

Report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0

KPMG Performance Registrar Inc.
400 – 777 Dunsmuir Street
Vancouver BC
Canada

December 2016

Table of contents

1. Summary and Conclusions
 2. Brief overview of APRIL's Operations
 3. Independent Stakeholder Advisory Committee
 4. SFMP 2.0 and The Development of Performance Indicators
 5. The Assurance Process
 6. Approach to Reporting
 7. Performance Indicator Data Reporting Limitations
 8. SFMP Performance Indicators
 - I. Long Term Sustainability Indicators
 - II. Forest Protection and Conservation Indicators
 - III. Peatland Management Indicators
 - IV. Continuous Reduction of Carbon Footprint Indicators
 - V. Proactive Support of Local Communities indicators
 - VI. Respect (for) the Rights of indigenous Peoples and Communities Indicators
 - VII. Responsible Practices in Our Work Places Indicators
 - VII Legal Compliance and Certification Indicators
 - IX. Good Corporate Governance, Verification and Transparency Indicators
- Appendix 1: SFMP 2.0
- Appendix 2: Summary of Indicators
- Appendix 3: APRIL action plans for identified non-conformities
- Appendix 4: Opportunities for Improvement

1. Summary and Conclusions

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. This report describes the scope of the work conducted and KPMG PRI's findings.

Objective of the engagement

We were engaged by the Independent Stakeholder Advisory Committee (SAC) of APRIL to undertake a limited assurance engagement over the performance indicator data presented by APRIL in relation to its Sustainable Forest Management Policy 2.0 (SFMP 2.0) Performance Indicators for the period from the implementation of SFMP 2.0 on June 3, 2015 to June 30, 2016.

The SFMP Performance Indicators

The SFMP 2.0 performance indicators were developed by APRIL with the input of its Independent Stakeholder Advisory Committee to provide quantitative information on APRIL's progress in implementing its commitments under SFMP 2.0. The development process for the indicators included input from both local and international stakeholders.

Given the nature of the subject matter and the available methods for determining quantitative and qualitative performance data for indicators of this type there are inherent limitations in the degree of precision that can be achieved. Management has developed methodologies for each of the indicators, which may change over time and can impact measurements and comparability.

Management's responsibilities

APRIL Management is responsible for the preparation and presentation of the SFMP Performance Indicator Data in accordance with APRIL's internal guidelines and definitions for SFMP reporting. APRIL Management is also responsible for the development and implementation of the action plans to address the identified nonconformities and opportunities for improvement which are detailed in Appendix 3 and 4.

Our responsibility

Our responsibility was to perform a limited assurance engagement and to express a conclusion based on the work performed. The engagement was carried out having regard to ISO 17021, which is the standard most commonly applied globally for sustainable forest management certification engagements.

Our approach

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Selected SFMP Indicator performance data, and applying analytical and other evidence gathering procedures to the data, as appropriate. Our procedures included:

- Inquiries with relevant staff at the corporate and operational level to understand the data collection and reporting processes for the SFMP performance indicator data;
- Comparing the reported data to the underlying data sources;
- Inquiries of management regarding key assumptions and where relevant, the re-performance of calculations;
- Field inspections on 7 concessions to assess field conditions for consistency with reported data; and,
- Site visits to the Kerinci millsite and port of Futong to assess fiber flow and tracking processes.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is obtained. ¹

Our Findings and Conclusions

The Performance Indicator Data - Based on the procedures performed, nothing has come to our attention that causes us to believe that the APRIL SFMP performance Indicator data presented in the report have not been prepared and presented, in all material respects, in accordance with APRIL's internal guidelines and definitions for SFMP reporting.

Conformance with SFMP 2.0 - In the course of our work, and based on the performance indicator data, we identified 3 non-conformities in the implementation of SFMP 2.0 requirements during the reporting period. These are summarized in Appendix 3 of our report along with formal corrective action plans developed by APRIL to address the underlying causes of the non-conformances.

In the course of our work we also identified 28 opportunities for improvement, relating to both the collection and reporting of performance indicator data and processes to achieve conformance with SFMP 2.0. These are summarized in Appendix 4 of our report.

Our findings are also provided on an indicator by indicator basis within Sections 7 to 15 of our report, along with explanatory notes on the performance indicator data.

Use of the Report

Our assurance report is provided solely to the Stakeholder Advisory Committee of APRIL in accordance with the terms of our engagement. Our work has been undertaken so that we might report to the Stakeholder Advisory Committee on those matters we have been engaged to report upon in this assurance report, and for no other purpose. We do not accept or assume responsibility to anyone other than the Stakeholder Advisory Committee for our work, for this assurance report, or for the conclusions we have reached.

KPMG PRI

KPMG Performance Registrar Inc.

Vancouver BC Canada

December 2016

¹ A limited assurance engagement was determined to be appropriate, given that this is the most common form of assurance applied globally to sustainability data.

2. Brief overview of APRIL's Operations

APRIL Group maintains an integrated pulp and paper mill in Pangkalan Kerinci, in Riau Province, Sumatra. The mill is capable of producing 2.8 million tonnes of pulp and 1.15 million tonnes of paper per year.

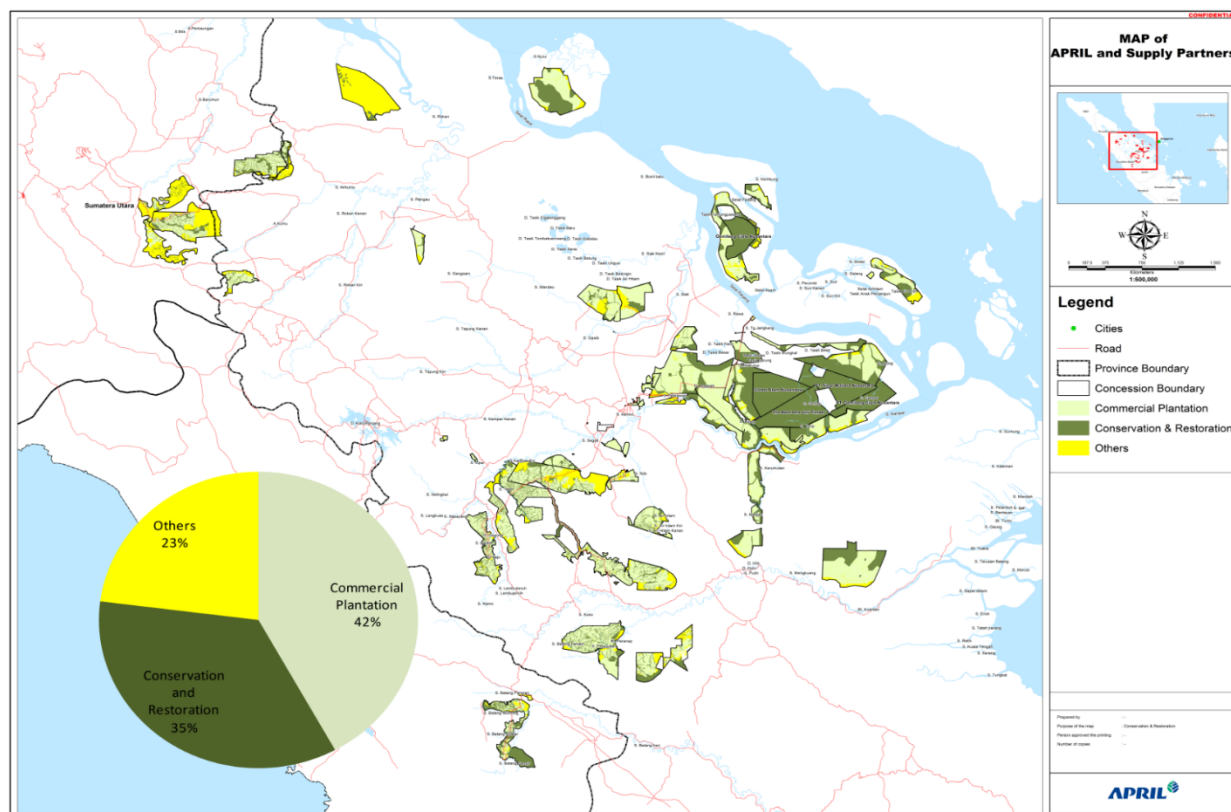
Fiber for the pulp and paper mill is derived from approximately 480,000 hectares of plantations maintained by PT. Riau Andalan Pulp and Paper (PT. RAPP) and 40 long-term supply partners located on Sumatra. APRIL Group and its long-term supply partner plantations currently supply approximately 68-78% of the mill's fiber needs, the remainder being met by short-term supply sources from Sumatra, Kalimantan and Malaysia.

As of June 30, 2016 PT Merbau Pelalawan Lestari was a long-term supply partner of the APRIL Group and their concession data contributes to the conservation area and plantation data throughout the report. However, following a Supreme Court ruling in August, 2016, subsequent to the reporting period, PT Merbau Pelalawan Lestari was terminated as a supplier as a result of having violated its concession licence and logging outside its concession area during 2004, 2005 and 2006.

A map showing the location of PT. RAPP and continuing long-term supplier concessions is provided in Figure 1 below. A map showing the location of short-term supplier concessions is provided in Figure 2 on the following page. Further information on APRIL's operations can be found at www.aprilasia.com

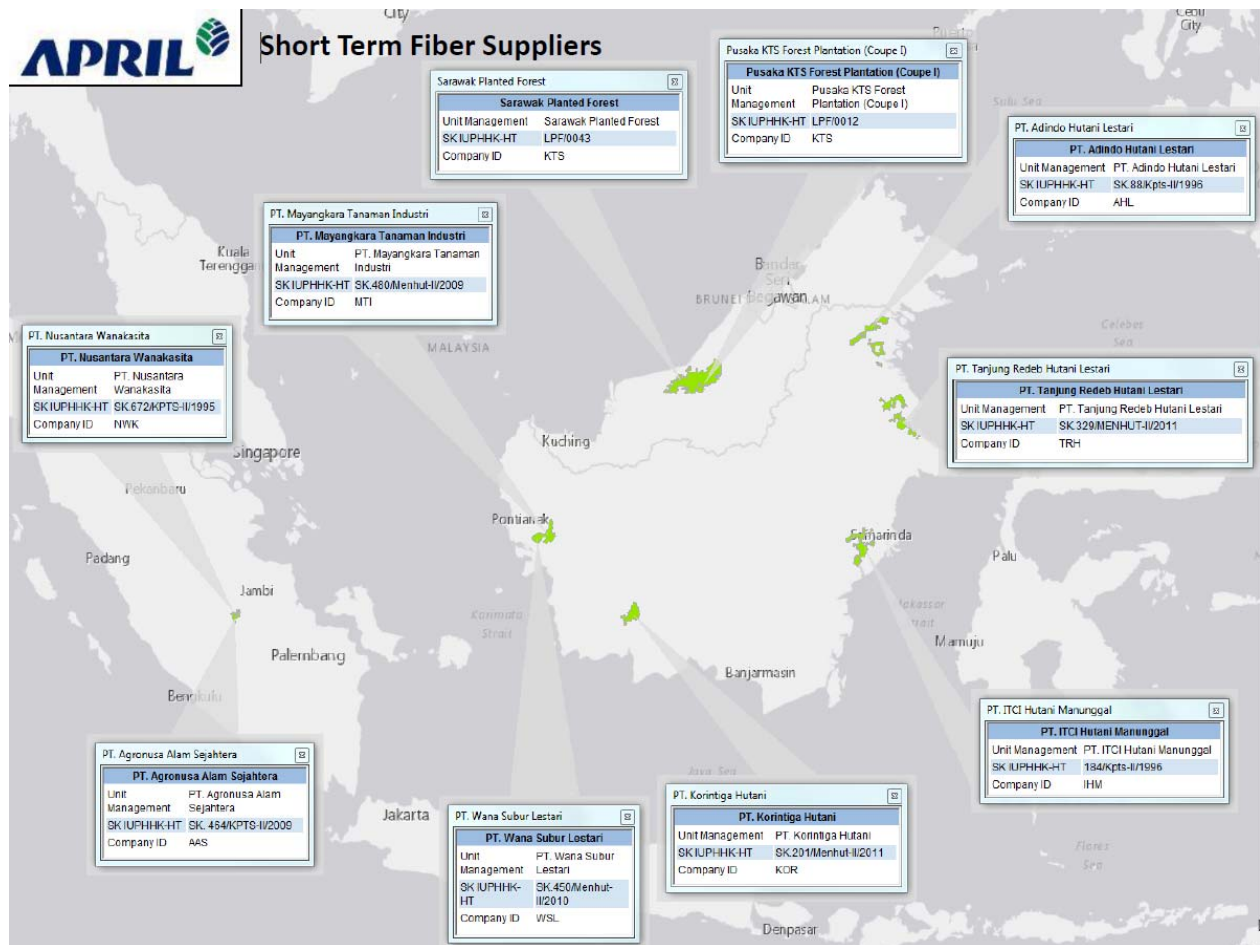
Further information on APRIL, its sustainable forest management commitment and related data is provided through a sustainability dashboard, located at <http://sustainability.aprilasia.com>

Figure 1 General Location of PT. RAPP and Continuing Long-Term Fiber Supply²



² The areas marked in yellow and classified under "others" include areas in dispute resolution, inoperable areas, community livelihood areas and infrastructure.

Figure 2 General Location of Short-Term Fiber Supply Partners



3. Independent Stakeholder Advisory Committee

APRIL maintains a Stakeholder Advisory Committee (SAC or Committee) of independent sustainable forestry and social experts that was created to oversee implementation of APRIL's Sustainable Forest Management Policy.

The SAC appointed KPMG PRI to undertake an assessment of APRIL's progress on its SFMP 2.0 commitments over the first year of policy implementation. KPMG PRI reports its findings directly to the SAC. Minutes of SAC meetings and recommendations made by the SAC can be found at <http://www.aprilasia.com/en/sustainability/stakeholder-advisory-committee/meeting-updates>

4. SFMP 2.0 and the Development of Performance Indicators

SFMP 2.0 was announced publicly on June 3, 2015 and is the second iteration of APRIL's Sustainable Forest Management policy. The policy can be found at www.aprilasia.com/en/sustainability/sustainability-policy

The policy contains commitments in relation to:

- Long Term Sustainability;
- Forest Protection and Conservation;
- Peatland Management;
- Continuous Reduction of Carbon Footprint;
- Proactive Support of Local Communities;
- Respect (for) the Rights of indigenous Peoples and Communities;
- Responsible Practices in Our Work Places;
- Legal Compliance and Certification; and,
- Good Corporate Governance, Verification and Transparency.

SFMP 2.0 Indicators

Purpose of Indicators – The SFMP 2.0 Indicators have been established in order to set a performance baseline against which the implementation of SFMP 2.0 can be tracked over time. The data provided for each indicator in this report is considered the baseline performance level against which future improvements will be measured.

Indicator Development – In order to establish current performance and to track APRIL's progress in the implementation of SFMP 2.0 it was clear that a set of performance indicators would be required that would be capable of providing up to date information on key aspects of APRIL's operations that could be used to judge the overall state and effectiveness of SFMP 2.0 implementation.

During 2015 and 2016, APRIL worked with its independent SAC and external stakeholders to develop a set of indicators to track implementation of key commitments under SFMP 2.0.

The indicators were subject to stakeholder consultation with both local and international stakeholders during the development process.

The resulting set of indicators covers key commitments under SFMP 2 and is provided in Appendix 1 of this report.

As this was the first year of implementation of SFMP 2.0, data to report progress was not yet available for all proposed indicators. As a result, some of the indicators reported are interim in nature, pending the collection of additional data that is better suited to reporting progress on SFMP 2.0 performance and commitments.

