

MINUTES OF MEETING
SAC Stakeholder Forum

Agenda	SAC Stakeholder Forum- Update on KPMG Assurance Engagement on APRIL's SFMP 2.0	
Location	Premiere Hotel, Mulia Room 3-4, 2 nd Floor; Pekanbaru, Riau	
Date	12 September 2017	
Time	09.30 a.m – 12:30 p.m	
Participants	NGO attendees	
	1. Priyo Anggoro (FKKM/SIKLUS)	7. Linda Veronika (TAPAK)
	2. Miswadi (ISEC)	8. Afdhal Mahyuddin (WWF/EoF)
	3. Harry Oktavian (Scale Up)	9. Melki Rumania (Hutan Riau)
	4. Yuni Larasati (PASA)	10. Widya Astuti (Hutan Riau)
	5. Dede Kunaifi (Rumah Pohon)	11. Rendra Yusti (LPAD)
	6. Teddy Hardiansyah (Kabut Riau)	12. Syafrizaldi (Scale up)
	Academic Community	
	1. M. Mardiansyah (UR)- facilitator	4. Musfialdy (UIN Suska Riau)
	2. Khairizal (UIR)	5. Mustafa (UIN Suska Riau)
3. Eno Suwarno (Unilak)		
Government		
1. Setyo W (Dinas LHK)	4. Ign. Cristianti Ginting (BPKH XIX)	
2. Abdul Somad Harahap (BBKSDA)	5. Faisal (KPHP TBS)	
3. Anis Aliati (P3ES)		
Other stakeholders		
1. Wijatmoko (APINDO)	4. Fahmi (Private sector)	
2. Bukhari (APINDO)	5. Harris Dharsono (Private sector)	
3. Kirmadi (APHI)	6. Slamet (Private Sector)	
SAC, KMPG & APRIL		
1. Joe Lawson (Chair, SAC)	8. Rudi Fajar (APRIL)	
2. Jeff Sayer (SAC)	9. Dian Novarina (APRIL)	
3. Neil Byron (SAC)	10. Khaerul Basyar (APRIL)	
4. Al-Azhar (SAC)	11. Marina Garcia Valls (APRIL)	
5. Roopa Dave (KPMG Canada)	12. Jacinda Antonia (APRIL)	
6. Santy Dermawi (KPMG Indonesia)	13. Anggoro Hadi Putranto (APRIL)	
7. Nizar Zulkarnaen (Hatfield Indonesia)		
DISCUSSION TOPICS		
1. M. Mardiansyah, UR (Facilitator)		
<ul style="list-style-type: none"> • Opened the forum showing appreciation to the SAC and to all participating stakeholders • Introduced the purpose of the forum: <ul style="list-style-type: none"> - For KPMG to update stakeholders on the previous and current (2017) assurance processes and for APRIL to report on the status of Action Plans for KPMG's 2016 Assurance Report findings. - To get inputs from local stakeholders on the development of SFMP 2.0 indicators for the 2018 audit, as these indicators are the key instrument to monitor APRIL's performance on SFMP 2.0 delivery. 		
2. Joe Lawson, Chair of the Stakeholder Advisory Committee (SAC)		
<ul style="list-style-type: none"> • Expressed appreciation to stakeholders. • Briefly described the audit process as follows: <ul style="list-style-type: none"> - In 2016, KPMG was appointed by the SAC as the auditor to provide assurance on how APRIL is upholding its policy commitments as stated in its Sustainable Forest Management Policy (SFMP 2.0). The results of the 2016 assurance audit were used as a baseline for the following audits. The period of this first assurance engagement was June 2015-June 2016. - In 2017, APRIL filed a request to the SAC to have the audits conducted per calendar year, from 		

January to January of the following year. From a business point of view, the SAC thought that this request made sense.

