

MINUTES OF MEETING
SAC Stakeholder Forum

Agenda	SAC Stakeholder Forum - Update on KPMG Interim Assurance Report on APRIL's SFMP 2.0 (period of July 2016- March 2017)	
Venue	Premiere Hotel, Mulia Room 5, 3 rd floor	
Date	7 December 2017	
Time	10.00 a.m – 12.30 p.m	
Participants	NGOs	
	1. Priyo Anggoro (FKKM/SIKLUS) 2. Miswadi (ISEC) 3. Widya Astuti (Yayasan Hutan Riau) 4. Desrianda (PASA) 5. Dede Kunaifi (Rumah Pohon)	6. Teddy Hardiansyah (Kabut Riau) 7. Linda Veronika (TAPAK) 8. Khairul Abdi (Scale Up) 9. Rendra Yusti (LPAD)
	Academic Community	
	1. M. Mardhiansyah (UNRI) - facilitator 2. Azzahrudin M. Amin (UIR)	3. Budianto Hamuddin (UNILAK) 4. Theresia Lidya Nova (UIN Suska Riau)
	Government	
	1. Faisal (KPHP- TBS) 2. M. Putrappner (KPHK-Kerumutan)	3. Rahmad Dani (KPHK-GSK)
	Other Stakeholders	
	1. Apri M. (APINDO) 2. Ali Nazir S (LAM Riau)	3. Tarlaili (LAM Riau)
	SAC, KPMG	
	1. Joe Lawson (Chair, SAC) 2. Al-Azhar (SAC)	3. Roopa Dave (KPMG Canada) 4. Santy Dermawi (KPMG Indonesia)
	APRIL	
	1. Marzum (APRIL) 2. Susilo Sudarman (APRIL)	3. Khaerul Basyar (APRIL) 4. Marina Garcia Valls (APRIL)
DISCUSSION TOPICS		
1. M. Mardhiansyah (Facilitator)		
<ul style="list-style-type: none"> • Opened the forum showing appreciation to the SAC, KPMG and stakeholders. • Introduced the purpose of the forum: <ul style="list-style-type: none"> - To inform stakeholders about KPMG's Interim Assurance results that assessed APRIL's performance on its implementation of its Sustainable Forest Management Policy (SFMP) 2.0 over the period June 2016- March 2017. - To seek inputs from stakeholders on the results of this year's Interim Assurance, as well as inputs for the upcoming full SFMP 2.0 Assurance in 2018. 		
2. Joe Lawson, Chair of the Stakeholder Advisory Committee (SAC)		
<ul style="list-style-type: none"> • Expressed gratitude to stakeholders for attending the forum. • Requested that stakeholders provide their comments and inputs not only around the Interim Assurance results but also regarding other matters that can be considered to further improve APRIL's performance. • Explained to stakeholders that during the forum, KPMG was to present the result of a smaller scope and shorter period (i.e. interim) assurance. The assurance engagement against the full set of 		

indicators will be done in 2018.	
3. Marzum, APRIL <ul style="list-style-type: none"> Opening remarks showing appreciation to the SAC, KPMG and all stakeholders who attended the SAC Stakeholder Forum. Reaffirmed APRIL’s commitment towards increased transparency through the assurance process undertaken by KPMG and encouraged stakeholders to offer their perspectives to help APRIL further improve its SFMP 2.0 implementation. Conveyed warm regards from PT. RAPP’s President Director Pak Rudi Fajar and apologized to stakeholders on his behalf for being unable to attend the forum. Gave a brief update regarding APRIL’s Community Development Program and Fire Free Village Program, and restated APRIL’s support to the Community Forestry Plan initiated by the government to actively involve and engage community. 	
4. Santy Dermawi, KPMG <ul style="list-style-type: none"> Elaborated on the term “interim” and the purpose of the report, which is to bridge the gap between the 2016 assurance engagement and the next full report that will be published in 2018. Previously, the reporting period was from July to June of the following year. The interim assurance engagement covers the period from July 2016 to March 2017 with the expectation that the reporting period in 2018 will follow a calendar year basis (from January to December 2017). As agreed by the SAC, the Interim Assurance was only done against 7 out of 44 indicators that were considered most relevant. Apart from providing assurance on the 7 indicators, KPMG also assessed the status of action plans in relation to the findings from 2016 assurance report. Explained the approach that was taken during the assurance engagement which included planning, field visit, reporting and review of status of previous action plans. For the assurance engagement in 2018, out of the 44 indicators, some are still under consideration. Therefore, it is really crucial to get inputs from stakeholders regarding the draft indicator set. Gave a brief overview of the findings and conclusion of the Interim Assurance engagement, the results of which can be found on APRIL Sustainability portal http://sustainability.aprilasia.com/ 	
DISCUSSION NOTES	
Widya Astuti (Yayasan Hutan Riau)	<ul style="list-style-type: none"> What are the 5 action plans that have been completed from section “Respect the Rights of Indigenous People and Communities”? Have these 5 action plans been agreed during the Interim reporting period (July 2016-March 2017)? There has not been any clear definition to date on “Masyarakat Hukum Adat” (indigenous people). How does APRIL determine the status of indigenous people?
KPMG	<ul style="list-style-type: none"> The 5 action plans that were declared as completed are from the previous findings in the report delivered in December 2016. Further details regarding the action plans can be found in KPMG’s report. Offered an example of KPMG’s action plan review in relation to findings identified in 2016 from the SFMP 2.0 section “Respect the Rights of Indigenous People and Communities” on land dispute resolution. When land use data indicated changes on the ground, KPMG did ground verification. At that time, it was found that community and APRIL did not have a signed MoU; however in the land use database, conflict was identified as resolved because there had been informal negotiations and agreements. Even though during the field inspection no new