The indicator set is not expected to remain static for future reporting periods, and will be adjusted over time to reflect:

- The availability of new data that is better suited to monitoring SFMP 2.0 performance;
- Changing areas of interest identified by stakeholders through both APRIL and SAC stakeholder engagement processes;
- Emerging areas of interest identified by APRIL's SAC; and
- Public feedback on the indicators, which are posted on APRIL's website at <http://sustainability.aprilasia.com/download/preview/136>

Indicator Reporting Period – While SFMP 2.0 came into effect on June 3, 2015, the majority of the indicator data included in this report covers the period from July 1, 2015 – June 30, 2016 in order to align with APRIL's reporting systems (which capture key data on a monthly basis). For certain indicators, where implementation of SFMP commitments as of June 3, 2015 was considered critical, data has been reported from June 1, 2015 – June 30, 2016. The applicable reporting period is stated for each indicator.

5. The Assurance Process

Report Scope

The limited assurance engagement was carried out on the data reported by APRIL under each of the indicators in Appendix 1 for the period between SFMP 2.0 policy announcement on June 3, 2015 and June 30, 2016.

The engagement was carried out having regard to ISO 17021, which is the standard most commonly applied globally to sustainable forest management certification audits.

Conduct of the Engagement

Engagement Phases– The engagement was undertaken in multiple phases as follows:

- Interim Site Visit to the Kerinci millsite – January 2016

The interim site visit was undertaken to complete time sensitive work on key commitments to the phase out of mixed hardwood (MHW) logging by APRIL and its suppliers and MHW utilization by the Kerinci mill. The phase out of MHW utilization by the Kerinci mill was required to be complete by December 31, 2015.

The engagement team visited the millsite between January 11 and January 22, 2016 to assess implementation of these requirements. This work was undertaken at the millsite, the wood delivery scales, the Kerinci woodyard and the port of Futong (the port of Futong is where deliveries of fiber received by barge are unloaded prior to being trucked to the Kerinci woodyard. As a result, the port is a key point in the fiber supply system where chain of custody procedures are required to be implemented to ensure the source of wood fiber is known).

- Review of reporting methodology – June 2016

In June 2016 the engagement team reviewed progress by APRIL in developing and documenting appropriate reporting methodologies for the performance indicators. This was a necessary step to ensure that it would be possible to provide assurance over the data.

- Final Engagement Plan – August 2016

A final engagement plan identifying the timelines for the assurance process and the concessions to be visited was provided to APRIL two weeks in advance of the field visits in order to provide adequate time to make logistical arrangements for the visits.

- Concession field visits and on-site procedures at the Kerinci millsite – August and September 2016

Concession field visits were undertaken to test check indicator data provided by APRIL. In addition, staff and management interviews and document and record review were undertaken at the corporate office at the Kerinci Millsite.

The main field assessment of performance for the first year of SFMP 2.0 was carried out between August 22 and September 16, 2016 and involved visiting the Kerinci millsite, fiber operations offices and Futong port, the engagement team carried out field visits on 7 sectors / concessions as shown in Figure 3 below. Field visit locations were selected following assessment of changes in land development status during the reporting period – the sites were specifically selected to assess compliance with SFMP 2.0 commitments focusing on new plantation development, the moratorium on mixed hardwood development and processes for the resolution of disputes with local communities.

Figure 3: Scope and Location of Site Visits

The following table lists all site visits performed by the KPMG team in order to complete certain audit procedures as part of assessment of SFMP 2.0 during the reporting period.

Sector / Concession	Ownership	Dates
Meranti East Riau Province, Sumatra	PT. RAPP	August 29-September 1
Ukui Riau Province, Sumatra	PT. RAPP	September 5-8
Pelalawan North Riau Province, Sumatra	PT. RAPP	September 7
Seleras Abad Utama Riau Province, Sumatra	Long-Term Supplier – PT. Seleras Abadi Utama	August 24-26
Kubu Riau Province, Sumatra	Long-Term Supplier – PT. Sumatera Riang Lestari	August 29-September 1
Rimba Lazuardi Riau Province, Sumatra	Long-Term Supplier – PT. Rimba Lazuardi	September 5-8
ITCI East Kalimantan	Short -Term Supplier - PT. Itci Hutani Manunggal	September 7-9

In addition to field visits, the engagement team reviewed information from APRIL's GIS database, scale information for wood deliveries, satellite imagery, independent third party monitoring reports on implementation of mixed hardwood logging moratoriums on the PT. RAPP sector on Pulau Padang and the PT. Adindo Hutani Lestari concession in Kalimantan, stakeholder engagement records and records of the status of disputes with local communities. This information was supplemented with interview evidence from local communities during site visits and records of agreements with local villages. The specific evidence used to assess APRIL's data for each SFMP 2.0 indicator is described in the Data and Findings section of this report.

- Report development and Review with the independent Stakeholder Advisory Committee –October through December 2016.

In the reporting phase, the engagement team reviewed additional documentation supporting indicator performance and gathered explanations to support key assertions in the indicators. Initial conclusions were fact-checked with APRIL prior to completing the draft report.

The draft report was then developed and submitted to the Stakeholder Advisory Committee for comment prior to finalization.

- Action Planning and Acceptance –November and December 2016.

APRIL developed and submitted corrective action plans for all non-conformities identified during the review process. These corrective action plans were reviewed by KPMG PRI for adequacy and, once determined to be adequate, accepted.

Timely and effective implementation of corrective action plans is the responsibility of APRIL. Future reviews will assess the implementation of these corrective action plans.

Team – The engagement team comprised 8 professionals:

- 4 KPMG PRI employees experienced in conducting forest certification and assurance over sustainability data;
- 3 local forestry consultants; and,
- 1 local (KPMG) assurance professional.

6. Approach to Reporting

For each of the performance indicators, information is presented from two sources:

- APRIL's own quantitative data related to the indicator; and,
- KPMG PRI's information on the work undertaken to assess the indicator data and the KPMG PRI findings.

Each performance indicator is presented in the following general format:

INFORMATION PROVIDED BY APRIL	APRIL data for the period from June 1, 2015- June 30, 2016	The report presents quantitative performance data prepared by APRIL in relation to each of the performance indicators in order to set a performance baseline against which future progress can be gauged
	Evidence Reviewed	The key evidence reviewed by KPMG PRI in relation to performance
	Findings	Additional information to provide context to the indicator data and explain the link to between the indicator data and SFMP 2.0
	Non-Conformities	Non-conformities are raised where the indicator data or the lack of indicator data is associated with a breach of the requirements of SFMP 2.0.
	Opportunities for Improvement	Opportunities for improvement are raised where KPMG PRI identifies opportunities for improvement in the scope of the indicator, the indicator data collection and quality control processes, or in the nature of the underlying SFM practices and monitoring undertaken by APRIL in relation to the indicator. In such cases a specific breach of SFMP 2.0 has not been identified.

7. Performance Indicator Data Reporting

Limitations

This was the first year of reporting under the newly developed set of performance indicators. In a number of cases there were gaps in the data required to support full reporting under each indicator. The following opportunities for improvement have been raised in relation to gaps in performance data for long and short term suppliers:

Opportunity for Improvement #1

APRIL Indicator performance reporting lacks data for long-term suppliers totaling 49% of current plantation fiber supply for the following indicators:

- All performance reporting under *V. Proactive Support of Local Communities*
- VI.g # of land conflicts outstanding as of June 30, 2016

Opportunity for Improvement #2

APRIL Indicator performance reporting lacks data for short-term suppliers totaling 21% of current plantation fiber supply for the following indicators:

- 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 are and HCV/HCS area by concession publicly available

8. SFMP 2.0 Performance Indicators

I. Long Term Sustainability Indicators

Indicators Developed

Nine Long Term Sustainability Performance Indicators were developed as follows:

I	Long Term Sustainability:
<i>Overall objective: By increasing the productivity of our own plantations and those of our suppliers on our existing plantation footprint and eliminating mixed hardwood from natural forest from our supply chain.</i>	
a.	Tonnes and % of fiber supply from APRIL and long term supplier plantations
b.	# of Ha developed by category (Forested, Non-Forested and HCV ¹ /HCS ² and non-HCV/HCS)
c.	# and % of non-compliant development that has been rehabilitated
d.	Average tonnes fiber / hectare harvested on APRIL and long-term supplier concessions
e.	# of tonnes mixed hardwood (MHW) deliveries utilized by the Kerinci mill after the December 31, 2015 cut-off date
f.	% Change in mill fiber consumption capacity
g.	Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS)
h.	Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands
i.	Projected timeframe to fiber supply self-sufficiency

¹High Conservation Value

² High Carbon Stock

The 2016 performance indicators focus on the sourcing of fiber for the Kerinci mill, the maintenance of high conservation values and the replacement of mixed hardwood as a fiber source for the mill.

Indicators Performance

I	Long Term Sustainability:
a.	Tonnes and % of fiber supply from APRIL and long term supplier plantations.

APRIL data for the period from June 1, 2015- June 30, 2016

This table shows the breakdown of wood deliveries to the PT. RAPP pulp and paper mill in Kerinci by source.

Wood Source	Deliveries (tonnes)	Deliveries (%)
Plantation		
PT RAPP	3,020,395	30%
Long-Term Suppliers ¹	4,880,252	49%
Short-Term Suppliers ²	2,082,926	21%
Sub-Total	9,983,573	100%
Mixed Hardwood (MHW) – delivered prior to December 31, 2015		
PT RAPP	23,896	3%
Long-Term Suppliers ¹	-	0%
Short-Term Suppliers ²	706,627	97%
Sub-Total	730,523	100%
Total	10,714,096	

¹long-term suppliers are those suppliers that are included within APRIL's long-term fiber supply plans and are expected to be a continuing part of the plantation footprint for the Kerinci pulp and paper mill. All of the long-term suppliers are located in Sumatra. These suppliers are included within APRIL's 1:1 commitment to maintain conservation areas equal in size to its plantations.

²Short-term suppliers are those that currently supply fiber to the Kerinci mill until it achieves fiber supply security from the plantation footprint of PT. RAPP and its long-term suppliers.

Evidence Reviewed

APRIL provided information on deliveries by supplier to the Kerinci mill between Q3 2015 and Q2 2016. We cross-checked the information against scale delivery data on a sample basis to check the accuracy of the classification (plantation fiber or mixed hardwood), weight delivered and the source of the supply.

Findings

This is a key indicator of APRIL's progress toward fiber self-sufficiency from its own and long-term supplier plantations*. The data indicates that these plantations supplied 79% of the plantation fiber and 74% of the total fiber supplied to the Kerinci mill for pulp production between June 1 2015 and June 30, 2016.

The mixed hardwood portion of the fiber supply was phased out in 2015 following the announcement of SFMP 2.0. This resulted in additional deliveries of plantation wood from short-term suppliers in 2016. Most of the additional fiber is sourced from Kalimantan.

Consistent with SFMP 2.0, no mixed hardwood deliveries were received after December 31, 2015.

I	Long Term Sustainability:
b.	# of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).

APRIL data for the period from July 1, 2015- June 30, 2016

	PT RAPP	Long Term Suppliers	Short-Term Suppliers
New mineral soil development	0	0	Data is incomplete at this time.
New peatland development	0	0	See information under <i>Short-Term Supplier Data</i> below for the status of information available on short-term suppliers.

Evidence Reviewed

Planting records for first time planting of new plantations were reviewed to assess whether the planting was related to areas being newly developed or areas that had been historically cleared but not planted.

Findings

This is a key indicator of conformance with SFMP 2.0 commitments to:

- Only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments.
- APRIL will not acquire any new land, or forestry licenses; or receive wood from land licensed to third parties, where after 3 June 2015 the seller has knowingly cleared HCV or HCS forests or forested peatlands.
- No new development by APRIL and its suppliers on forested peatland.

First time plantings were reviewed to assess whether they related to new development. There were 13 hectares of first time planting on mineral soil and 1,349 hectares of first time planting on peatland. These were not found to involve new development, the original clearing having taken prior to the moratorium. This included completion of livelihood areas agreed with local villages on Pulau Padang. For the livelihood area, we confirmed that the completion plan for the area was reviewed by the Independent Peat Expert Working Group and that HCS patch analysis was completed to identify non-forested areas that could be completed.

Field inspections were undertaken on a sample basis to assess whether development of forested peatland occurred. No instances were identified where this was the case.

Short-term Supplier data – APRIL has full access to monitoring data for two of the nine short-term suppliers which is used to identify new development. For six of the seven remaining short term suppliers, information is based on analysis of landsat imagery for changes in landcover. Where landsat data indicates potential new development, a follow up process has been developed and retrospectively applied to the reporting period to ask the supplier for documentation on whether development occurred and, if necessary, a field visit to confirm whether there was compliance with SFMP 2.0. The remaining short-term supplier, KTS Logs, is a log broker, and neither monitoring or landsat data was available at the time of the field assessment to assess compliance with SFMP 2.0 requirements regarding development. The current short-term supplier monitoring processes in place are shown in the Table below, which also indicates whether these suppliers had existing HCV or HCS reports in place.

Short term- supplier data provided by APRIL

The increase in new suppliers (all of whom supply plantation Acacia wood) since June 2015 is a result of the elimination of mixed hardwood logs a fiber supply source for the Kerinci mill. This table shows information in relation to short-term suppliers, including which are new suppliers.

Supplier	Existing Supplier or New Supplier since June 2015	Remote Monitoring Data Available to Check New Development	New Development Identified by APRIL (Ha)	HCV Assessment Conducted ³	HCS Assessment Conducted ⁴
PT. Adindo Hutani Lestari	Existing	Yes	39	Yes	No
PT Tanjung Redep Hutani	New	No- Satellite imagery reviewed by APRIL ¹	-	No	No
PT. Korintiga Hutani	Existing	No- Satellite imagery reviewed by APRIL ¹	- ²	No	No
PT. ITCI Hutani Manunggal	New	Yes	-	Yes	No
PT Mayangkara Tanaman Industri	New	No- Satellite imagery reviewed by APRIL ¹	-	Yes	No
PT. Wana Subur Lestari	New	No- Satellite imagery reviewed by APRIL ¹	-	Yes	No
PT. Wanakasita Nusantara	New	No- Satellite imagery reviewed by APRIL ¹	-	No	No
PT. Agronusa Alam Sejahtera	New	No- Satellite imagery reviewed by APRIL ¹	486	No	No
KTS Logs Marketing	New	No	-	No	No

¹ A remote monitoring surveillance system was applied to these short-term suppliers after feedback from the Stakeholder Advisory Committee requesting surveillance of both long-term and short-term suppliers. While the monitoring process was not in place until after the reporting period, the process was able to retrospectively cover the period from June 3, 2015 to present (September, 2016).

² The remote monitoring follow-up for PT Korintiga Hutani had not been finalized at the time of reporting and APRIL had not made a final conclusion with respect to ongoing conformance with SFMP 2.0 requirements for new development.

³ The short-term suppliers only supply plantation wood. APRIL's position with respect to new short term suppliers during the reporting period was that an HCV assessment was required in relation to any proposed new development of forested land. An HCV assessment was not required of existing plantation concessions that are not undertaking new development. For these plantations, any new development is considered a non-conformance with SFMP 2.0 as described in Non-conformance #1 and #2 below

⁴ HCS assessments were not required of existing plantation concessions that are not undertaking new development of forested land. No HCS reports were received during the period. As such, any new development is considered a non-conformance with SFMP 2.0.

As noted in the Table above, new development was identified in two instances (See Non-conformance #1 and Non-conformance # 2 below). Additionally, there are currently gaps in the monitoring coverage of short-term suppliers (See Opportunity for Improvement #3 below).

The following Non-conformances with SFMP 2.0 were identified in relation to this Indicator:

Non-Conformance #1

Development of forested peatland 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.

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. As a result the non-conformance has been closed.

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. Additional procedures were developed to strengthen the process for approving and monitoring new suppliers. As a result the non-conformance has been closed.

