

Stakeholder Advisory Committee (SAC)
Stakeholder Forum
Minutes of Meeting

Location : Diponegoro Room, Mandarin Oriental Hotel, Jakarta
 Time, place : Monday, July 8, 2019
 Participants

Academia	
1. Julra Lukman (Universitas Indonesia)	4. Gusti Anshari (UNTAN)
2. M. Malik (Universitas Indonesia)	5. Dr. Ir. Rinekso Soekmadi (Institut Pertanian Bogor)
3. Triasih Djutaharta (Universitas Indonesia)	
Associations	
1. Anisa Budi Utami (APKI)	9. Josephine Setyono (IGCN)
2. Herman Prayudi (APHI)	10. Notatema Gea (IGCN)
3. Esti D. (APHI)	11. Aryan Warga Dalam (APKI)
4. Herman Prayudi (APHI)	12. Sukarjo (KAHUTINDO)
5. Asep Setiaharja (Asosiasi Pertekstilan Indonesia)	13. Prof. Supiandi Sabiham (HGI)
6. Ravi Shankar (APSYRI)	14. Budi Indra Setiawan (HGI)
7. Indah Budiani (IBCSD)	15. Erwin Widodo (TFA 2020)
Embassies	
1. Chang Yuen Yi (Singapore Embassy)	
International Organizations	
1. Rizal Bukhari (FSC Indonesia)	4. Johan Kieft (UN Environment Indonesia)
2. Dr. Drajad H. Wibowo (IFCC)	5. Arif Budiman (Winrock International)
3. Zulfandi Lubis (IFCC)	6. Rini Setiawati (CDP Indonesia)
Financial Institutions	
1. Mario (MUFG Bank)	6. Pundra (PT MUFG Lease & Finance Indonesia)
2. Alvin Utama (MUFG Bank)	7. Andrean (Bank Negara Indonesia)
3. Mr. Bryan Yudhistira (MUFG Bank)	8. Abimanyu (Bank Negara Indonesia)
4. Mr. Isao Someya (PT MUFG Lease & Finance Indonesia)	9. Hardy Driha (PT Orix Indonesia)
5. Mr. Elthon (PT MUFG Lease & Finance Indonesia)	10. Felicia (PT Orix Indonesia)
Government Representatives	
1. Nina Sarajurani (SDG Secretariat at BAPPENAS)	4. Yono Reksotrodjo (KADIN)
2. Prof. Dr. Fahmuddin Agus (Ministry of Agriculture)	5. Amanda Katili (UKPPPI)
3. Titi Panjaitan (UKPPPI)	

NGO	
1. M. Nashihin Hasan (BIDARA)	6. Joseph Hutabarat (Fauna dan Flora Indonesia)
2. Achmad Fachrudin (BIDARA)	7. Samedi (KEHATI)
3. Gamma Galudra (The Center for People and Forests)	8. Ali Sofiawan (KEHATI)
4. Dr. Ani Nawir (CIFOR)	9. Dr. Titiek Setyawati (Wildlife Conservation Society)
5. Yanti Triwadiantini (Partnership ID)	10. Andri Santosa (FKKM)
SAC and KPMG PRI	
1. Joseph C. Lawson (Chairperson)	4. Jeffrey A. Sayer
2. Erna Witoelar	5. Neil Byron
3. Al Azhar	6. Roopa Dave (KPMG PRI)
Representatives of APRIL and APR	
1. Lucita Jasmin	7. Basrie Kamba
2. Sihol P. Aritonang	8. Cherie Tan
3. Craig Tribolet	9. Fatoni Ibrahim
4. Dian Novarina	10. Indra Halim
5. Triana Krisandini	
6. Natasha Gabriella	

Opening Remarks - Joseph C. Lawson, Chairman of SAC

- Opened the meeting by stating that it was the third Stakeholders Forum held in Jakarta by the SAC.
- Explained the meeting agenda: a) results of the 2019 SFMP 2.0 assurance process by KPMG; b) 2019 action plan by APRIL in response to the audit; and c) viscose rayon business overview by Asia Pacific Rayon (APR)
- Invited the participants to ask questions and inputs.