	<p>development was identified before the land dispute was resolved, KPMG raised this as an opportunity for improvement to ensure that the status of land use data will only be updated once the formal agreement (MoU) for resolution has been signed. APRIL Senior Management issued a memo to all Estates (own and suppliers) to follow this suggestion. During this interim period, KPMG reviewed the memo as the evidence that APRIL had addressed the opportunity for improvement. While the letter sent to the sectors does not explicitly deal with the issue of pre-emptively removing land claim disputes from the database prior to final signing of agreements, recurrence of this issue was not identified based on a 2017 sample of 2 RAPP sectors. Based on this, KPMG concluded the status of this opportunity for improvement as completed.</p>
Marzum (APRIL)	<ul style="list-style-type: none"> From APRIL’s point of view, indigenous peoples are local communities who were living in concession areas before APRIL’s operation started.
Al Azhar (SAC)	<ul style="list-style-type: none"> It is not difficult to differentiate indigenous from non-indigenous peoples. It does not require National Law or state recognition; the key is ground-truthing among the community itself. The answer is within the community and it would be easier to verify through inputs/feedback from communities.
Priyo Anggoro (FKKM Riau)	<ul style="list-style-type: none"> Regarding indicator “% of grievance addressed within 10 days”, 83% is actually a considerable achievement. However, considering the low number of grievances being raised, the indicator clearly does not reflect the actual problems that are happening on the ground. To what extent did KPMG give attention to this indicator? Socialization is a very important aspect that KPMG needs to check.
KPMG	<ul style="list-style-type: none"> This is one of the opportunities for improvement that KPMG identified. Based on interviews conducted by KPMG in APRIL and suppliers’ sectors, community awareness of this mechanism is indeed still lacking. Consequently, KPMG raised this as an opportunity for improvement for APRIL and noted that communities need to be encouraged to voice their grievances/complaints.
Widya Astuti (Yayasan Hutan Riau)	<ul style="list-style-type: none"> Still regarding indigenous peoples, it would be better if KPMG could also check on the conflict resolution process and not just the documentation issue.
Desriandi (Perkumpulan Alam Sumatera)	<ul style="list-style-type: none"> Suggested that local stakeholders such as academicians and local NGOs be more involved in the next assurance process. There is a need to increase the number of sampling for field verification in the assurance process.
KPMG	<ul style="list-style-type: none"> During this interim assurance period, KPMG did field visits to 2 of RAPP sectors, 2 supply partners and 2 open-market suppliers. The locations visited were samples that were considered high-risk and were chosen based on Land Cover Change (LCC) data as well as first planting and land conflict data. The process for choosing these samples has been undertaken since 2014, covering several locations.
M. Mardiansyah (Facilitator)	<ul style="list-style-type: none"> It is a very good input for SAC and KPMG to involve more local stakeholders in the assurance process.

