



Stakeholder Advisory Committee (SAC) on

APRIL's Sustainable Forest Management Policy (SFMP 2.0)

– 10TH SAC Meeting in Pangkalan Kerinci, Riau - Indonesia, 23-25 May 2017 –

SAC MEMBERS	<ol style="list-style-type: none"> 1. Mr. Joe Lawson (<i>Chair</i>) 2. Al Azhar 3. Prof. Jeffrey Sayer 4. Dr. Neil Byron 5. Ibu Erna Witoelar
IN ATTENDANCE	<p>A representative from a financial institution and a local NGO activist attended several sessions in the capacity of observers. A representative from KPMG PRI also attended the meeting as a resource person.</p>
TOPICS OF DISCUSSION	
<p>Opening remarks and general observations</p> <p>The SAC welcomed its newest member, Ibu Erna Witoelar. Ibu Erna was the former Indonesian Minister of Human Settlement and Regional Development, has held leadership positions with multiple sustainable development organizations and was the founder of several organizations like WALHI and KEHATI. She brings a wealth of experience in promoting the sustainable development of Indonesia and SAC members are truly honored to have her join the committee.</p>	
<p>1. Visit to a community forestry area</p> <p>The SAC members visited the Badagu community in Langgam village, toured their community forest estate and discussed APRIL's forestry engagement with community leaders. APRIL has had a long term and successful cooperative forestry program with the Badagu community since 2004, but there is concern within the community of potential impacts from the peatland regulations.</p> <p>The community also expressed concern regarding the local government's proposed establishment of a Techno Park within community boundaries. There was conflicting information from the <i>batin</i> (adat leader) and the <i>lurah</i> (formal representative of the local government) regarding the consultation process with the community, but both are now committed to pursue it further. There has been assurance by the local government that the community will be compensated.</p> <p>The SAC requests that APRIL further monitor this development and consider assisting their community partner in an appropriate manner.</p>	
<p>2. Updates on community forestry development*</p> <p>APRIL presented its plans to upgrade and expand community forestry schemes. The company is developing options to actively involve local communities in smallholder plantation management, and</p>	



starting to pilot these in several mineral soil locations. Competitiveness of the schemes vis-à-vis palm oil is being emphasized, with early cash flow coming from local employment for plantation establishment and cultivation of non-perishable agriculture crops.

The SAC commends APRIL on its efforts to develop an enhanced community forestry program. There was discussion on the exact terminology to refer to these schemes, and whether community forestry is the appropriate term. Clarity may be required in the use of this term.

*See 'Note on Community Forestry Options'.

3. Status of prior SAC recommendations

During the 9th SAC meeting, APRIL presented a review of the status of SAC recommendations spanning the eight meetings from March 2014 to December 2016. An opportunity was identified to further rationalize SAC recommendations along common themes, eliminating redundancies between overlapping recommendations given over time.

Responding to this, APRIL proposed to the SAC a consolidated document, which also incorporates the recommendations that emerged from the 9th meeting. APRIL has proposed, and SAC has agreed, that the recommendations be categorized as follows:

- Items assessed as closed.
- Items for which no action plan is required but general advice/guidance was provided.
- Items with specific recommendations and time-bound action plans, still in progress.

4. Status of Action Plans addressing KPMG findings

APRIL reported on the status of the Action Plans that respond to the findings of the 2016 KPMG PRI Assurance Report. 86% of the plans addressing opportunities for improvement have been implemented, with a remaining 14% (or 4 opportunities for improvement) in progress. Detailed updated information on the specific Action Plans is available on APRIL's [Sustainability Dashboard](#).

5. Audit improvement process: Discussion on indicators for 2017 interim report and 2017-2018 assurance engagement

KPMG PRI presented its work plan for 2017, including a closeout audit on the Action Plans and an interim assurance report covering seven high-priority SFMP 2.0 indicators determined by SAC in the 9th meeting, as follows:

- Ha developed by category
- Ha developed on peatland
- # and status of agreed actions from stakeholder forums
- % of grievances addressed within 10 days
- % of grievances resolved in accordance with SOP
- % of operations covered by OHS certification
- # of instances of fires on concessions by cause

An initial set of draft indicators for the next annual assurance exercise, which will cover reporting



period January to December 2017, was also tabled for discussion by KPMG PRI, incorporating the feedback from external stakeholders received during the March fora. The SAC feels that social indicators for the 2018 assurance report could be further strengthened. The SAC will work to organize a subsequent round of public consultation on the proposed draft indicators.