The following Opportunities for Improvement with SFMP 2.0 were identified in relation to this Indicator:

Opportunity for Improvement #3

In 2016, APRIL began tracking of short-term supplier concessions using landsat imagery to identify and follow-up on potential new development. To date, not all short-term supplier landbases are covered by the imagery.

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.

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.

I	Long Term Sustainability:
c.	# and % of non-compliant development that has been rehabilitated.

APRIL data for the period from July 1, 2015- June 30, 2016

This table shows the area (in hectares) of development that has been identified that has been developed as a result of non-compliance with SFMP 2.0 and the proportion of that development that has been rehabilitated (through planting with native species).

	RAPP	Long-term Supplier	Short-term Supplier
Ha of non-compliant development	0	0	525
Ha of non-compliant development rehabilitated	0	0	39
% of non-compliant development rehabilitated	0	0	7%

Evidence Reviewed

Data for non-compliant development was checked against Land-use change data in the APRIL landbank as well as available landsat analysis data for short-term suppliers. However, not all supply sources during the period had monitoring information available – 8 of the 9 short-term suppliers were covered by some form of land development monitoring by APRIL for the reporting period.

Planting information and photos were reviewed from a third party report on the rehabilitation of 39 hectares of non-compliant development undertaken by PT. Adindo Hutani Lestari in Kalimantan.

Findings

Two sites were identified with non-compliant development during the reporting period:

- Continuing short-term suppliers - Development of 39 ha of forested peatland 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 and was subsequently rehabilitated.
- Terminated short-term suppliers - Development of 486 hectares of natural forested occurred during the reporting period on the PT. Agronusa Alam Sejahtera concession in Jambi, Sumatra. No evidence or rehabilitation was received and the supplier was terminated upon identification of the development, which occurred in September, 2016.

I	Long Term Sustainability:
d.	Average tonnes fiber / hectare harvested on APRIL and long-term supplier concessions.

APRIL data for the period from July 1, 2015- June 30, 2016

This table shows the yields being achieved from current PT. RAPP and long-term supplier plantations and is intended to be used as an indicator of the success of initiatives to increase yields in order to become self-sufficient from the PT. RAPP and long-term supplier plantation footprint.

No	Species	Yield (tonnes/Ha) averaged across all plantation species
A.	<i>Acacia mangium</i>	82.9
B.	<i>Acacia crassicaarpa</i>	79.1
C.	<i>Eucalyptus sps</i>	102.8
	Weighted Average	83.2

No	Wood Sources	Yield (tonnes/Ha) averaged across all plantation species
A.	PT. RAPP	80.3
B.	Long-term Supplier	85.2
	Weighted Average	83.2

Evidence Reviewed

Technical report on plantation wood productivity by plantation species.

Findings

Increasing the productivity of the Company's existing plantation footprint is a key part of APRIL's initiatives to achieve fiber supply self-sufficiency on the PT. RAPP and long-term supplier plantation footprint. As a result, the tonnes of fiber recovered per hectare harvested is an important indicator for assessing the increase in productivity being achieved.

A declining trend in average tonnes fiber/ hectare harvested existed between 2012 and 2015. The 2016 data shows a 5% improvement over the previous year.

I	Long Term Sustainability:
e.	# of tonnes MHW deliveries utilized by the Kerinci mill after the December 31, 2015 cut-off date.

APRIL data for the period from July 1, 2015- June 30, 2016

This table shows that the Kerinci mill MHW deliveries in 2015 were curtailed, as required by SFMP 2.0, by December 31, 2015

Wood Sources	MHW Deliveries (Tonnes)		
	Prior to December 31, 2015	Post December 31, 2015	%
PT. RAPP	23,896	-	3%
Long-term Supplier	-	-	0%
Short-term Supplier	706,627	-	97%
Sub-total	730,523		100%

Evidence Reviewed

Wood delivery reports for the Kerinci mill were tied to reported utilization. The wood delivery reports were tested on a sample basis back to base records from the scales at the Kerinci mill.

Inspections of the Kerinci wood yard and Futong port were carried out in January and August, 2016 to determine if mixed hardwood was present in inventory.

Findings

No evidence was identified of mixed hardwood delivery after the cut-off date. Field inspection in 2016 confirmed the absence of residual inventoried mixed hardwood in inventory in January, 2016. The source of the mixed hardwood deliveries prior to December 31, 2015 is further assessed under indicator I.h.

I	Long Term Sustainability:
f.	% Change in mill fiber consumption capacity.

APRIL data for the period from December 31, 2015- June 30, 2016

There was no change in mill consumption capacity

Evidence Reviewed

Interviews with management, mill tour, Indonesian Government fiber capacity certification, pulp production data.

Findings

This indicator was developed to provide transparency over the Kerinci mill's fiber consumption. This was particularly important up until December 31, 2015 as until that time the mill accepted deliveries of MHW and any projects within the mill that increased its consumption capacity would have put additional pressure on remaining natural forests.

No projects were identified that would change the mill fiber consumption capacity. However, there are ongoing projects that are designed to use more of the pulp production rather than sell it as market pulp:

- A new paper machine is in the process of construction at the Kerinci mill.
- A textile fiber factory is under construction adjacent to the mill site.

Both of the above projects use pulp as a raw material and allow for increased internal use of the mill's existing pulp production. They do not change the mill's fiber consumption capacity.

I	Long Term Sustainability:
g.	Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS).

APRIL data for the period from December 31, 2015- June 30, 2016

No new land or licenses were acquired.

Evidence Reviewed

Kerinci mill wood supply listing and management interviews.

Findings

A number of SFMP 2.0 commitments apply to new land or licences required, including specific approaches to the identification of HCVs and HCS prior to development as well as constraints on the development of forested peatland and a commitment to free prior and informed consent by indigenous peoples and local communities prior to operations being started.

No evidence of new land acquisition or licenses was identified.

One existing concession area (Kubu) held by PT. Suba Riang Lestari, an APRIL long-term supplier was in the initial planning stage during the reporting period. This concession is on peatland and has not previously been developed for commercial plantation. However, the majority of this area is no longer forested due to various forms of historic encroachment. As of the date of our field visit in September 2016 the planning approach to the concession remained consistent with the commitments in SFMP 2.0: the process of gaining free prior and informed consent from local communities was ongoing; proposed development of non-forested land had been discussed with the Independent Peatland Expert Working Group and operations had not started on the concession in advance of these activities.

I	Long Term Sustainability:
h.	Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands.

APRIL data for the period from June 3, 2015- June 30, 2016

This table shows the number of tonnes of MHW deliveries to the Kerinci mill that were identified as coming from HCV, HCS or forested peatlands logged after June 3, 2015.

Wood Sources	Third party deliveries from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands. (Tonnes)
PT. RAPP	-
Long-term Supplier	-
Short-term Supplier	-
TOTAL	-

Evidence Reviewed

APRIL provided detailed information on deliveries by supplier to the Kerinci mill between Q3 2015 and Q2 2016. We cross-checked the information against scale delivery data on a sample basis to check the accuracy of the classification (plantation fiber or mixed hardwood), weight delivered and the source of the supply.

Findings

This commitment focuses on the mixed hardwood (MHW) component of the wood supply. As a result of the moratorium on MHW that was announced on June 3, 2015 all MHW hardwood was eliminated from the continuing fiber supply.

Approximately 730,523 tonnes of mixed hardwood was delivered to the mill after June 3, 2015. However, sample based assessment of MHW fiber deliveries to the mill did not identify fiber that had been logged post June 3, 2015. The MHW fiber that was received between June 3 and December 31, 2015 was traced back to logging that occurred prior to the moratorium. As noted under Indicator I.a two instances were identified where short-term suppliers did not meet the requirements of the moratorium. In neither case was there evidence that the fiber was delivered to the Kerinci mill.

I	Long Term Sustainability:
i.	Projected timeframe to fiber supply self-sufficiency.

Projected timeline	# of years	Projected Year (Best Case)
Timeframe to Plantation Fiber self-sufficiency	4.5 years	2021

Evidence Reviewed

Kerinci wood supply plan.

Findings

The underlying objective driving APRIL's long-term sustainability initiatives is fiber supply self-sufficiency from the PT. RAPP and Long-Term Supplier plantation landbase.

The current timeframe to fiber supply self-sufficiency is a best case scenario that requires a 57% increase in annual production from PT. RAPP plantations between 2016 and 2021 and a 27% increase in production from Long-Term Supplier plantations. The productivity of the plantations is tracked in indicator I.d) and showed a 5% increase in 2016 following declines between 2012 and 2015.

II. Forest Protection and Conservation Indicators

Indicators Developed

Four Forest Protection and Conservation Performance Indicators were developed as follows:

II	Forest Protection and Conservation:
<i>Overall objective: To increase the amount of conservation area to at least match that of our plantations and to develop and transition toward landscape based plans for our concessions and our long term supplier concessions to protect ecosystem functions and conserve native biodiversity.</i>	
a.	Hectares of conservation and restoration area (forest, agriculture, infrastructure, open area, scrub) and change from prior period (by encroachment, fire, development)
b.	Ratio of conservation area to total plantation area
c.	# of APRIL and supplier concessions included within landscape level plans in progress
d.	Number of landscape level plans developed

The 2016 performance indicators focus on the creation and maintenance of conservation areas and the development of landscape level plans to address long-term conservation goals.

Indicator Performance

II	Forest Protection and Conservation:
a.	Hectares of conservation and restoration area (forest, agriculture, infrastructure, open area, scrub) and change from prior period (by encroachment, fire, development)

APRIL data for the period from June 1, 2015- June 30, 2016

	Conservation area ¹ at June, 2015 (Ha)	Conservation area at June 30, 2016 (Ha)	Total change from prior period (Ha)
PT. RAPP	91,639	87,940	(3,699)
Long-Term Suppliers	181,527	182,854	1,327
Ecosystem Restoration	150,852	150,852	0
Total	424,018	421,646	(2,372)

¹ Conservation area includes forested and open areas, as well as small amounts of agriculture, and infrastructure. Approximately 90% of the total conservation area is classified as forested.

Evidence Reviewed

The information presented above was tied back to APRIL's "Landbank" which is used to track changes in PT RAPP and Long-Term Supplier concessions. The accuracy of the landbank data was sample checked based on field inspections conducted on 6 concessions covering PT. RAPP and Long-term suppliers.

Findings

The net reduction of 2,372 ha (0.6%) in conservation area during the period was primarily due to:

- Implementation of the "One Map Policy" in Riau province to address overlapping land use designations. This led to concession boundary adjustments which had an overall negative impact on conservation area due to net transfers of land out of concessions; and,
- A new long-term plan (RKU) was developed for the PT. RAPP sectors in 2016. As part of the development of the plan, a number of adjustments were made to update land-use designations and capture the cumulative impact of historic encroachment that is unlikely to be reversed.

Within the remaining conservation area of 421,646 ha at June 30, 2016 the Company identified 88 hectares of forested conservation that was burned and 1,213 hectares of forested conservation that was encroached upon during the period.

Field inspection of a sample of conservation area changes did not find instances of development of conservation areas into commercial plantation.

II	Forest Protection and Conservation:
b.	Ratio of conservation area to total plantation area

APRIL data as of June 30, 2016

	Conservation area ¹	Total plantation area	Ratio
PT. RAPP	83,988	211,268	40%
Community Fiber Plantations	-	12,501	0%
Long-Term Suppliers	162,556	255,169	64%
Ecosystem Restoration Licences ²	149,374	-	100%
Total	395,918	478,938	83%

¹Conservation area for the purpose of this indicator excludes conservation area that is under land claim.

² Ecosystem Restoration Licenses are granted by the Indonesian Government for degraded forest areas and allow for the restoration of these sites through the implementation of long-term ecosystem restoration activities. The ecosystem restoration activities are multi-year projects involving collaboration between APRIL, civil societies, NGOs and Government.

Evidence Reviewed

Recalculation of ratio based on plantation and conservation area data maintained in Landbank.

Findings

This indicator tracks progress on APRIL's commitment to establish conservation areas equal in size to its plantation areas.

As per SFMP 2.0, the conservation areas will be of appropriate size, shape, connectivity, and representativeness to protect ecosystem functions and to conserve native biodiversity. However, to date, the extent to which conservation area included in the 1: 1 commitment meets these criteria has not been assessed. Progress has been made identifying high conservation values within older sectors through the commissioning of a new HCV report covering the residual natural forest in the existing PT. RAPP sectors and landscape level planning has been initiated on the Kampar peninsula that includes some of these sectors and concessions and is intended to address landscape level issues such as connectivity, representativeness, ecosystem function and native biodiversity. However, the extension of this process to other sectors and concessions is expected to be a multi-year process.

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.

II	Forest Protection and Conservation:
c.	# of APRIL and supplier concessions included within landscape level plans in progress

APRIL data as of June 30, 2016

	# of concessions included in landscape level plans ¹ in progress
Kampar	16 (including 4 ecosystem restoration licences)
Pulau Padang	2 (including 1 ecosystem restoration licence)
Total	18

¹ The landscape approach is defined in the glossary to SFMP 2.0 as a long-term collaborative approach bringing together diverse stakeholders aiming to achieve a balance between multiple and sometimes conflicting objectives in a landscape and/ or seascape. Landscapes are defined as “a heterogeneous socio-ecological system in space”.

Evidence Reviewed

Identification of concessions within the scope of proposed landscape level plans and agree to APRIL Landbank.

Findings

The development of landscape level plans to address the maintenance of ecosystem integrity through time is a major long-term commitment within SFMP 2.0 that is especially important given the extent to which the greater landscape within which APRIL sources its fiber has been subject to significant loss of natural forest to industrial use. The approach being taken by the Company is to start this process in the areas where it has the greatest concentration of activities, and hence the greatest ability to influence the outcomes, which in APRIL's case in the Kampar peninsula on Sumatra.

Within the proposed Kampar landscape plan there are 5 PT. RAPP sectors which are part of 1 large concession (142,000 ha) and 11 long-term supplier concessions (113,000 ha) as well as 4 ecosystem restoration licences (129,000 ha).

Within the Pulau Padang proposed landscape plan there is 1 PT. RAPP sector (approximately 35,000 ha) and 1 ecosystem restoration licence (approximately 20,000 ha).

II	Forest Protection and Conservation:
d.	Number of landscape level plans developed.

APRIL data as of June 30, 2016

Landscape Level Plan Scope	Kampar Peninsula	Pulau Padang
# of concessions included	16	2
Landscape Plan Development Criterion	Development Status*	Development Status*
Process for negotiation and communication of clear goals	Design	Design
A clear and agreed theory of change	Design	Design
A rigorous and equitable process for continuing stakeholder engagement.	Design	Contractual Stage
Connection to policy processes and key actors	Design	Design
Clear Allocation of Responsibility and Authority	Design	Design
Effective governance	Not yet initiated	Not yet initiated
Spatially defined landscape	Implementation	Design
Clearly understood biodiversity values	Implementation	Design
Transparency	Design	Not yet initiated

* Development status is categorized as either: Not yet Initiated, Contractual Stage (contractual arrangements for development parties in process), Design Stage (detailed planning phase for project design underway involving local stakeholders), Implementation Stage (Active and ongoing implementation of designed processes with local stakeholders) Monitoring Stage (all design elements fully implemented and ongoing monitoring of effectiveness initiated).

Evidence Reviewed

APRIL provided concession maps showing the boundaries of the 2 landscape level plans considered in progress, details of contracts with implementation contractors, project design information and summaries of actions to date for each of the landscape unit for which plans are in progress.