- With this new audit timeframe, the SAC realized that there would be a transitional period where stakeholders would need to wait for 18 months for the next assurance report, since the initial audit timeframe that was June 2015-June 2016.
- To address this, the SAC proposed to conduct an interim audit from July 2016 to the beginning of 2017. This is not a full audit, meaning that the assessment focuses on selected indicators that are important from the SAC's perspective, such as ensuring that there will be no presence of mixed hardwood (MHW) in APRIL's wood supply and other indicators that are related to community.
- Emphasized that KPMG would not disclose the results of the interim audit during the forum, as the audit process had only been completed the previous week. KPMG was to present the result of the assurance findings to the SAC and APRIL during the SAC meeting. However, the SAC assured stakeholders that the assurance report would be shared with all stakeholders who attended the forum in about two weeks time. The report would also be publicly available/accessible on APRIL's website.
- In the second part of the forum, draft indicators for the 2018 assurance audit would be presented by KPMG. Stakeholders were encouraged to share comments/feedback/suggestions during the session and until the next 30 days. SAC will also ask for inputs from international stakeholders.
- The SAC apologized for any confusion surrounding the ongoing assurance process, which the forum would hopefully help clarify. The SAC also reminded everyone that this forum was an SAC-driven initiative, and encouraged stakeholders to raise any doubts or questions.

3. Santy Dermawi, Nizar Zulkarnaen & Roopa Dave, KPMG

- Explained the different processes constituting the SFMP 2.0 assurance engagement, including those audits conducted in 2016 and 2017, as well as the audit plan for 2018.
- Elaborated on the 2017 interim audit covering the period July 2016-March 2017, including the indicators that were used and the areas visited during field verification.
- For the 2017 interim audit, 7 out of 44 indicators were selected and used, as approved by SAC.
- Field visit/verification were conducted at mill, 2 of RAPP own concessions and 4 of RAPP suppliers' concessions.
- KPMG completed the 2017 interim audit and the results would be presented to SAC and APRIL during the SAC meeting on that week which is why results can not yet be presented to stakeholders in today's forum.

4. Rudy Fajar, Director of RAPP

- Opening remarks showing appreciation to the SAC, KPMG and all the stakeholders attending the forum.
- Updated stakeholders on the progress of APRIL's action plans responding to KPMG's 2016 assurance report findings.
- Current status:
 - 3 Non conformances – action plans completed
 - 28 Opportunities for improvement – 24 action plans completed and 4 in progress

DISCUSSION NOTES

SFMP 2.0 Section I. Long Term Sustainability

Setyo W (Dinas Lingkungan Hidup dan Kehutanan Prov. Riau)	<ul style="list-style-type: none"> • Regarding indicator I.a “Tonnes and % of fiber supply by region (PT. RAPP, Suppliers (Concessions, community forests))”, how will KPMG conduct this audit and how will KPMG account for wood deliveries from community forest (Hutan Rakyat/HR)?
KPMG	<ul style="list-style-type: none"> • KPMG will check the quantity (in tonnes and %) of fiber supply received by RAPP, from its concessions, suppliers, HR which are managed by community, as well as livelihood plantations. Long and short term