6. Debrief on Wetlands International workshop

APRIL presented a summary of the meeting with representatives of Wetlands International. The two day workshop attended by four Wetlands International representatives at APRIL's operations in Pangkalan Kerinci, April 2017, consisted of one day of technical discussions about peat land management and organizational perspectives; and a second day in the field reviewing a Riau Ecosystem Restoration forest area and a GHG tower operating in the center of an acacia plantation.

The meeting resulted in not only an exchange of perspectives, but a positive change of perceptions about each other's organizations. The SAC commends APRIL for meeting with Wetlands International.

7. Updates on other RGE business groups

RGE updated the SAC on the various sustainability initiatives by Bracell, Sateri, Asia Symbol and Toba Pulp Lestari.

8. Updates on peatland regulations

The SAC is mindful of the significant implications the current peatland regulations have for both the Indonesian forest products industry and local communities. The SAC encourages APRIL to continue their dialogue with MOEF, BRG, local governments and sees great value in a collaborative approach/multistakeholder process with other potentially impacted companies. The SAC will continue to request regular updates regarding progress towards resolving these important issues.

9. Supplier incident

Al Azhar informed the other SAC members of a recent confrontation between the villagers of Teluk Binjai in Pelalawan District and PT. Selaras Abadi Utama (SAU), an APRIL supplier. The confrontation arose from disagreements regarding advance payments for planned harvesting. The issue is made further complicated by the uncertainty of peatland regulations which may impact whether or not future harvesting operations can be finalized and payments made. The disagreement has been mediated by local authorities to the satisfaction of all parties but the signing of this agreement was postponed due to prior obligations of the village leader.

The SAC welcomed the general improvement in supplier conformance with SFMP 2.0, while also noting the need for additional CSR/CD resources to be provided by suppliers.

10. Conservation planning initiative*

The SAC welcomed the progress made in developing a conservation planning initiative within APRIL concession areas.

*See 'Note on Conservation Planning Initiative'.



11. R&D for yield improvement

The SAC commends APRIL on its intensive program to improve productivity on mineral soils. The SAC views long term reliance on peat-based forestry as a significant challenge and welcomes APRIL's efforts to increase production from mineral soils wherever possible.

GUIDANCE

1. APRIL should consider developing a proactive and forward-looking element to their communications program that anticipates potential misunderstandings with external stakeholders and local communities.
2. The SAC discussed the current revisions of peatland regulations and noted the challenges that new regulations pose for companies and communities dependent on peatland resources. While the SAC supports overall legal compliance, the SAC also recommends that APRIL support industry-wide responses to the peatland regulations and encourages participation in the conduct of a multi-stakeholder process to seek solutions that will produce sustainable economic, social and environmental outcomes.
3. APRIL should proactively evaluate potential situations where conflicts similar to the one between its supplier and Teluk Binjai villagers could arise and take measures to prevent this from happening.

RECOMMENDATIONS

1. APRIL needs to ensure that there is consistency between SFMP requirements and the proposed enhanced community forestry schemes, The SAC strongly supports APRIL's continued development of its community forestry program but recommends that APRIL review this program in the context of current SFMP 2.0 requirements. Qualifications and amendments may be required to ensure the community forestry program is not inappropriately subjected to a policy that was developed for industrial tree plantations.
2. The SAC welcomed the reports on landscape-scale initiatives taken by APRIL operational staff and APRIL partners (22 May). These landscape initiatives seek to achieve a balance between conservation and development in the APRIL landscape. The SAC recommends that APRIL seek greater coherence between the initiatives and intensify work on the ground both to survey conservation values (especially biodiversity) and carbon stock. Intensification of engagement with local stakeholders is advised. More detailed recommendations are included in the accompanying 'Note on Conservation Planning Initiatives'.
3. APRIL should further monitor the progress of settlement of the agreement between PT. SAU and the community as mediated by the police, and continue to report back to the SAC. PT. SAU's awareness and conformance with the APRIL grievance process, including CSR/CD, should also be verified and better socialized, if necessary.



STAKEHOLDER
ADVISORY
COMMITTEE

NEXT SAC MEETING
Location : Pangkalan Kerinci, Riau Province, Indonesia
Time : 12-15 September, 2017