In determining progress in the development of landscape level plans the following criteria, developed by the independent Stakeholder Advisory Committee were applied:

Criterion	SAC expectation
<i>Process for negotiation and communication of clear goals</i>	The definition of clear goals should be a stakeholder-driven process and will require skilled facilitation. The facilitation process should be independent to the extent possible.
<i>A clear and agreed theory of change</i>	<p>The development of a theory of change to attain goals is a key process step.</p> <p>A valid theory of change is built upon analysis of past trends, the exploration of scenarios and understanding of drivers of change. It must be produced and agreed upon through a multi-stakeholder process that brings together all sources of knowledge about the landscape.</p> <p>In developing a theory of change, key milestones and processes to achieve the goals must be identified – these should provide the basis on which process and outcome metrics are identified.</p>
<i>A rigorous and equitable process for continuing stakeholder engagement</i>	The landscape approach requires a high level of rigor in equitable engagement of all stakeholders in data collection and decision-making processes. Engagement is essential for feedback to inform learning and as the main vehicle for building the capacity of stakeholders to understand landscape processes. This process is ongoing and combines regular stakeholder meetings as well as alternative approaches (such as panels of local people who are consulted periodically to assess their perceptions of changes in their livelihoods and their environment and/or participatory monitoring). A neutral facilitation process is in place to support stakeholder engagement efforts.
<i>Connection to policy processes and key actors</i>	Explicit connections to policy processes at local, national and global levels are essential in landscape approaches. Connection to the Indonesian Government Forest Management Unit (KPH – Kesatuan Pengelolaan Hutan) process is fundamental.
<i>Clear allocation of responsibility and authority</i>	Internal and third party roles and responsibilities are clearly defined, including responsibility for the development of the landscape approach.
<i>Effective governance</i>	Governance failures remain the fundamental challenge that most landscape approaches are facing and rigorous public discussion of governance metrics will be essential (Dale et al., 2011 , Dale et al., 2013). Governance metrics should be designed and implemented to measure the effectiveness of institutions, their connectivity and the extent to which they reflect the views of, and are trusted by, the full range of actors in the landscape.
<i>Spatially defined landscape</i>	A spatial data base is created that includes all key landscape and land use features including peat and mineral soil areas, different categories of forest and non- forest land, data on ownership, land use, protected areas and areas of conflict. etc.
<i>Clearly understood biodiversity values</i>	Development and implementation of a plan for assessing the biodiversity values of the set-aside and other natural areas – including values outside of APRIL's concessions.
<i>Transparency</i>	Transparency is necessary for achieving landscape-level outcomes and is required for building trust in the management process and leadership (Gupta, 2010). Processes should be developed to ensure that comprehensive and rigorous spatial information systems are in place and that maps, data, publications and processes are both of adequate quality, are in the public domain and are pro-actively communicated to all concerned people (Rosa et al., 2014).

Findings

The landscape level plan for the Kampar peninsula covers a large and relatively contiguous area of approximately 384,000 hectares, including 4 ecosystem restoration licenses covering approximately 129,000 hectares. There has been substantial activity to date in the development of stakeholder engagement processes and collection of community and biodiversity data for the restoration licenses. Broad objectives for the plan have been drafted and a number of stakeholder engagement initiatives are ongoing.

The landscape level plan for Pulau Padang, an area of approximately 55,000 hectares, is currently in the early stages of development.

In December 2015, APRIL announced its intention to invest US\$100 million in Riau Ecosystem Restoration over the next ten years to support its forest restoration and conservation initiatives.

III. Peatland Management Indicators

Indicators Developed

Three Peatland Management Indicators were developed as follows:

III	Peatland Management:
<i>Overall objective: Minimize greenhouse gas emissions and impacts on peatland function by halting further development of forested peatland and developing and implementing best practices on peatland that is currently non-forested or has established plantations.</i>	
a.	# of Ha of plantation, conservation, and ecosystem restoration on peatland.
b.	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule for: <ul style="list-style-type: none">- Best management practices in existing plantations on peatland;- Conservation of forested peatland and critical peatland landscape, and- Development options for non-forested peatland.
c.	Total Ha developed on peatland.

The 2016 performance indicators focus on providing data on the current development status of peatland and the implementation of recommendations made by the Independent Peatland Expert Working Group in relation to peatland operations.

Indicator Performance

III	Peatland management:
a.	# of Ha of plantation, conservation, and ecosystem restoration on peatland

APRIL data as of June 30, 2016

This table shows the ratio of conservation area to plantation area on peatland.

	PT. RAPP	Community Fiber Plantations	Long-Term Suppliers	Short-Term Suppliers
Plantation on peatland (Ha)	110,161	10,326	145,386	Data is incomplete at this time. See the table under Indicator I.b showing the status of information available on short-term suppliers.
Conservation on peatland (Ha)	52,307	-	115,498	
Ratio of conservation to plantation	0.5 : 1	-	0.8 : 1	
Ecosystem Restoration on peatland (Ha)	149,374	-	-	
Total conservation and ecosystem restoration (Ha)	201,681	-	115,498	
Ratio of conservation and ecosystem restoration to plantation	1.8 : 1	-	0.8 : 1	

Evidence Reviewed

APRIL data was cross-checked against land use designations in Landbank. Field checks were conducted at the concession level to assess the accuracy of the data supporting conservation area.

Findings

The ratio of conservation area to plantation area is quite variable between individual PT. RAPP sectors and supplier concessions with an average of 0.5 : 1 for PT RAPP sectors (1.8 : 1 when ecosystem restoration licences are included) and 0.8 : 1 for long-term supplier concessions.

The health of peat ecosystems, and the biodiversity they support, is central to the President of Indonesia's Nawa Cita (nine priorities) development agenda from social, economic, and environmental perspectives. The Government of Indonesia has established a Peatland Restoration Agency (Badan Restorasi Gambut) that has plans to restore two million hectares of degraded peatland by 2020 amongst nearly thirteen million hectares of peatland in the provinces of Riau, Jambi, South Sumatra, Papua, and West, East and Central Kalimantan, where restoration is prioritized. At the time of our report, the impact that these initiatives may have on the areas of plantation, conservation and restoration within APRIL's fiber supply base is unknown.

III	Peatland management:
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.

APRIL data for the period from June 1, 2015- June 30, 2016

IPEWG recommendations implemented on schedule	Best management practices in existing plantations on peatland	Conservation of forested peatland and critical peatland landscape	Development options for non-forested peatland	Overall recommendations*
Total recommendations	8	9	9	20
Number implemented	1	2	4	6
Percentage	13%	22%	44%	30%

* The sum of each category does not total overall recommendations as some recommendations are classified under multiple categories.

Evidence Reviewed

IPEWG Meeting Summary Reports and Meeting Minutes were reviewed to ensure all recommendations were captured. KPMG PRI confirmed implementation of a sample of recommendations through review of various types of evidence, including presentation materials, results of studies or analyses performed and Standard Operating Procedure updates.

Findings

The IPEWG was established in order to provide inputs and recommendations to APRIL on:

- Best management practices to be implemented in existing plantations on peatland;
- Actions required to ensure conservation of forested peatland and critical peatland landscape;
- Development options for non-forested peatland.

APRIL also committed to avoid construction of canals where new plantation development is taking place without first receiving input from the IPEWG.

The first IPEWG meeting was in January 2016. The majority of IPEWG recommendations made to APRIL to date (70%) are in progress or not started as of June 30, 2016; however, this is not unexpected as the majority are long-term in nature. One recommendation, to apply APRIL's one to one conservation commitment to a short-term supplier, was rejected by APRIL on the basis of a lack of control over the supplier's concession.

The rapidly emerging role of Indonesia's Peatland Restoration Agency and its related regulatory authority is expected to be a primary driver of required peatland practices and the extent to which this may limit future IPEWG recommendations is currently unclear.

All peatland development observed during field inspections was in accordance with recommendations made by the IPEWG.

While some land use classification change was noted on PT. RAPP's Meranti Sector that was not reviewed by the IPEWG, this was determined to be consistent with the Company's commitments in that it was not associated with new development or new canals.

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.

III	Peatland management:
c.	Total Ha developed on peatland.

APRIL data for the period from July 1, 2015- June 30, 2016

	Hectares developed on peatland
PT. RAPP	0
Long-Term Suppliers	0
Short-Term Suppliers	Data is incomplete at this time. See Indicator I.b for the status of information available on short-term suppliers

Evidence Reviewed

See Indicator I.b

Findings

As described in more detail under Indicator I.b, no new plantation development was identified on peatland.

Subsequent Events

1. Development Activities on Pulau Padang

Subsequent to the reporting period, concerns were raised regarding development of canals to support forest fire protection on Pulau Padang. PT. RAPP has been in discussion with both the Peatland Restoration Agency and the Ministry of Environment and Forestry regarding the activities, which occurred on land that is the subject of a land dispute. PT. RAPP has indicated that it based its actions on the Minister Regulation on Land and Forest Fire Control that implements Government Regulation #4 (2001) on Control of Environmental Pollution and Damage Due to Forest Fire. The matter remains unresolved at the time of this report. In the interim, PT. RAPP ceased operations on the area in question as of August 30, 2016.

2. PT. RAPP Long-Term Plan (RKU) Revision

In October 2016, 2 months after the end of the period covered by our report, Foresthins News reported that: *"After conducting an evaluation of the 10 year work plan of PT RAPP, a subsidiary of APRIL, Indonesia's Ministry of the Environment and Forestry took the decision to annul this work plan (Oct 4), owing in part to significant new expansion of acacia plantation blocks in the company's concessions, most notably in their estates located in the Kampar Peninsula landscape and on Pulau Padang, in Sumatra's Riau province."*

Based on information received to date, and discussion with management, administrative errors in the revision to the RKU resulted in the revision being rejected. This does not affect PT. RAPP's ongoing operations. The revised and corrected RKU was in the process of completion at the time of reporting.

IV. Continuous Reduction of Carbon Footprint Indicators

Indicators Developed

Three Continuous Reduction of Carbon Footprint Indicators were developed as follows:

IV	Continuous reduction of carbon footprint:
<i>Overall objective: Reduce the lifecycle GHG emissions footprint of our products by increasing mill energy efficiency and use of renewable fuel sources and establishing an accurate baseline for land based emissions from which to initiate emission reductions.</i>	
a.	Mill tonnes of GHG / tonne of pulp.
b.	Mill tonnes of GHG / tonne of paper.
c.	% of mill energy needs met by energy source.

The 2016 performance indicators focus on emissions associated with the Kerinci mill. Research is underway that will allow this data to be supplemented in the future with broader life cycle data that includes land use emissions and sequestration associated with PT. RAPP's plantations.

Indicator Performance

IV	Continuous reduction of carbon footprint:
a.	Mill tonnes of GHG / tonne of pulp.
b.	Mill tonnes of GHG / tonne of paper.

APRIL data for the period from July 1, 2015- June 30, 2016

Greenhouse Gas (GHG) Emissions	Total Mill	
Mill GHG emissions (tonnes of CO ₂ e)	1,765,403	
Emissions Intensity	Pulp	Paper
Production (tonnes)	2,632,027	801,284
GHG emissions / tonne of production	0.53	0.91

Evidence Reviewed

KPMG PRI reviewed APRIL's GHG Emissions methodology and how the operational boundary was set. The completeness of emissions sources was assessed via a mill site tour, and the appropriateness of emission factors and assumptions were confirmed through review of the GHG calculation for accuracy and consistency with third-party sources and methodologies. Data sources were reviewed and observed and reported figures were agreed to SAP systems, inventory systems and pulp and paper production tracking systems as applicable.

Findings

APRIL followed an established methodology developed by the International Council of Forest and Paper Associations (ICFPA) and the National Council for Air and Stream Improvement (NCASI) to develop its GHG emissions profile. Consistent with standard reporting practice, including the requirements of the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)'s GHG Protocol, reported emissions are based on fossil fuel emissions for the millsite and only include the methane and nitrous oxide component of biogenic emissions (from the burning of biomass).

Emissions per tonne of paper include the emissions associated with the initial manufacture of pulp that is used as the input to the paper production process.

The elimination of mixed hardwood fiber from the mill's fiber supply would be expected to reduce the amount of biomass available for energy production, leading to an increased use of fossil fuels in 2016.

To provide a more comprehensive picture of the lifecycle emissions for its products, APRIL has an ongoing research project to provide a more comprehensive picture of its total carbon footprint incorporating land use emissions and sequestration associated with plantation management.

IV	Continuous reduction of carbon footprint:
c.	% of mill energy needs met by energy source.

APRIL data for the period from July 1, 2015- June 30, 2016

Energy Consumption	Mill energy use (TJ)
Fossil fuel energy consumption	17,033.22
Biomass energy consumption	42,607.43
Total energy consumption	59,640.65
% of external energy needs met from biomass	71%
% of external energy needs met from fossil fuel	29%

Evidence Reviewed

KPMG PRI reviewed the energy calculations, including assessing the plausibility of assumptions. Data sources were reviewed and observed and reported data was agreed to SAP systems, inventory systems and spreadsheets developed for the Kerinci pulp and paper mill as applicable.

Findings

Consistent with most pulp mills, APRIL utilizes available biomass to reduce reliance on fossil fuel energy. The primary source of biomass is bark from logs used in the pulping process. Palm husks from palm oil plantations and sludge by-product from the pulping process are also burned to generate energy. The primary source of fossil fuel consumption is coal used in power generation. Natural gas and fuel oil (including diesel) are also consumed as part of the production process.

The elimination of mixed hardwood fiber from the mill's fiber supply would be expected to reduce the amount of biomass available for energy production, leading to an increased use of fossil fuels in 2016.

V. Proactive support of local communities Indicators

Indicators Developed

Seven Proactive support of local communities Performance Indicators were developed as follows:

V	Proactive support of local communities:
<i>Overall objective: To continually seek opportunities to consult and align with the interests of communities.</i>	
a.	<ul style="list-style-type: none"> - Total \$ spent on social infrastructure projects. - KMs of road built. - # of social infrastructure projects completed. - # of social infrastructure projects for which materials were provided
b.	Local GDP
c.	# of education scholarships provided
d.	# of SMEs contracted by APRIL and suppliers
e.	# of multi stakeholder forums by location
f.	# of stakeholder attendees
g.	# and status of agreed actions arising from stakeholder forums

The 2016 performance indicators focus on base data on existing initiatives and are considered to be interim pending the development of indicators that more effectively reflect the impact of community initiatives.

Indicator Performance

V	Proactive support of local communities:
a.	<ul style="list-style-type: none"> - Total \$ spent on social infrastructure projects - KMs of road built - # of social infrastructure projects completed - # of social infrastructure projects for which materials were provided

APRIL data for the period from July 1, 2015- June 30, 2016

Social Infrastructure Projects	PT. RAPP	Long-Term Suppliers
Total \$ spent on social infrastructure projects	USD 307,793	1
KMs of road built	12.4	1
# of social infrastructure projects completed	13	1
# of social infrastructure projects for which materials were provided	80	1
# of infrastructure projects for which equipment were provided	73	1

¹ To date, APRIL has not accessed long-term supplier data on social infrastructure projects.

Evidence Reviewed

APRIL provided a breakdown of social infrastructure projects undertaken by PT. RAPP. On a sample basis, we traced the information back to proof of project completion through signed agreements with the local village. In addition, we confirmed that the projects were undertaken on a sample of 4 concessions through a combination of interviews with local stakeholders and physical inspection of the projects.

Findings

Indicators V.a, V.c, and V.d are intended to be interim indicators to track APRIL's contributions to local communities through its social programs. Over time, these indicators will be replaced by more sophisticated indicators of social impact.

Social infrastructure projects include the building of schools, mosques, community halls, roads, etc. and are supported by signed contracts acknowledging completion with the heads of village in which the project was completed. Materials provided include materials to complete the construction of a project (e.g. cement) and equipment includes computer equipment, school furniture, sports equipment, etc. Total dollar spent includes the above as well as sponsorship of community events.

Due to the gap in APRIL's awareness of its supplier community development programs, it was noted there may be potential overlap in community support provided by APRIL and one its suppliers to a village visited during field inspections.

V	Proactive support of local communities:
b.	Local GDP

APRIL data for the period from July 1, 2015- June 30, 2016

	Local GDP
APRIL	Information not available
Long-Term Suppliers	Information not available

Evidence Reviewed

Economic development study for three provinces in Sumatra.