	suppliers are no longer differentiated.
Widya Astuti (Hutan Riau)	<ul style="list-style-type: none"> Comment on Indicator I.b “# of Ha developed by category (Forested, Non-Forested and HCV/HCS and non-HCV/HCS)”: the results in the report should also include geographical locations, shown through maps, and not just in writing.
KPMG	<ul style="list-style-type: none"> Indicator I.b will be modified as follows: “# of Ha new development (mineral soil, peatland)”. However, during the audit and reporting process, KPMG will continue to audit by category (Forested, Non-Forested and HCV/HCS and non-HCV/HCS) and the results will be reported in writing to explain # of Ha based on category. KPMG took note of the inputs to show geographical location through maps.
Bukhari (APINDO)	<ul style="list-style-type: none"> Where do these indicators come from and which criteria were used to determine them (e.g. national regulation)? It would be better if stakeholders were consulted at the stage of identifying the indicators through consultation/discussion/seminar. Also, who appointed the auditors?
M. Mardiansyah (Facilitator)	<ul style="list-style-type: none"> These indicators had been previously socialized and discussed with stakeholders.
SAC	<ul style="list-style-type: none"> Usually audits are conducted against certain standards (e.g. FSC, PEFC), but since this audit has to do with APRIL’s voluntary commitments in SFMP 2.0, specific indicators were developed by the SAC. The SAC appointed KPMG to give assurance on APRIL’s performance using the indicators that had been agreed upon.
SFMP 2.0 Section II. Forest Protection and Conservation	
Eno Suwarno (UNILAK)	<ul style="list-style-type: none"> The Bahasa Indonesia translation of the word “area” (currently “kawasan”) should be changed to “areal” to avoid confusion with government term “kawasan konservasi” which encompasses national parks and wildlife reserves.
KPMG	<ul style="list-style-type: none"> The word “kawasan” in these indicators refers to areas within APRIL’s concessions that are designated for conservation and restoration. All terms “kawasan” will be replaced with “areal.”
Afdhal (WWF / Eof)	<ul style="list-style-type: none"> Regarding the proposed modification of Indicator II.a. by removing the causes for land cover change (e.g. encroachment, fire, development), does this mean that they do not exist anymore? Regarding indicator II.a “Hectares of conservation and restoration area and change from prior period”, there is a concern that the expression “change from prior period” is not robust enough as indicator. A better wording to replace it should be found.
KPMG	<ul style="list-style-type: none"> The indicator was only modified to be more encompassing, expanding the scope of land cover change causes to those that were previously not identified, such as flooding. A detailed explanation of the specific causes of land cover change will still be provided in the audit report. The suggestion to replace the term “change from” prior period into a more robust indicator is noted.
Eno Suwarno (Universitas Lancang Kuning)	<ul style="list-style-type: none"> Information on distribution of conservation areas within RAPP’s concessions could also be shown through maps.
M. Mardiansyah (Fasilitator)	<ul style="list-style-type: none"> Maybe one map can be used in the report to show various kinds of information.

Faisal (KPHK Tasik Besar Serkap)	<ul style="list-style-type: none"> Which tools do you use to monitor greenbelts, secondary data, landsat imagery? How many Ha of conservation areas are there? Information provided should be specific.
KPMG	<ul style="list-style-type: none"> There are no detailed methodological explanations in the report, but during the process of conducting the audit, KPMG uses a combination of high-resolution landsat imagery and ground checks if changes are identified on the basis of the Land Cover Change (LCC) reports submitted by APRIL.
SFMP 2.0 Section III. Peatland Management	
Eno Suwarno (Akademisi Universitas Lancang Kuning)	<ul style="list-style-type: none"> Suggestion for indicator III.b “# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule:” could be modified because recommendations could be taken from stakeholders other than the IPEWG.
SAC	<ul style="list-style-type: none"> Thank you for the excellent feedback. The SAC will accommodate this suggestion.
Afdhal (WWF / Eof)	<ul style="list-style-type: none"> The IPEWG reviewed a report by Deltares and Wetlands International on Kampar Peninsula. How is this being taken into account and how will it impact APRIL’s operations in Kampar? I heard that APRIL’s RKU revision is still in process. Will the new peat regulations be incorporated in the new set of indicators for 2018?
KPMG	<ul style="list-style-type: none"> Regarding concessions that are on peatlands such as in Kampar Peninsula, KPMG considers them and reports on the situation. In addition, field audits are conducted in specific areas if they are part of the sample determined through the discussion with the SAC. All indicators are aligned with Indonesian regulation.
Harry Oktavian (Scale up)	<ul style="list-style-type: none"> The new peat regulation is being regarded as a “threat” for business. How is APRIL responding to it?
APRIL	<ul style="list-style-type: none"> We are facing a difficult situation right now. The SAC is asking the same question and will discuss with APRIL management during this week’s meeting. APRIL keeps communicating with the government. We hope in 2018 we will still be able to sit together in this room to converse about best management practices for peatland, and that the government will consider socio-economic aspects as well as environmental.
SFMP 2.0 Section IV. Continuous Reduction of Carbon Footprint	
Melki Rumania (Hutan Riau)	<ul style="list-style-type: none"> Under this section, GHG from HTI operations/concessions should also be measured.
KPMG	<ul style="list-style-type: none"> A new indicator has been developed, IV.d “Overall carbon footprint”, which includes mills and forestry operations.
SAC	<ul style="list-style-type: none"> This is a very good observation. APRIL is working to obtain data from fiber operations, but they are at the initial stage of measurement. Both mill and fiber will be included in the indicators moving forward.
SFMP 2.0 Section V. Proactive Support of Local Communities	
Anis A (Pusat Pengelolaan Pembangunan Ekoregion Sumatera / P3ES)	<ul style="list-style-type: none"> What are APRIL’s contributions to fulfill its commitment on “Proactive Support of Local Communities”?
KPMG	<ul style="list-style-type: none"> The previous indicators linked to this commitment are assessing the amount and value of social infrastructure, length of roads built, number of SMEs contracted by APRIL and suppliers, number of scholarships

