Time : 18-21 October 2016