Findings

This indicator is intended to provide a high level view of regional economic progress for Riau province, where the Kerinci mill site and move of APRIL's fiber supply are located.

A 2014 Economic Impact and Fiscal Analysis of APRIL Group Riau Complex by the Institute of Economic and Social Research – Faculty of Economics and Business, University of Indonesia supported by Royal Golden Eagle Group estimates APRIL's historic local contribution at 5.2% to Riau province's GDP. This study needs to be updated.

Opportunity for Improvement #8

APRIL has not yet determined how best to monitor its contribution to local GDP on an ongoing basis.

V	Proactive support of local communities:
c.	# of education scholarships provided

APRIL data for the period from July 1, 2015- June 30, 2016

# of education scholarships provided	PT. RAPP	Long-Term Suppliers
# of SMA Scholarships Provided	242	Not available
# of Talent Pool Scholarships Provided	46	Not available
Total Scholarships Provided	288	

Evidence Reviewed

APRIL provided a breakdown of all scholarships granted by PT. RAPP. On a sample basis, we traced the information back to scholarship agreements signed by both the company representative and the student. In addition, we confirmed that scholarships were provided as reported during one field inspection through interviews with local stakeholders.

Findings

Indicators V.a, V.c, and V.d are intended to be interim indicators to track APRIL's contributions to local communities through its social programs. Over time, these indicators will be replaced by more sophisticated indicators of social impact.

SMA scholarships relate to monetary support provided to students completing their high school diploma and Talent Pool scholarships relate to monetary support provided to students completing university programs and include a job with APRIL upon graduation.

V	Proactive support of local communities:
d.	# of SMEs contracted by APRIL and suppliers.

APRIL data for the period from July 1, 2015- June 30, 2016

Wood Sources	# of SMEs contracted
PT. RAPP	172
Long-Term Suppliers	Not available
Total	172

Evidence Reviewed

APRIL provided a listing of all Small Medium Enterprise (SME) organizations contracted by PT. RAPP during the period. On a sample basis, we traced the information back to signed contracts for services and goods purchased by PT. RAPP and signed by both the Company and the SME. In addition, we confirmed awareness of the SME Program during one field inspection through interviews with local stakeholders.

Findings

Indicators V.a, V.c, and V.d are intended to be interim indicators to track APRIL's contributions to local communities through its social programs. Over time, these indicators will be replaced by more sophisticated indicators of social impact.

A Small Medium Enterprise (SME) is defined as a business owned and operated by the local community. The SME Program aims to provide opportunities for individuals within local activities to engage with APRIL through commercial activities that support the company's operations and include up front capital and training. Areas of contracted work include supplying nursery growing media, harvesting, pallet making, transportation, etc.

V	Proactive support of local communities:
e.	# of multi stakeholder forums by location.
f.	# of stakeholder attendees.

APRIL data for the period from July 1, 2015- June 30, 2016

PT. RAPP Location (Area)	Number of forums	Number of Attendees	Long-Term Supplier Location (Area)	Number of forums	Number of Attendees
Buatan Port	4	87	Data not available	Data not available	Data not available
Futong Port	3	81			
Mill	4	96			
Ukui	1	20			
Cerenti	11	165			
Logas	10	255			
Teso	15	341			
Pulau Padang	3	68			
Pelalawan	6	131			
Meranti	3	52			
Mandau	7	104			
Baserah	11	248			
Langgam	5	52			
Total	83	1,700			

Evidence Reviewed

APRIL provided a listing of all community stakeholder meetings held by PT. RAPP during the period. On a sample basis, we traced the information back to a meeting summary and an attendance list. In addition, we confirmed the existence of community stakeholder forums during one field inspection through interviews with local stakeholders.

Findings

This indicator is intended to provide transparency on the number of local stakeholder forums provided by PT. RAPP and the number of stakeholder participants involved in the engagement process in relation to PT. RAPP's operations through which local communities can raise concerns.

V	Proactive support of local communities:
g.	# and status of agreed actions arising from stakeholder forums.

APRIL data for the period from July 1, 2015- June 30, 2016

Status of Agreed Actions	# of Agreed action – PT. RAPP	# of Agreed action – Long-Term Suppliers
Not yet started	Not Available	Not available
In progress	258	
Completed	28	

Evidence Reviewed

APRIL provided a listing of all community stakeholder actions agreed to during the stakeholder forums and budgeted by PT. RAPP during the period. On a sample basis, we traced the information for those actions marked as “completed” back to a signed acknowledgement of completion between PT. RAPP and the community, and for those actions marked as “in progress,” to procurement records demonstrating the progress on budget spent for this specific action.

Findings

This indicator is intended to track PT. RAPP’s fulfillment of the commitments made during stakeholder forums. The actions relate to requests by the local community for community development and include social infrastructure projects, healthcare support, education support, etc.

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.

VI. Respect the Rights of Indigenous Peoples and Communities Indicators

Indicators Developed

Seven Respect the Rights of Indigenous Peoples and Communities Performance Indicators were developed as follows:

VI	Respect the Rights of Indigenous Peoples and Communities:
<i>Overall objective: To demonstrate respect for the rights of indigenous peoples and rural communities throughout operations.</i>	
a.	# and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities
b.	Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts
c.	% of grievances addressed within 10 days
d.	% of grievances resolved in accordance with the grievance SOP
e.	Existence of publicly available grievance system
f.	Established SOP for addressing grievances
g.	# of land conflicts outstanding as of June 30, 2016

The 2016 performance indicators focus on the development of updated processes for the resolution of conflicts and grievances.

Indicator Performance

VI	Respect the Rights of Indigenous Peoples and Communities:
a.	# and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities

APRIL data for the period from December 31, 2015- June 30, 2016

No new Operations were initiated.

Evidence Reviewed

Review of Landbank, fiber supply delivery information and interviews with management in relation to new operations.

Findings

This is a critical indicator of APRIL's commitment to the principle of free, prior and informed consent by indigenous peoples and rural communities to the development of any new operations.

No operations were identified on new concessions. One long-term supplier concession on Sumatra held by PT. Sumatera Riang Lestari (PT. SRL) in Kubu was identified as being in the planning process. This concession is not new but has not previously been operated by PT. SRL. A site visit was undertaken to the concession to confirm that operations had not been initiated and to confirm that the process of gaining free prior informed consent of local villagers was being undertaken in advance of any new development. This process was underway but had not, at the time of the review, reached final agreement with the local villagers.

VI	Respect the Rights of Indigenous Peoples and Communities:
b.	Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts

APRIL data as of June 30, 2016

Wood Supplier	Ha Inactive due to unresolved conflict
PT. RAPP	10,572
Community Fiber Plantations	1,885
Long-Term Suppliers	72,241
Short-Term Suppliers	Not available
Total	84,699

Evidence Reviewed

The data presented above was compared to the APRIL Landbank. Site visits at a sample of concessions were undertaken to assess the accuracy of land use categorization.

Findings

Overtime time, this indicator will track progress on addressing current land claims.

Concession site visits identified active processes for the resolution of land claims and encroachment. Dispute resolution processes are applied to land claims and the settlement of these claims is reflected in Memoranda of Understanding (MOUs) with individuals and villages when resolved.

Encroachment is reported to local authorities and passed to the police if negotiations fail.

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.

VI	Respect the Rights of Indigenous Peoples and Communities:
c.	% of grievances addressed within 10 days
d.	% of grievances resolved in accordance with the grievance standard operating procedure (SOP)

APRIL data as of June 30, 2016

Total # of grievances received	PT. RAPP & Long-Term Suppliers
% of grievances addressed within 10 days	Not available
% of grievances resolved in accordance with the grievance SOP	Not available

Evidence Reviewed

Review of the newly developed grievance standard operating procedure, public communication on the grievance process and the grievance tracking database available online:

<http://sustainability.aprilasia.com/category/grievance-mechanism>

<http://sustainability.aprilasia.com/category/raise-a-grievance>

<http://sustainability.aprilasia.com/category/grievance-tracking>

Findings

These indicators address PT. RAPP and supplier responsiveness to grievances raised by local communities and the implementation of the grievance SOP.

PT. RAPP developed a new publicly available grievance SOP during 2015-2016 which became available on line as of August 30, 2016. The SOP specifies processes for responding to and resolving grievances that include:

- Duties and responsibilities of the Grievance Processing Unit (GPU) at APRIL, including the appointment of a Grievance Coordinator to manage the ongoing implementation of the Grievance Resolution SOP and coordinate progress and actions.
- The creation of a Grievance Committee to make management decisions in relation to grievances.
- Accessibility for lodging a grievance, including email, phone, mail or online.
- A set workflow for handling complaints and grievances, including timelines and an appeal process.

While a grievance SOP had been in place prior to August 30, 2016 it did not include the specific timelines for resolution included within the new SOP and a tracking system was not historically in place to track conformance with timelines. As a result, historic information is not available for reporting and performance against the specific timelines for resolution will be reported on a prospective basis.

VI	Respect the Rights of Indigenous Peoples and Communities:
e.	Existence of publicly available grievance system

As at June 30, 2016

	PT. RAPP	Long-Term Suppliers	Short-term Suppliers
Publicly available grievance system approved and socialized	Work in progress with stakeholders as of June 30, 2016.		

Evidence Reviewed

Review of the newly developed grievance standard operating procedure, public communication on the grievance process and the grievance tracking database available online:

<http://sustainability.aprilasia.com/category/grievance-mechanism>

<http://sustainability.aprilasia.com/category/raise-a-grievance>

<http://sustainability.aprilasia.com/category/grievance-tracking>

Findings

For a grievance system to be effective, it has to be known to and accessible to local communities. This indicator tracks the public availability of information on the grievance process to location communities.

The publicly available grievance system was in development during 2015-2016 and became available publicly (online) as of August 30, 2016 and will apply to all grievances raised, including those related to short-term suppliers.

VI	Respect the Rights of Indigenous Peoples and Communities:
f.	Established standard operating procedure (SOP) for addressing grievances

As at June 30, 2016

	PT. RAPP	Long-Term Suppliers	Short-term Suppliers
SOP including grievance mechanism approved and socialized	An internal procedure (not public) was in place to manage grievances during the reporting period. Grievances related to PT. RAPP and supply partners followed this process if received by PT. RAPP.	Grievances are managed by the individual companies using their own (not public) procedures.	Not available

Evidence Reviewed

We reviewed the existing APRIL grievance SOP that overarches all grievances, the land claim SOP, and the grievance database including outstanding and resolved grievances tracked by PT. RAPP. In addition, management and local stakeholder awareness of grievance mechanisms was tested through interviews during 7 field visits.

Findings

This indicator tracks the existence of an established grievance SOP and the development and implementation of processes to ensure local communities are made aware of the process (i.e. that the SOP is "socialized").

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.

Opportunity for Improvement #12

At the four Sectors visited directly after the launch of the Grievance mechanism on August 30, 2016, Sector management and community stakeholders were not yet aware of the new process.

VI	Respect the Rights of Indigenous Peoples and Communities:
g.	# of land conflicts outstanding as of June 30, 2016

APRIL data as of June 30, 2016

	Total # of land conflicts outstanding
PT. RAPP	PT. RAPP: 43 (Land claim: 31 Encroachment: 12)
Long-Term Suppliers	Not available
Short-Term Suppliers	Not available

Evidence Reviewed

APRIL provided a listing of total land conflicts tracked for PT. RAPP Sectors outstanding as of June 30, 2016. On a sample basis, we traced the information back to conflict documentation, including signed Memorandum of Understandings (MOU) if resolved after June 30, 2016. In addition, we confirmed completeness of the land conflict listing by ensuring conflicts observed during 7 field inspections were appropriately recorded.

Findings

The new publicly available land dispute standard operating procedure (SOP) was under development during the reporting period and has yet to be implemented in the resolution of outstanding disputes.

APRIL did not monitor the land conflict tracking system for suppliers throughout the year, therefore, this information is not available for reporting. The new publicly available SOP is currently being socialized with suppliers including assessment of how the gap in supplier data can be addressed going forward.

Opportunity for Improvement #13

During one of the concession/sector 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.

Opportunity for Improvement #14

The land conflict database listed one large conflict in respect to one of the PT. RAPP sectors 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.

VII. Responsible Practices in Our Work Places Indicators

Indicators Developed

Three Responsible Practices in Our Work Places Performance Indicators were developed as follows:

VII	Responsible Practices in Our Work Places:
<i>Overall objective: To provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance.</i>	
a.	# of fatalities
b.	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification

The 2016 performance indicators focus on occupational health and safety and processes for addressing labor concerns.

Indicator Performance

VII	Responsible Practices in Our Work Places:
a.	# of fatalities

APRIL data for the period from July 1, 2015- June 30, 2016

	PT. RAPP - Mill	PT. RAPP – Fiber	Long-Term Supplier	Short-Term Supplier
# of fatalities	0	0	2	Data unavailable

Evidence Reviewed

The health & safety standard operating procedure, 2015-2016 incident database, incident reports and OHSAS 18001 management system were reviewed. In addition, existence of any fatal incidents was confirmed during field visits through management and worker interviews.

Findings

This indicator tracks work fatalities for the mill site and fiber operations. An additional indicator addressing injuries is expected to be developed for future reporting periods.

Fatalities are formally tracked and investigated for all workers, including contractors, across PT. RAPP and long-term supplier operations.

During management and worker interviews as the short-term supplier concession visited, one fatality was reported and investigated.

VII	Responsible Practices in Our Work Places:
b.	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors

As at June 30, 2016

	Description of grievance mechanism in place
PT. RAPP employees	<p>A formal employee grievance standard operating procedure (SOP) is in place for raising grievances through directly raising issues with supervisors, with human resources or via Union representatives.</p> <p>In addition, there is a confidential email and phone number in place to raise issues.</p>
PT. RAPP contractor employees	<p>There is a regulated grievance mechanism in place for contractor companies. All contractor companies are required by local manpower law to create a “Company regulation” which states how HR matters (including grievances) are managed.</p> <p>For larger contractor companies who have a union in place, as required by law, they will have Collective Labor Agreement and an associated Employee Handbook with a more detailed grievance mechanism.</p> <p>PT RAPP has a requirement in all contractor agreements for the contractor company to follow Indonesian regulations, including those related to manpower, labor and collective bargaining.</p> <p>There is also a universal confidential email and phone number in place for contractor employees to raise issues.</p>
Long-Term Supplier employees	A regulated grievance process exists for all long-term suppliers which includes conveyance of any grievance to supervisors, then to union representatives (if the employee is a union member), then to the local manpower agency as specified in their Employee Handbook (CLA).
Long-Term Supplier contractor employees	A regulated grievance mechanism is required by law as specified above for PT. RAPP contractor employees, however, this is not formally monitored by APRIL.
Short-Term Supplier employees	A regulated grievance processes exists for short-term suppliers, however, this is not formally monitored by APRIL.
Short-Term Supplier contractor employees	A regulated grievance mechanism is required by law as specified above for PT. RAPP contractor employees, however, this is not formally monitored by APRIL.

Evidence Reviewed

Review of existing APRIL grievance SOP that overarches all grievances, the PT. RAPP labor grievance SOP, the PT. RAPP Collective Labor Agreement and Employee Handbook.

A sample of long-term supplier Collective Labor Agreements and Employee Handbooks, PT. RAPP contractor agreements, and monitoring data related to PT. RAPP contractor companies. In addition, existence and understanding of the labor grievance SOP was confirmed during field visits to four PT. RAPP sectors and supplier concessions.

Findings

This indicator tracks the existence of a grievance resolution mechanism for employee and contractor workers consistent with APRIL's commitments to responsible practices in the workplace that include respect for the International Labor Organization's (ILO) principles, freedom of association, anti-discrimination and anti-harassment provisions.