	<p>given to community, contribution to local GDP (currently under assessment by University of Indonesia), as well as number of multi-stakeholder forums and number of attendees. All these indicators are maintained. However, if there are any further inputs on these social indicators, we are looking forward to hearing them.</p> <ul style="list-style-type: none"> • In this section, one new indicator has been added: “# of farmers trained to cultivate farmland (Integrated Farming System).”
APRIL	<ul style="list-style-type: none"> • APRIL also provides training to farmers, conducts partnership programs, encourages the development of social forestry, and so on.
Anis Aliati (P3ES)	<ul style="list-style-type: none"> • There should be an indicator that also measures the effectiveness of these programs, more than the number of programs itself. For example, with the training provided, is there an increase in income?
Melki Rumania (Hutan Riau)	<ul style="list-style-type: none"> • An indicator should be envisaged to assess whether community engagement is consistent across all the landscape. This is to ensure that programs provided by APRIL to local communities are not centered in one area alone but equally distributed in all concession areas.
Musfialdy (Akademi UIN Suska Riau)	<ul style="list-style-type: none"> • How well has APRIL’s Grievance Mechanism captured complaints from local communities?
KPMG	<ul style="list-style-type: none"> • This will be discussed next under Section VI “Respect the Rights of Indigenous Peoples and Communities,” indicator VI.e regarding the existence of a publicly available grievance system (Grievance Mechanism).
Miswadi (ISEC)	<ul style="list-style-type: none"> • What kind of partnership/collaboration can be undertaken to encourage community forestry? And could number of partnerships in community forestry be included as an indicator?
KPMG	<ul style="list-style-type: none"> • As previously mentioned, wood delivery from community forestry will be measured in indicator I.a “Tonnes and % of fiber supply by region (PT. RAPP, Suppliers (Concessions, community forests))”
APRIL	<ul style="list-style-type: none"> • APRIL is continuously trying to develop programs that are attractive for communities, for example by incorporating agricultural elements to tree plantations to make them more economically competitive. APRIL is working to enhance its community forestry program.
SAC	<ul style="list-style-type: none"> • The SAC supports and thinks there is an opportunity for APRIL to work with communities to make community forestry flourish. The SAC requested APRIL to delve deeper into this and develop potential partnership programs. This is one of the topics to be discussed in this week’s SAC meeting.
SFMP 2.0 Section VI. Respect the Rights of Indigenous Peoples and Communities	
Musfialdy (UINSUSKA – RIAU)	<ul style="list-style-type: none"> • In reference to indicator VI.c, why are complaints handled in 10 days? This is too long. Response to grievances should be prioritized depending on the level of urgency.
APRIL	<ul style="list-style-type: none"> • APRIL’s Grievance Mechanism SOP is publicly accessible on the Dashboard. • The Grievance Processing Unit (GPU) has a maximum of 10 working days to respond to the complainant with a decision on whether the grievance case is valid, or whether joint verification is needed. These 10 days are necessary to ensure enough information on the reported case is gathered at Estate level, and then shared with the Grievance Committee for advice and decision. We have heard from other stakeholders that 10 days is actually a reasonable timeline.