<p>Azzaharuddin M. Amin (Akademisi UIR)</p>	<ul style="list-style-type: none"> • Has any government regulation been incorporated in the SFMP 2.0 indicators? • Suppliers' databases need to be shown and given colour-code (red, yellow, green) to determine the risks of each supplier. A more detailed mapping of suppliers' condition and their surrounding communities is needed • Based on available studies, Riau's productivity ranks 3rd from the bottom nation-wide, only above Central Kalimantan and Aceh. Riau is a natural resource-based province and therefore it is really important that companies in Riau further empower the communities by complying with government regulations.
<p>Joe Lawson (SAC)</p>	<ul style="list-style-type: none"> • SFMP 2.0 indicators will continue evolving following the regulations from the government. However, at this point of time, it is still undecided how they should change.
<p>Linda Veronika (TAPAK)</p>	<ul style="list-style-type: none"> • Suggested that KPMG informs stakeholders about the locations that are going to be visited before the assurance process begins, so that stakeholders can share information about the proposed locations with KPMG. • Asked whether from 2014 to 2017 only two samples from RAPP's concessions have been visited, and whether these are representative of other areas?
<p>KPMG</p>	<ul style="list-style-type: none"> • During the assurance process that has been conducted since 2014, field visit to sample locations have been undertaken to at least 10 locations. • Going forward, the names of the locations will be notified to stakeholders so they can share information beforehand.
<p>Teddy Hardiansyah (Kabut Riau)</p>	<ul style="list-style-type: none"> • Actually the assurance results have been delivered quite transparently, but ideally they should develop into a particular score, such as A, B, C, D or "good," "bad," "conforming," "non-conform." If possible, could KPMG please let us know what the result/score is for APRIL in this interim period?
<p>KPMG</p>	<ul style="list-style-type: none"> • The purpose of an assurance process is not always to give a scorecard. However, if we look at the 2017 Interim Report, it can be said that the quality of APRIL's data has improved. • For now, it is not possible to determine APRIL's score because the interim assurance's scope is smaller. The purpose of these initial assessments is to set a baseline. In 2018, the assurance engagement will be done against the full set of indicators, and therefore more data will become available to draw comparisons and identify trends.
<p>Joe Lawson (SAC)</p>	<ul style="list-style-type: none"> • APRIL has shown significant improvements, for example by promoting more frequent Stakeholder Fora like this one. However, the SAC acknowledges that there are still opportunities and room for improvement for APRIL.
<p>Miswadi (ISEC)</p>	<ul style="list-style-type: none"> • While it could be understood that APRIL's performance is reasonably good, in the future, the status of action plans needs to be clearer, whether they are indeed completed, in progress or have not been started.

<p>Budianto Hamuddin (Akademisi Unilak)</p>	<ul style="list-style-type: none"> Argued that the number of findings by KPMG is too small considering APRIL's scale. Why is KPMG the auditor of choice? KPMG is a famous, world-class auditing firm, but no one is more familiar about Riau than local communities. We need to see the raw data; we cannot just rely on KPMG's result. Academicians need to be more involved in the assurance process to help with data comparison and verification (objectivity and validity).
<p>Dede Kunaifi (Rumah Pohon)</p>	<ul style="list-style-type: none"> Based on what was delivered by KPMG, it seems there are logistical limitations affecting sampling decisions, which perhaps explain why only a few sites were visited. The assurance outcome would have been better if local NGOs had been involved in the process. Because data were given by APRIL, there is potential for bias. It would be better if KPMG visited and discussed with local NGOs in Riau to get information to compare and contrast.
<p>KPMG</p>	<ul style="list-style-type: none"> The assurance team consisted of KPMG Canada, KPMG Indonesia and representatives from a local organization that has experience in forestry-related audits and has been working all over Indonesia. One assurance team consists of a minimum of 2 people, 1 international person accompanied by 1 local representative who is familiarized with the regulatory context in Indonesia. As with corporate financial statements, auditors performing an assurance engagement get the initial data from the company. In APRIL's case, data is initially submitted by the company for every SFMP 2.0 indicator. KPMG has designed multiple procedures to test the accuracy and truthfulness of the data, including tracking of data collection process, interviews and field visits for direct verification. If any non-conformances are found (inaccurate data or errors), KPMG takes note and requests APRIL to revise and provide accurate data. Even the methods and processes to obtain the data are being tracked by KPMG. The scope of data being assured covers APRIL and its suppliers.
<p>Joe Lawson (SAC)</p>	<ul style="list-style-type: none"> The SAC takes good note of the suggestion to involve more academicians in the process and would like to invite university representatives to attend the next SAC meeting in February. The SAC is also open to stakeholders' recommendations with regards to the next stakeholder forum location.
<p>Faisal (KPH Tasik Besar Serkap)</p>	<ul style="list-style-type: none"> What are the technical standards that KPMG follows? If none, formal technical and implementation guidelines must be in place by February.
<p>KPMG</p>	<ul style="list-style-type: none"> To assess APRIL's performance in the implementation of SFMP 2.0, KPMG uses ISO 17021 as a standard of reference generally used to assess conformance in environmental management and certification audits.
<p>M. Mardiansyah (Facilitator)</p>	<ul style="list-style-type: none"> Well noted on the suggestion that KPMG should pre-inform and get inputs from stakeholders regarding the locations being sampled for the next assurance engagement.

Datuk Tarleli (Lembaga Adat Melayu)	<ul style="list-style-type: none"> • Communities should be more involved in the next forum so that inputs for improvement can be taken directly from affected stakeholders on the ground.
CONCLUSION	
<ul style="list-style-type: none"> • Joe Lawson thanked all participants on behalf of SAC for the useful inputs provided during the forum. • A report from this forum will be drafted by APRIL and circulated to stakeholders. • The SAC will take into account all inputs from stakeholders. • There is an opportunity to discuss with SAC members directly in February 2018 in the field. Stakeholders who are interested can sign up to participate by sending an email to APRIL. 	