APRIL obtains copies and ensures appropriate content of Employee Handbooks for all Long-Term suppliers. APRIL also obtains copies of the Company Regulation for all contractor companies operating on PT. RAPP sectors as part of a standard contractor monitoring process.

Opportunity for Improvement #15

While a confidential email and phone number is in place to raise issues for PT. RAPP employees and contractor workers, based on worker interviews at three PT. RAPP sectors visited, it is not consistently socialized across the operations.

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.

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.

Opportunity for Improvement #18

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.

VII	Responsible Practices in Our Work Places:
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification

This table tracks the percentage of operations that have completed some form of occupational health and safety certification by June 30, 2016

	% covered by OHS certification		
	OHSAS 18001:2007	SMK3	
		Company Employees	Contractor Employees
PT. RAPP	75%	83%	0%
Long-Term Suppliers	0%	0%	0%
Short-Term Suppliers	25%	29%	0%
TOTAL	31%	35%	0%

Evidence Reviewed

An APRIL developed listing of certifications by supplier was cross-checked to certificates of occupational health and safety (OHS) certifications for PT. RAPP and individual suppliers. In addition, OHS certification tracking and plan was reviewed for PT. RAPP sectors and Long-Term Supplier concessions.

Findings

This indicator tracks the extent to which a formal health and safety management system is in place to address APRIL's commitment to ensure the health and safety of workers is protected and that workers are equipped for protection against occupational health and safety hazards.

PT. RAPP was part way through the process of undertaking OHSAS 18001 certification audits on all of its sectors at the time of our review, and had completed the audits for 9 of its 12 sectors with the remaining 3 certification audits planned for early 2017. OHSAS 18001 certifications cover all employee and contractor workers on site. There are no known or planned OHSAS 18001 certification audits for Long-Term supplier companies in the future.

SMK3 certification is required by local law for all companies who are either assessed as "high-risk" by the Ministry of Labor or for companies with greater than 100 workers. As of June 30, 2016, PT. RAPP had completed SMK3 certifications for 10 of its 12 sectors with the remaining 2 certification audits planned for early 2017. Long-term suppliers had not yet completed SMK3 certification, however, all certifications are currently planned for 2017 or early 2018.

Opportunity for Improvement #19

Planned dates of OHS certification (OHSAS 18001 or SMK3) are not formally monitored by APRIL for Short-Term Suppliers.

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.

VIII. Legal Compliance and Certification Indicators

Indicators Developed

Three Legal Compliance and Certification Performance Indicators were developed as follows:

VIII	Legal Compliance and Certification:
<i>Overall objective: To provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance.</i>	
a.	# of Instances of fire on concessions by cause (APRIL or supplier initiated or third party initiated)
b.	% of fiber covered by legality certification
c.	# of villages in fire free village program

The 2016 performance indicators focus on legality certification of the wood supply and management of fire risk.

Indicator Performance

VIII	Legal Compliance and Certification:
a.	# of Instances of fire on concessions by cause (APRIL initiated, supplier initiated or third party initiated)

APRIL data for the period from July 1, 2015- June 30, 2016

	# of instances caused by APRIL or supplier	# of instances caused by third parties
a. PT. RAPP	0	222
b. Long Term Supplier	0	51
c. Short Term Supplier	Data unavailable	Data unavailable
Total	0	273

Evidence Reviewed

An APRIL developed listing of fires during the period on PT. RAPP and Long-Term Supplier concessions was cross-checked on a sample basis to fire incident reports. Overall fire data was agreed to government reporting.

Findings

Fire management is a critical element of APRIL's compliance commitments. This indicator tracks the number of instances of fire that occur on APRIL and supplier concessions and the associated cause of the fires.

2015 was a particularly severe fire year in Indonesia and the World Bank has estimated that more than 2.6 million hectares of forest, peat and other land burned by late November, 2015, an area 36 times the size of Singapore.

APRIL maintains an active fire suppression program to address instances of fire on concessions. As a result of the fire suppression program the total hectares lost to fire on PT. RAPP and its long term supplier concessions during the reporting period was limited to 756 hectares.

While fire data is not reported for short-term suppliers, press reports indicate that fires did occur on some of these concessions. APRIL does not currently require short-term suppliers to provide details of fires on concessions or details of any related government sanctions.

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.

VIII	Legal Compliance and Certification:
b.	% of fiber covered by legality certification

APRIL data as at June 30, 2016

Supplier	Percentage of Kerinci mill fiber inputs between July 1, 2015- June 30, 2016	Legality Certification	Type of certification ¹
PT RAPP	28.5%	Yes	PHPL&IFCC (25.7%) PHPL (2.6%) VLK (0.2%)
Long-Term Supplier name	48.9%	Yes	PHPL&IFCC (28.1%) VLK&IFCC (0.5%) PHPL (16.3%) VLK (4.0%)
Short-term Supplier	22.3%	Yes	PHPL&IFCC (1.9%) VLK&IFCC (0.0%) PHPL & FSC-CW (2.2%) PHPL (15.2%) VLK (0.0%) FSC-CW (3.1%)
Community Fiber Plantations	0.3%	Yes	VLK (0.2%) DKP (0.1%)

¹Indonesian wood legality certifications.

Evidence Reviewed

Recalculation of the percentage fiber input from each supply source based on 2015 and 2016 fiber input data.

Sample based checking of legality certifications for individual suppliers.

Findings

The indicator tracks compliance with wood legality requirements for APRIL's fiber supply.

Based on the work undertaken, all of the fiber supply sourced from Indonesia carried wood legality certification. A small proportion (3.1%) of fiber supply is currently sourced from Malaysia through a log broker. To date, APRIL has relied on the fact that the broker has FSC Chain of Custody certification as evidence of legality for this source of supply.

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.

VIII	Legal Compliance and Certification:
c.	# of villages in Fire Free Village Program

APRIL data as at June 30, 2016

There are currently 18 villages in the Fire Free Village Program

Evidence Reviewed

An APRIL developed listing of villages enrolled in the Fire Free Village Program (FFVP) during the period was cross-checked on a sample basis to FFVP agreements signed between APRIL and community representatives.

Findings

In 2015 APRIL initiated the FFVP that worked with local villages and provided both training and financial incentives to those villages who were prepared to eliminate fire as a land-clearing tool. The initial program was carried out at villages associated with PT. RAPP operations and was considered a success in terms of its ability to reduce instance of fire on adjacent plantations and conservation areas.

This indicator tracks APRIL's success in expanding its FFVP to local villages located on or near APRIL and supplier concessions.

IX. Good Corporate Governance, Verification and Transparency Indicators

Indicators Developed

Five Good Corporate Governance, Verification and Transparency Performance Indicators were developed as follows:

IX	Good Corporate Governance, Verification and Transparency:
<i>Overall objective: To implement best practices in corporate governance and transparency.</i>	
a.	Total area and HCV/HCS area by concession publicly available
b.	# of multi stakeholder forums / meetings related to SFMP 2.0
c.	Long-Term and Short-Term supplier list publicly available
d.	% of PT. RAPP, Long-Term and Short-Term supplier concession maps publicly available
e.	Status of SAC Recommendations

The 2016 performance indicators focus on transparency in relation to suppliers and their concessions.

Indicator Performance

IX	Good Corporate Governance, Verification and Transparency:
a.	Total area and HCV/HCS area by concession publicly available.

APRIL data as at June 30, 2016

This indicator tracks the extent to which HCV information is publicly available on APRIL's sustainability portal for APRIL's supply sources. There are currently no completed HCS reports available to be made public.

Concession (Sector) name	HCV (Ha) ¹	Total concession area	HCV Information publicly available
PT. RAPP (Mandau)	2,443	23,561	Yes
PT. RAPP (Pelalawan North)	14,589	56,202	Yes
PT. RAPP (Pelalawan South)	6,405	29,949	Yes
PT. RAPP (Langgam)	1,826	6,739	Yes
PT. RAPP (Teso East)	6,056	19,648	Yes
PT. RAPP (Teso West)	2,734	20,007	Yes
PT. RAPP (Logas North)	2,313	10,422	Yes
PT. RAPP (Logas South)	3,573	14,144	Yes
PT. RAPP (Ukui)	3,541	15,697	Yes
PT. RAPP (Baserah)	3,118	19,669	Yes
PT. RAPP (Baserah Koridor)	719	5,329	Yes
PT. RAPP (Cerenti)	7,175	30,184	Yes
PT. RAPP (Teluk Meranti)	13,452	44,171	Yes
PT. RAPP (Tasik Belat)	6,050	11,340	Yes
PT. RAPP (Pulau Padang)	9,992	34,397	Yes
Long-Term Suppliers			
PT Sumatera Riang Lestari - Bayas	16,071	49,537	Yes
PT Sumatera Riang Lestari - Garingging	7,126	41,414	Yes
PT Sumatera Riang Lestari – Rupert	16,936	39,022	Yes
PT Sumatera Riang Lestari - Rangsang	6,509	18,974	Yes
PT Sumatera Riang Lestari - Kubu	726	42,340	No ²
PT Bukit Raya Pelalawan	1,653	3,849	No
PT Bukit Raya Mudisa	13,740	28,281	Yes
PT Mitra Taninusa Sejati	2,463	7,611	Yes
PT Rimba Mutiara Permai	2,550	8,062	Yes
PT Seraya Sumber Lestari	858	19,272	Yes
PT Rimba Rokan Lestari	2,032	7,136	Yes
PT Triomas FDI	2,672	9,787	Yes
PT Peranap Timber	20,922	33,718	Yes
PT Bina Daya Bintara	1,010	6,244	Yes
PT Citra Sumber Sejahtera	850	15,379	Yes
PT Bukit Betabuh Sei Indah	373	13,583	No

Concession (Sector) name	HCV (Ha) ¹	Total concession area	HCV Information publicly available
PT Mitra Kembang Selaras	3,640	14,831	Yes
PT Merbau Pelalawan Lestari ³	2,514	5,817	No
PT Madukoro	10,104	14,873	Yes
CV Harapan Jaya	3,455	5,081	Yes

¹HCV area is a component of, but not 100% of, the areas identified as conservation area under Indicators IIa and IIb which also includes ecosystem restoration areas and small amounts of agriculture and infrastructure.

² The PT SRL Kubu concession remains in the planning stage and no plantation development has been initiated.

³As of June 30, PT Merbau Pelalawan Lestari was a long-term supply partner of the APRIL Group and their concession data contributed to the conservation area and plantation data throughout the report. However, subsequent to the reporting period PT Merbau Pelalawan Lestari was terminated as a supplier.

Evidence Reviewed

Comparison of concession area and HCV area to information contained in the Company's Landbank.

Findings

This indicator tracks the public availability of HCV information by concession/sector.

The information on HCV area by concession is based on existing HCV reports that pre-date the SFMP 2.0 commitment to use HCV Resource Network licenced assessors for all HCV reports.

All RAPP concessions and 16 of the 20 long-term supplier concessions listed above have publicly available HCV reports maintained on the APRIL Sustainability Dashboard (<http://sustainability.aprilasia.com/>).

APRIL also holds 5 ecosystem restoration licenses which are not included in the above data as the ecosystem restoration licences follow a different approach to the identification of conservation values.

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).

IX	Good Corporate Governance, Verification and Transparency:
b.	# of multi stakeholder forums / meetings related to SFMP 2.0

APRIL data for the period from June 3, 2015- June 30, 2016

of forums/meetings held
18

Evidence Reviewed

An APRIL developed listing of all meetings held with respect to SFMP 2.0 or topics within SFMP 2.0 was cross-checked on a sample basis to meeting minutes.

Findings

This indicator is intended to provide transparency on the number of stakeholder forums provided by PT. RAPP in the engagement process in relation to SFMP 2.0 and related topics.

IX	Good Corporate Governance, Verification and Transparency:
c.	Long-Term and Short-Term supplier list publicly available

Evidence Reviewed

Comparison of the supplier list available on the APRIL sustainability dashboard in September 2016 against 2015 and 2016 supplier data gathered from wood deliveries.

Findings

This indicator tracks the public availability of information identifying APRIL's suppliers.

A supplier list has been published on the APRIL Sustainability dashboard, which is located at <http://sustainability.aprilasia.com/category/list-of-concession-maps/27>

Non-Conformance #3

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:

- 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.

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.

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.

IX	Good Corporate Governance, Verification and Transparency:
d.	% of RAPP, Long-Term and Short-Term supplier concession maps publicly available.

Evidence Reviewed

Comparison of the list of concession maps available on the APRIL sustainability dashboard (<http://sustainability.aprilasia.com/category/list-of-concession-maps/27>) against 2015 and 2016 supplier data gathered from wood deliveries.

Findings

This indicator tracks the public availability of APRIL and supplier concession maps.

Maps for all RAPP sectors are included on the website. There are a total of 40 long-term suppliers, of which 20 (50%) had maps posted at the time of the review.

Two of the 8 short-term suppliers (25%) had maps posted at the time of the review.

Opportunity for Improvement #26

There is an opportunity to continue to expand the number of suppliers who have publicly available concession maps.

IX	Good Corporate Governance, Verification and Transparency:
e.	Status of Stakeholder Advisory Committee (SAC) Recommendations

The table below is a list of recommendations and their implementation status as of June 30, 2016. These recommendations were raised by the seven SAC meetings that took place between March 21, 2014 and June 30, 2016.

MEETING NO.	RECOMMENDATION	STATUS
# 1 (20-21 March 2014)	1. APRIL should focus on its forest conservation commitment to support conservation areas equal in size to APRIL's plantation areas.	IN PROGRESS
	2. The SAC urged APRIL to meet or even accelerate its 2019 target deadline for plantation fibre self-sufficiency.	IN PROGRESS
# 2 (12-14 August 2014)	1. Clarify and strengthen its use of HCV process, including use of the HCVRN for peer-review for new suppliers	IMPLEMENTED
	2. Ensure that programs are effective to prevent development of HCV areas undergoing peer-review until peer-review is completed and the HCV report is issued	IMPLEMENTED
	3. Engage with stakeholders to improve the current HCV process in Indonesia	IN PROGRESS
	4. Develop a long term plan for a broader landscape perspective to identify and protect conservation zones	IN PROGRESS
	5. Enhance its monitoring and management of conservation zones for biodiversity	IN PROGRESS
	6. Continue its successful buffer strategy ("ring-concept") and proceed with its ecosystem restoration activities, particularly in Kampar Peninsula	IMPLEMENTED
	7. Take a leadership role in fire management by:	
	(a) Improving collaboration within the industry around fire prevention and control	IMPLEMENTED
	(b) Scaling-up engagement with communities and government for fire prevention and control	IMPLEMENTED
	(c.) Continuing to collaborate with WRI to improve its Global Forest Watch-Fires (GFW-Fires) alert system	IMPLEMENTED
	8. Improve capacity building in communication with suppliers in regards to policy compliance, including monitoring implementation of its HCVF program	IN PROGRESS
	9. Work at the landscape scale to prevent damage on peat land by other land users	IN PROGRESS