	<ul style="list-style-type: none"> In addition, APRIL's Social Capital Team also deals with complaints/grievances raised outside of the formal Grievance Mechanism. APRIL's team deals with complaints reported by communities, be it formally through the grievance system or informally, in a timely manner.
Dede Kunaifi (Rumah Pohon)	<ul style="list-style-type: none"> Is KPMG measuring awareness of the Grievance Mechanism among communities? What if these communities do not have access to the Dashboard?
KPMG	<ul style="list-style-type: none"> The level of awareness of the existence of a Grievance Mechanism is one of the elements that KPMG verifies in the audit. KPMG monitors awareness through interviews with villagers during field verification. The result can be seen in the audit report that is going to be publicly available in around two-weeks time.
APRIL	<ul style="list-style-type: none"> This issue/matter was previously raised and also included as one of the opportunities for improvement on the 2016 Assurance report. APRIL continue to socialize the Grievance Mechanism and SOP internally and among communities.
Harry Oktavian (Scale up)	<ul style="list-style-type: none"> How about complaints that are not raised to APRIL, but for example to BRG (such as Bagan Melibur case in Pulau Padang)? Are these being audited?
KPMG	<ul style="list-style-type: none"> This is addressed in the report that will be available in around two-weeks time.
Melki Rumania (Hutan Riau)	<ul style="list-style-type: none"> What is the definition of "masyarakat adat" used in indicators for commitment VI "Respect the Rights of Indigenous Peoples and Communities" " "?
SAC	<ul style="list-style-type: none"> "Masyarakat adat" are Riau's Malays and indigenous peoples/communities who live around the concessions/operational areas and who are recognized as such by their customary groups.
KPMG	<ul style="list-style-type: none"> To add, regarding indicators on Grievance Mechanism, KPMG treated all communities equally during audits and verification on the ground, as all community members have the same rights to access Grievance Mechanism and to have their complaints addressed/handled.
SFMP 2.0 Section VII. Responsible Practices in Our Work Place	
KPMG	<ul style="list-style-type: none"> A gender-related indicator has been included following stakeholder input from SAC forum in March 2017. This is indicator VII.d: "Number of males and females in permanent and part-time positions."
Unidentified stakeholder	<ul style="list-style-type: none"> Suggestion to include an indicator on child labor.
KPMG	<ul style="list-style-type: none"> We take note of this input.
SFMP 2.0 Section VIII. Legal Compliance and Certification	
<ul style="list-style-type: none"> No specific comments from stakeholders. An attendee noted that all indicators used should be measurable and have targets. M. Mardhiansyah as facilitator invited and reminded stakeholders that they would be invited to a 30-day consultation to give further inputs to these indicators. 	
SFMP 2.0 Section IX. Good Corporate Governance, Verification and Transparency	
Dede Kunaifi (Rumah Pohon)	<ul style="list-style-type: none"> Why was indicator IX.b "# of multi stakeholder forums/meetings related to SFMP 2.0" removed and why are these meetings no longer happening?
SAC	<ul style="list-style-type: none"> The indicator captured only the number of meetings, not their effectiveness/productivity. We are open to suggestions on better ways



	to measure effectiveness of these meetings.
APRIL	<ul style="list-style-type: none">• APRIL no longer conducts regular meetings every two months because the effectiveness of these gatherings was deemed low and the number of participants was small. However, APRIL continues to communicate/engage with local stakeholders bilaterally or in groups to get inputs.• That said, your input is well noted and we will reconsider the frequency of these meetings.
CONCLUSION AND CLOSING	
<ul style="list-style-type: none">• Joe Lawson on behalf of SAC thanked all participants who provided very useful inputs during the forum. The SAC would take into account all inputs from stakeholders.• He added that a 30-day public consultation would be organized for stakeholders to transmit their inputs to the SAC.• Last but not least, the SAC reminded all participants that KPMG assurance reports, once finalized, would be sent to all stakeholders who attended the forum. This report would be made available online at http://sustainability.aprilasia.com/. Furthermore, stakeholders could access other information on this website as well.	