MEETING NO.	RECOMMENDATION	STATUS
# 3 (8-10 December 2014)	1. APRIL's Mixed Hardwood and HCV Sourcing Commitments:	
	(a) APRIL should clarify how its HCV commitment affects its existing concessions	IMPLEMENTED
	(b) Per prior SAC recommendations, the HCV Resource Network peer review process should be used for all future peer reviews, rather than using individuals listed by the HCV Resource Network	IMPLEMENTED
	(c.) the HCV assessment of PT Adindo Hutani Lestari concession should be subject to an additional review by the HCV Resource Network	IN DEVELOPMENT
	(d) MHW from older concessions that have not been subject to an HCV assessment should not be logged. <i>De minimis</i> rules should be established for those cases where isolated very small patches of MHW may be cleared, where they are impacting operational efficiency, but only once a risk based assessment of the potential for HCV values has identified that these are not present in the stand	IMPLEMENTED
	(e) APRIL should review its planning processes to determine how MHW stands were scheduled for logging when internal monitoring data identified the presence of an IUCN red-listed species in the area	IMPLEMENTED
	(f) APRIL should update its standard operating procedures to ensure that forestry activities, including canal development, are not initiated on any new concessions prior to the formal release of a peer reviewed final HCV report	IMPLEMENTED
	(g) It is important to communicate the HCV and MHW commitments to all RAPP concession managers as well as long term supply partners, particularly in relation to any potential hold-over MHW harvest areas from the 2014 operating plans (which should not be logged based on the SFM policy but which may be scheduled for logging in 2015 in the absence of broader communication of the commitment across all long term supply partners)	IMPLEMENTED
	(h) APRIL needs to define clearly how it differentiates between long term supply partners (who are unable to cut MHW after 2014) and short term suppliers (who are able to cut MHW after 2014). This is particularly important as PT Adindo Hutani Lestari, which has a multi-year contract, is treated as a short-term supplier.	IMPLEMENTED
	2. APRIL's commitments to transition to full reliance on plantation fibre:	
	(a) Continue to focus on initiatives to shorten the timeframe to self-sufficiency, including consideration of initiatives outside of the existing plantation footprint.	IMPLEMENTED

MEETING NO.	RECOMMENDATION	STATUS
	(b) Develop a comprehensive dashboard to monitor progress on self-sufficiency initiatives.	IMPLEMENTED
	3. APRIL's forest protection and conservation commitments:	
	(a) APRIL should consider transparent disclosure and tracking of land use status within conservation zones as a key indicator of progress towards achieving the one-to-one commitment	IMPLEMENTED
	(b) Restoration areas represent an opportunity to showcase conservation gains more broadly. Such opportunities should be explored to provide social and economic benefits to both APRIL and local communities.	IN PROGRESS
	(c.) In working toward its one-to-one commitments, APRIL should develop an overall spatial plan for retention or restoration of natural forest in the entire area of operations. The objective should be to retain conservation areas that are sufficiently large, effectively managed, representative and connected. This will enable greater progress to be made in ensuring the conservation of native biodiversity than the piecemeal HCV approach at present being used.	IN PROGRESS
	(d) APRIL should undertake restoration actions to minimize the impact of the canal developed in error into an HCV area on Pulau Padang	IMPLEMENTED
	4. APRIL's peatland management and commitments:	
	(a) The policy commitment should be clarified to explicitly address under which conditions forested peatland identified as HCV 4.1 may be developed and what constraints apply to these operations	IN DEVELOPMENT
	(b) Formal baseline expectations should be developed as part of site-level information on water table conditions, particularly for hydro buffers and conservation areas.	IN PROGRESS
	(c) Application of APRIL Standard Operating Procedures (SOP) across all suppliers would improve performance on peat management and lead to consistent standards for water table management.	IN PROGRESS
	(d) Completion of the ongoing study on the greenhouse gas implications of existing peat management practices is critical to a full understanding of the impacts of these practices and on opportunities for improvement in practices. APRIL should seek broad input on the final methodology and results of the study given its importance to understanding what types of practice are appropriate on peatland.	IN PROGRESS
	5. APRIL's regulatory compliance and certification commitments	
	(a) APRIL should increase the intensity of supplier inspections and focus this time on supplier performance, particularly to MHW suppliers.	IMPLEMENTED

MEETING NO.	RECOMMENDATION	STATUS
	(b) APRIL has a number of management systems designed to monitor both performance and forest condition. However, additional emphasis needs to be placed on using the information to maximize the effectiveness of the systems, e.g. using collated monitoring data to assess whether proposed logging activities have the potential to create impacts on locally present listed species.	IN PROGRESS
	(c.) Protection of honey trees and <i>Ramin</i> was noted in the field. However, individually retained trees have a low chance of survival. There are opportunities to improve the survival of retained trees through alternative strategies to single stem retention.	NO LONGER APPLICABLE
	(d) Create a database to report all findings from inspections and their status of resolution to management. Ensure that the learnings from any individual supply partner/concession are applied to all supply partners/concessions.	IMPLEMENTED
	6. APRIL's social commitments:	
	(a) While APRIL has developed an SOP to address the requirements of FPIC, it is not equipped to resolve land use conflicts that involve overlapping land claims between communities and should seek a greater level of government involvement in the resolution process.	IN PROGRESS
	(b) FPIC is an important element to address for new Ecosystem Restoration (ER) licences in order to achieve community support and create appropriate conditions for CCB/REDD recognition. The earlier this process starts the more effective it will be.	IN PROGRESS
	(c.) APRIL's SOP should reflect current practice of suspending operations in areas subject to significant disputes.	IN DEVELOPMENT
	(d) There is a need to establish and communicate clear expectations regarding the resolution of disputes related to older concession areas, particularly those that relate to the legacy of historic plantation establishment practice prior to the commitment of FPIC principles.	IMPLEMENTED
	7. APRIL's transparency commitments:	
	(a) The planning process for future SFMP verifications should incorporate a formal opportunity for stakeholder input.	IMPLEMENTED
	(b) APRIL and the SAC should continue to look for opportunities to broaden stakeholder representation on the SAC.	IMPLEMENTED
	(c.) For transparency purposes, direct external communication by SAC could be more frequently utilized in preference to APRIL announcement.	ONGOING
	(d) Given the range of SFM commitments, the overlap between some of the commitments, and the high potential for some commitments to be misunderstood, there is an immediate need for APRIL to develop, and make	IMPLEMENTED

MEETING NO.	RECOMMENDATION	STATUS
	available to stakeholders, a "what we mean by this" supplement to the SFM policy.	
	(e) An annual sustainability report should be considered post-2015 to avoid the information being too dated to be of significant relevance to stakeholders. GRI G4 Guidelines should be adopted for these reports.	IN PROGRESS
	8. The broader picture- APRIL's commitment in relation to RGE Group:	
	(a) RGE should adopt an overarching set of principles that all member companies apply rather than have one member company commit to influence the others.	IMPLEMENTED
# 4 (26-29 May 2015)	1. SAC strongly supports APRIL's updated commitments on the SFMP 2.0 and noted that this improved version incorporates many SAC recommendations and key stakeholder inputs following the implementation and assessment of SFMP 1.0	N/A
	2.(a) APRIL to be more proactive to communicate and update local stakeholders about the SAC and the SFMP implementation progress, and to improve its follow-up with local stakeholders	IMPLEMENTED
	2.(b) APRIL should establish a clear and transparent process and an internal mechanism to follow up on stakeholder complaints and claims for compensation.	IMPLEMENTED
	3. APRIL develops a program to meet its commitments on livelihood plantations	IN PROGRESS
	4. SAC recognises the value of Stakeholder Forum and will conduct Stakeholder Forum on a regular basis.	IMPLEMENTED
	5. SAC supports the creation of PEWG and recommends APRIL to include international experts as well as technical specialists with practical experience in managing tropical peatland.	IMPLEMENTED
	6. SAC commends APRIL for the significant progress made against the Action Plan 2015 and recommends that APRIL shares the KPMG "Progress Report on APRIL's Action Plan" widely with stakeholders.	IMPLEMENTED
	7.(a) future progress against SFMP 2.0 should be monitored using key indicators, which are selected with inputs from key internal and external stakeholders.	IMPLEMENTED
	7.(b) involving local stakeholders in monitoring implementation of the SFMP 2.0.	IN DEVELOPMENT ¹
	1.(a) SAC recommends that the concession maps for APRIL and its suppliers be made available to the SAC immediately	IN PROGRESS

MEETING NO.	RECOMMENDATION	STATUS
#5 (10- 12 November 2015)	1.(b) APRIL make all suppliers concession data available to WRI, in addition to the information on own concessions already provided.	IN PROGRESS
	2. APRIL evaluates the extent of encroachment across all suppliers, including its existing conservation areas, and works with other stakeholders to develop appropriate responses to address the issue and reduce the impact	IN PROGRESS
	3. SAC commends APRIL for its current landscape approach in Kampar Peninsula and recommends:	
	(a) APRIL continues focusing on FPIC, conflict resolution, or rights mapping	IN PROGRESS
	(b) the rights mapping planned to be implemented in Kampar Peninsula should be expanded	IN DEVELOPMENT
	(c) APRIL to work with other stakeholders in this landscape, including with other concession holders	IN PROGRESS
	4. APRIL identifies other landscapes beyond Kampar, and notes that there could be an opportunity for large-scale conservation in/around Adindo concession.	IN PROGRESS
	5. SAC commends APRIL for developing a root-cause solution for some fires through its Fire-Free Village Programs (FFVP): recommends communicating its integrated approach to fire management more widely to stakeholders	IMPLEMENTED
	6. Grievance Mechanism process to be transparent and easily accessible to all stakeholders	IMPLEMENTED
	7. The definition of “scrub” used by Hatfield needs to be clarified and aligned with HCS definition.	IMPLEMENTED
#6 (12 - 15 January 2016)	1. SAC recognizes the value of Stakeholder Forums and field visits and intends to make this a standard part of the agenda of future SAC meetings.	IMPLEMENTED
	2. SAC recommends APRIL to have a standardized format for monitoring the status of APRIL’s existing commitments to communities and NGOs, specifically:	
	(a) SAC recommends that APRIL should immediately work on meeting its existing commitments on livelihood plantations in Pulau Padang. SAC will inform IPEWG of this commitment;	IN PROGRESS
	(b) In addition, APRIL needs to communicate the timeline of completing livelihood plantation to the local communities.	IN PROGRESS
	3. SAC reminds APRIL :	
	(a) of its commitment to provide a map showing all areas of natural forest in operational areas of APRIL and its suppliers, including the natural forest affected by moratorium policy, with an overlay that shows where encroachments are occurring	IN PROGRESS

MEETING NO.	RECOMMENDATION	STATUS
	(b) to ask Hatfield to clarify and align the definition of “scrub” with the HCS definitions.	IMPLEMENTED
	4. To diversify and strengthen community development efforts:	
	(a) APRIL should engage specialized experts, including NGOs, in community development.	IN PROGRESS
	(b) during livelihood development, relevant expertise in managing and marketing should be obtained	IN PROGRESS
	5. Progress has not been made on identification of other landscapes beyond Kampar:	
	(a) a work plan and timeline need be prepared for identifying other landscapes and presented in the next SAC meeting.	IN DEVELOPMENT
	6.(a) SAC commends APRIL's FFVP initiative for responding to fire challenges and expresses its confidence in the capacity of APRIL's fire management team in responding to the severe challenges expected in 2016, particularly in supplier estates that are heavily encroached.	N/A
	6.(b) SAC recognizes that this will be a demanding task and achieving APRIL's 'Zero Fire 2016' target on all estates including those of suppliers will be difficult.	N/A
	6.(c) SAC fully supports APRIL's plan to expand its FFVP program and to develop community capability to achieve “Fire Resilient Communities” and “Fire Resilient Landscapes”	IMPLEMENTED
	7. APRIL be more proactive in ensuring that workers are hired from local communities where the work takes place (i.e. provide special training for local workforce)	IN PROGRESS
#7 (21 - 24 June 2016)	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.	IMPLEMENTED
	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.	IN PROGRESS

MEETING NO.	RECOMMENDATION	STATUS
	3. The SAC requests that APRIL publish all supplier maps. 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 Long-Term/Short-Term suppliers are simply classified as suppliers given that all are expected to conform to APRIL's SFMP 2.0:	
	(a) To share the latest list of all suppliers to SAC members	IMPLEMENTED
	(b) To publish an updated list of all suppliers in APRIL's sustainability dashboard	IN PROGRESS
	(c) To publish the rest of supplier maps (2) by SAC meeting	IN PROGRESS
	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.	IN PROGRESS
	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.	
	(a) To finalize and publish the Grievance SOP in APRIL's Sustainability Dashboard	IMPLEMENTED
	(b) To create an action plan, including a timetable and social conflict mapping, on how APRIL will resolve existing conflicts across its supply chain	IN PROGRESS
	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.	IN DEVELOPMENT

MEETING NO.	RECOMMENDATION	STATUS
	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.	IN DEVELOPMENT
	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.	IN PROGRESS
	9. The SAC noted a recent report by an Environment Group (Greenomics), which requested that APRIL identify all peat domes on 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.	IN PROGRESS
	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.	IN DEVELOPMENT
	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.	IN PROGRESS
	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.	IN PROGRESS

¹ In relation to the involvement of local stakeholders in monitoring implementation of the SFMP 2.0. APRIL currently gathers stakeholder feedback on performance through local stakeholder forums but has not, to date, extended the level of stakeholder engagement to include an opportunity to collect monitoring data for SFMP 2.0 indicators.

Evidence Reviewed

APRIL prepared a list of the Stakeholder Advisory Committee (SAC) recommendations from each of the seven SAC meetings to date and identified the status of actions taken in relation to each of the recommendations. KPMG PRI reviewed the status of actions taken and compared this to available data and our knowledge of the implementation status based on the work performed during this review.

Findings

The SAC is an independent committee of forestry and social experts and was established in January 2014 in order to oversee the implementation of APRIL Group's Sustainable Forest Management Policy (SFMP). The SAC provides recommendations and inputs related to SFMP implementation.

There have been a total of seven SAC meetings since inception of the committee in January 2014 resulting in a total of 88 actionable recommendations or sub-recommendations. Of these recommendations, a total of 39 (44%) have been implemented, one is no longer applicable, and the remaining are in progress or in development as of June 30, 2016.

Following an SAC request, APRIL now provides an update to the SAC on the status of open recommendations at each SAC meeting.

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.

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).

Appendix 1: SFMP 2.0



APRIL Group's Sustainable Forest Management Policy 2.0

3 June 2015

APRIL Group (APRIL) is committed to sustainable development in all locations where we operate by implementing best practices in social, environmental and economic spheres as guided by our business philosophy that whatever we do must be “Good for the Country, Good for the Community, and Good for the Company”.

We commit to eliminating deforestation from our supply chain and to protecting the forest and peatland landscapes in which we operate and to supporting best practice forest management in all countries where we source wood. We commit to respecting human rights and environmental aspects throughout our wood supply chains. Our goal is to be a good and responsible neighbor in the local, national and global community.

APRIL's Sustainable Forest Management Policy (SFMP) 2.0 was developed with inputs from APRIL's Stakeholder Advisory Committee (SAC) and key stakeholders from civil society. This Policy is an evolution of APRIL's SFMP 1.0, launched on 28 January 2014. This Policy incorporates the Royal Golden Eagle (RGE) Sustainability Framework ¹.

The commitments made in this document apply entirely and exclusively to APRIL, which is an independently managed company with operations in Indonesia. It also covers all current and future wood suppliers to APRIL as well as any future acquisitions or partnerships.

I. Long Term Sustainability:

APRIL's objective is to establish sustainable plantations that supply wood to its mill, provide employment opportunities and economic wellbeing for the community. APRIL and its suppliers will take a landscape approach to conservation of forest, peatland and other important environmental and social values.

- a. Effective immediately, APRIL and its suppliers will only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments;
- b. APRIL and its suppliers will actively protect HCV and HCS areas;
- c. APRIL and its suppliers will follow the HCS Approach as prescribed by the HCS Approach Steering Group;
- d. APRIL and its suppliers will use HCV Resource Network (HCVRN) licensed assessors; if such assessors are unavailable, APRIL will refer to SAC for recommendations of HCV assessors;
- e. To achieve the above, APRIL will seek partnership with relevant stakeholders (NGO, government, companies, local communities and conservation experts) in protecting and managing forests within the landscape where APRIL operates;
- f. APRIL will practice integrated conservation and forest management which incorporates findings from HCV, HCS, social assessments, and on peatland areas, inputs from the Peat Expert Working Group (PEWG);

¹ Refer to Royal Golden Eagle's website at <http://www.rgei.com/sustainability/sustainability-framework>

- g. By 15 May 2015, APRIL and its suppliers halted all harvesting of mixed hardwoods². Mixed hardwoods harvested before 15 May 2015 will be utilized by APRIL's mill before end December 2015;
- h. Any residual fibre cleared from non-forested land, as defined by HCV and HCS as scrub land, will be utilized by APRIL's mill;
- i. APRIL will not establish a new pulp mill and/or a new pulp line until it achieves plantation fibre self-sufficiency.
- j. APRIL will not acquire any new land, or forestry licenses; or receive wood from land licensed to third parties, where after 3 June 2015 the seller has knowingly cleared HCV or HCS forests or forested peatlands³. This shall not apply to acquisition of land or licences for the purposes of restoration or conservation activities under clause II.d of this Policy.

II. Forest Protection and Conservation:

APRIL enforced a moratorium on natural forest clearance pending the outcome of High Conservation Values (HCV) and High Carbon Stock (HCS) assessments by 15 May 2015. This moratorium also applies to all third-party wood suppliers to APRIL.

- a. APRIL and its suppliers support the conservation and ecosystem restoration of natural forests, and forested peatlands, and other ecologically, hydrologically and culturally important areas where APRIL operates;
- b. APRIL and its Long-Term Supply Partners currently protect and manage more than 250,000 hectares of conservation areas and 70,000 hectares of ecosystem restoration areas;
- c. APRIL will undertake landscape scale assessments and apply a landscape approach to optimize forest conservation and other land uses;
- d. APRIL will establish conservation areas equal in size to APRIL's plantation areas⁴.

III. Peatland Management:

APRIL will implement best practices on peatland management which support the Government of Indonesia's target to reduce greenhouse gas emissions, and maintain other conservation values.

- a. No new development by APRIL and its suppliers on forested peatland;
- b. A Peat Expert Working Group (PEWG) will be established to provide inputs and recommendations to APRIL on:
 - Best management practices to be implemented in existing plantations on peatland;
 - Actions required to ensure conservation of forested peatland and critical peatland landscape;
 - Development options for non-forested peatland;
- c. The recommendations from PEWG will enable APRIL to implement international best practice for tropical peatland to protect areas of forested peatland and to reduce GHG emissions;
- d. Pending input from PEWG:
 - No canals will be constructed where new plantation development is taking place on peatland;

² Under *de minimis* rule, small isolated areas within existing plantation concessions could be harvested only if they are not classified as HCV or HCS through the assessment process.

³ Plantation land acquisitions will be reviewed by the SAC.

⁴ The conservation areas will be of appropriate size, shape, connectivity, and representativeness to protect ecosystem functions and to conserve native biodiversity.

- Fire/flood prevention measures and maintenance of existing canals will continue in established plantation areas.

IV. Continuous Reduction of Carbon Footprint:

APRIL commits to continuous reduction of its carbon footprint.

- a. APRIL will continuously improve its material and energy efficiency throughout the supply chain, and optimize utilization of renewable energy;
- b. APRIL will increase its carbon sequestration through conservation and ecosystem restoration and continuous improvements in sustainable plantation management practices;
- c. APRIL will track its carbon emissions and report progress on reducing its overall carbon footprint.

V. Proactive Support of Local Communities:

APRIL will continually seek opportunities to consult and align with the interests of communities and create shared value through:

- a. Strengthened efforts in alleviating poverty in rural communities around APRIL's areas of operation, through creation of jobs, providing better access to quality education, community empowerment, and enhancement of rural livelihood;
- b. Pro-active Corporate Social Responsibility (CSR) activities especially village entrepreneurship incubations and farming systems;
- c. Inclusion of smallholders/Small Medium Enterprises (SME) into APRIL's supply chains, where appropriate;
- d. Engaging stakeholders through regular multi stakeholder forums and focus groups to obtain inputs on social issues and develop a monitoring and reporting system.

VI. Respect the Rights of Indigenous Peoples and Communities:

APRIL respects the rights of indigenous peoples and rural communities and commits to the following:

- a. Respect the Universal Declaration of Human Rights, national laws and ratified international treaties, on human rights and indigenous people;
- b. Respect of the tenure rights of indigenous peoples and rural communities;
- c. Respect of the rights of indigenous peoples and communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operate on lands where they hold legal, communal or customary rights prior to commencing any new operations;
- d. No tolerance for the use of violence, intimidation or bribery;
- e. To ensure that relevant international best practices in FPIC are followed, APRIL will actively engage with stakeholders, including communities, government, customers and civil society at the local, national and international levels;
- f. Resolution of complaints and conflicts through mutually agreed, open, transparent and consultative processes that respect customary rights;
- g. To develop Standard Operating Procedures (SOP) and maintain processes for the responsible handling of the list of all complaints from communities and other relevant stakeholders. These processes will be developed, updated, improved, monitored and reported to the SAC and other relevant stakeholders.

VII. Responsible Practices in Our Work Places:

APRIL commits to provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance, by ensuring specifically that:

- a. International Labour Organization's Declaration on Fundamental Principles and Rights at Work is respected;
- b. Recruitment best practices are in place, meeting all legal requirements and cultural practices, including proactive recruitment of qualified workforce from local community;
- c. Freedom of association is respected;
- d. Diversity within its workforce is respected;
- e. If provided as part of employment package, accommodation is safe and hygienic;
- f. The health and safety of workers is protected. APRIL shall equip workers to protect them from exposure to occupational health and safety hazards;
- g. No tolerance is given for child labour, forced labour or bonded labour;
- h. No tolerance is given for discrimination, harassment and abuse in any form.

VIII. Legal Compliance and Certification:

APRIL goes beyond legal compliance toward achieving Sustainable Forest Management (SFM).

- a. APRIL reaffirms its commitment to comply with all prevailing laws and regulations, and requires all its wood suppliers to do so;
- b. APRIL participates in global SFM certification schemes and encourages its wood suppliers to do the same;
- c. APRIL currently has and will continue to maintain timber legality assurance certification;
- d. APRIL has strict "No Burn" policy and will follow the National legal requirement addressing impact of fires. APRIL will continue to support fire prevention and fire fighting efforts across the landscapes in which it operates;
- e. APRIL has a robust Chain of Custody (CoC) tracking system and mill wood sourcing monitoring system to ensure all the wood is traceable back to source.

IX. Good Corporate Governance, Verification and Transparency:

APRIL commits to best practices in good corporate governance and transparency.

- a. APRIL will maintain a Stakeholder Advisory Committee (SAC), established in 2014, to ensure transparency and implementation of this SFMP including appointment of an independent verification auditor;
- b. APRIL will establish a transparent, responsive grievance mechanism with input from stakeholders that is readily accessible to stakeholders and will respond to grievances in a timely and transparent way;
- c. APRIL will provide regular progress update on the implementation of APRIL's SFMP to key stakeholders;
- d. APRIL will work collaboratively with Government, industry associations and other stakeholders to support sustainable development including national and local regulatory reform to improve spatial planning, incentivize forest conservation, support roll out of "One Map" initiative by the Indonesian Government and promote the utilization of degraded lands.

Appendix 2: Summary of Indicators

SFMP 2.0 Performance Indicators

I	Long Term Sustainability:
a.	Tonnes and % of fiber supply from APRIL and long term supplier plantations
b.	# of Ha developed by category (Forested, Non-Forested and HCV ¹ /HCS ² and non-HCV/HCS)
c.	# and % of non-compliant development that has been rehabilitated
d.	Average tonnes fiber / hectare harvested on APRIL and long-term supplier concessions
e.	# of tonnes mixed hardwood (MHW) deliveries utilized by the Kerinci mill after the December 31, 2015 cut-off date
f.	% Change in mill fiber consumption capacity
g.	Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS)
h.	Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands
i.	Projected timeframe to fiber supply self-sufficiency
II	Forest Protection and Conservation:
a.	Hectares of conservation and restoration area (forest, agriculture, infrastructure, open area, scrub) and change from prior period (by encroachment, fire, development)
b.	Ratio of conservation area to total plantation area
c.	# of APRIL and supplier concessions included within landscape level plans in progress
d.	Number of landscape level plans developed
III	Peatland Management:
a.	# of Ha of plantation, conservation, and ecosystem restoration on peatland.
b.	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule for: <ul style="list-style-type: none"> - Best management practices in existing plantations on peatland; - Conservation of forested peatland and critical peatland landscape, and - Development options for non-forested peatland.
c.	Total Ha developed on peatland.

IV	Continuous reduction of carbon footprint:
a.	Mill tonnes of GHG / tonne of pulp.
b.	Mill tonnes of GHG / tonne of paper.
c.	% of mill energy needs met by energy source.
V	Proactive support of local communities:
a.	<ul style="list-style-type: none"> - Total \$ spent on social infrastructure projects. - KMs of road built. - # of social infrastructure projects completed. - # of social infrastructure projects for which materials were provided
b.	Local GDP
c.	# of education scholarships provided
d.	# of SMEs contracted by APRIL and suppliers
e.	# of multi stakeholder forums by location
f.	# of stakeholder attendees
g.	# and status of agreed actions arising from stakeholder forums
VI	Respect the Rights of Indigenous Peoples and Communities:
a.	# and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities
b.	Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts
c.	% of grievances addressed within 10 days
d.	% of grievances resolved in accordance with the grievance SOP
e.	Existence of publicly available grievance system
f.	Established SOP for addressing grievances
g.	# of land conflicts outstanding as of June 30, 2016

VII	Responsible Practices in Our Work Places:
a.	# of fatalities
b.	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification
VIII	Legal Compliance and Certification:
a.	# of Instances of fire on concessions by cause (April or supplier initiated or third party initiated)
b.	% of fiber covered by legality certification
c.	# of villages in fire free village program
IX	Good Corporate Governance, Verification and Transparency:
a.	Total area and HCV/HCS area by concession publicly available
b.	# of multi stakeholder forums / meetings related to SFMP 2.0
c.	Long-Term and Short-Term supplier list publicly available
d.	% of PT. RAPP, Long-Term and Short-Term supplier concession maps publicly available
e.	Status of SAC Recommendations

Appendix 3: APRIL action plans for identified non-conformities

APRIL SFM Policy 2.0 Implementation – Draft Action Plans December 2016		
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 peatland 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 reportig period.</p>	Timeframe: Already Complete.
APRIL Root cause analysis	N/A	
KPMG PRI review of Action Plan	Completed in 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.	
KPMG PRI review of Action Plan	Completed in December 2016.	

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.	
KPMG PRI review of Action Plan	Accepted - December 2016.	

Appendix 4: Opportunities for Improvement

APRIL SFM Policy 2.0 Implementation – Draft Action Plans December 2016		
	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)	Establish enhanced long-term supplier data reporting requirements for the next report on SFMP 2.0 performance indicators	Timeframe: 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.	
KPMG PRI review of Action Plan	Accepted- December 2016	

Opportunity for Improvement #2	<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 are and HCV/HCS area by concession publicly available 	
APRIL Action Plan(s)	<p>Use the new short-term supplier monitoring program to assess, for each indicator, whether it will be more appropriate to have short-term suppliers report data or for APRIL to use its own monitoring data based on remote monitoring and on-site field inspections to report on short-term supplier compliance.</p>	<p>Timeframe 120 days</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>	
KPMG PRI review of Action Plan	<p>Accepted- December 2016</p>	

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)	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 90 days
APRIL Root cause analysis	The supplier monitoring process has expanded over 2016 but did not have full coverage by the end of the reporting period.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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	Insufficient level of detail in existing supplier due diligence processes with respect to HCV assessment quality for new concessions and suppliers.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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 1. Complete 2. 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.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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)	Clearly define exactly how the commitment is to be calculated and what additional data may be required in order to report on progress toward the 1:1 commitment using the more complex approach described in SFMP 2.0. One this is determined update reporting and / or SFMP 2.0 language to make the approach clear	Timeframe 90 days
APRIL Root cause analysis	Mismatch between the stated SFMP 2.0 commitment and the way that the Company's commitment has historically been calculated.	
KPMG PRI review of Action Plan	Accepted- December 2016	

Indicator III.b	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule for: <ul style="list-style-type: none"> - 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.	
KPMG PRI review of Action Plan	Accepted- December 2016	
APRIL Root cause analysis	<p>This data was not historically collected from all suppliers and existing monitoring processes focused on wood legality did not provide sufficient data to report the information.</p> <p>Further, this is an interim indicator pending reassessment of the reporting needs for community development data following the initial (baseline) reporting for 2015/16.</p>	

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 this indicator 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	This is the first performance indicator report for SFMP 2.0 and there was insufficient time to identify and collect new data on this indicator prior to the reporting date.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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 now being used for tracking potential new development was previously used for other purposes, 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.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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 90 days
APRIL Root cause analysis	Root cause unknown at this time.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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)	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	The new SOP had just been released and had not yet been socialized.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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	Root cause unknown at this time.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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 is in place to raise issues for PT. RAPP employees and contractor workers, based on worker interviews at three PT. RAPP estates visited, it is 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	Lack of socialization of the confidential phone number as part of the formal grievance mechanism.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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)	<ol style="list-style-type: none"> 1. Include data sharing requirements in an SFMP 2.0 Compliance Self-Assessment Form (developed as part of the SFMP 2.0 Compliance SOP) that includes disclosure of the existence of a grievance resolution mechanism. 2. Annual audits of suppliers to check mechanism is in place and socialized. 3. Publication of results of monitoring. 	Timeframe <ol style="list-style-type: none"> 1. 90 days 2. 90 days 3. Next SFMP 2.0 verification
APRIL Root cause analysis	The focus of historic processes was the existence of grievance processes but this did not include assessment of the socialization of grievance processes.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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)	Expand existing supplier monitoring program as per Opportunity for improvement #16	Timeframe See Opportunity for improvement #16
APRIL Root cause analysis	Existing long-term supplier assessments were focused on legal compliance but processes were not explicit enough to consistently consider whether a) the contractor had specific legal requirements related to grievance mechanisms or b) the processes were appropriately implemented.	
KPMG PRI review of Action Plan	Accepted- December 2016	

Opportunity for Improvement #18	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.	
APRIL Action Plan(s)	Expand existing supplier monitoring program as per Opportunity for improvement #17	Timeframe See Opportunity for improvement #16
APRIL Root cause analysis	Short-term supplier monitoring was historically less extensive than long-term supplier monitoring.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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)	<ol style="list-style-type: none"> 1. Include data sharing requirements in an SFMP 2.0 Compliance Self-Assessment Form (developed as part of the SFMP 2.0 Compliance SOP) that includes disclosure of status of OHS certification. 2. Targets for completion of certification to be agreed with short-term suppliers, where applicable. 3. Publication of progress. 	Timeframe <ol style="list-style-type: none"> 1. 90 days 2. 90 days 3. Next SFMP 2.0 verification
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.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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 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.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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)	See action plan for Opportunity for Improvement #3	Timeframe See action plan for Opportunity for Improvement #3
APRIL Root cause analysis	Lack of familiarity with the FSC chain of custody claim process.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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)	Provide more public detail on long-term supplier HCV reports to make it clear why some long-term supplier concessions do not have a posted report.	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.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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 identify all suppliers on supplier list at time of contract initiation. Public supplier list to be updated quarterly.	Timeframe 30 days
APRIL Root cause analysis	At the time the new supplier was contracted with the sustainability department (which has responsibility for updating the supplier list) was not part of the new supplier due diligence process so updating of the supplier list was not timely.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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)	Automate the provision of passwords to users so that usage can be tracked without the risk of delays in providing access to new users or concerns over transparency.	Timeframe 90 days
APRIL Root cause analysis	Use of a similar process to a competitor to track interest in the dashboard.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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.	
KPMG PRI review of Action Plan	Accepted- December 2016	

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.	
KPMG PRI review of Action Plan	Accepted- December 2016	
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.	
KPMG PRI review of Action Plan	Accepted- December 2016	