2019 SFMP 2.0 Assurance Process - Roopa Dave, Senior Manager of Sustainability Services, KPMG PRI

- Explained background of SFMP 2.0 assurance process, to verify APRIL's performance against its Sustainable Forest Management Policy (SFMP) 2.0 commitments.
- Highlighted that KPMG PRI was appointed by, and directly reports to, the SAC on the assurance process.
- Explained the 2019 assurance process, which assessed 10 priority indicators across a number of SFMP 2.0 commitments that were considered of critical importance, with a data period of 1 January - 31 December 2018.
- Described the steps in carrying out the assurance process, including planning visits in February 2019, field visits for verification during March-April 2019 and production of the assurance report.
- Presented on the concession areas visited during the assurance process, which consisted of two PT RAPP concessions, four Supply Partners' concessions and two Open Market Supplier concessions, and that there were two local stakeholder representatives who participated as observers during the field visit.
- Explained the main observations and summaries of the findings: one non-conformance, two new good practices and seven opportunities for improvement.
- Provided a summary of APRIL's action plan status until 2019: all past and current nonconformances have been resolved; 12 actions from previous action plans related to opportunities for improvements still in progress.

APRIL 2019 Action Plans - Craig Tribolet, Sustainability Operations Manager, APRIL

- Explained that APRIL develops action plans to address the findings of the annual SFMP 2.0 assurance process
- Presented the 2019 APRIL action plan, which consisted of eight action points to address one non-conformance and seven opportunities for improvement identified in the 2019 assurance process
- Stated that the action to address the identified non-conformance (non-compliant new development by an Open Market Supplier) had

been completed

- Explained that the remaining seven actions have been reported and received by KPMG PRI, and the implementation is ongoing.

Question and Answer Session

Questions

Budi Indra Setiawan (HGI)

- Interested in the materials reported by APRIL, especially those related to greenhouse gas (GHG) emissions.
- Asked about reports related to the results of GHG net emission calculations from APRIL's three flux towers, and explained the importance of understanding what net balances are indicated, as well as the relation to the seasons (rainy season and dry season).
- Asked about the cause of the reduced GHG emission factors as disclosed in the 2018 APRIL Sustainability Report and stated that the emission figures are relatively the same as the emissions figures of other companies that do not operate on peatland.
- Inquired on the contribution of GHG emissions from peatlands and encouraging APRIL to share the results of monitoring and calculation of GHG emissions to stakeholders as examples of good practices that can be shared with other stakeholders.

Answers

Roopa Dave (KPMG PRI)

- Confirmed that the GHG emission figures for 2016 - 2018 listed in the APRIL Sustainability Report pertained to the mill complex at Pangkalan Kerinci and indicated GHG emissions intensity per tonne of pulp and paper produced. The figures do not yet include GHG emissions from land use.

Craig Tribolet (APRIL)

- Explained that APRIL has three GHG flux towers that are located in different types of land use (natural forest, plantations, mixed land use).
- Stated that measurements need to cover the full plantation rotation of at least 5 years to reflect the net balance at every stage of the cycle. It is still too early to draw conclusions on the flux and net emissions.

Prof. Supiandi Sabiham (HGI and IPEWG Members)

- Introduced himself as a member of the Independent Peat Expert Working Group (IPEWG), an independent group of peat scientists/experts who works with APRIL in managing peat, including measuring GHG emissions from land use.
- Explained that currently IPEWG and APRIL are studying the

	<p>relationship between peat subsidence and moisture content. The study is ongoing.</p> <ul style="list-style-type: none"> • Mentioned that recently, studies on GHG emissions are examining in detail the calculations for GHG emission fluxes and stated that conclusions are expected in three years' time. <p>Craig Tribolet (APRIL)</p> <ul style="list-style-type: none"> • Highlighted that IPEWG meeting reports can be accessed on the APRIL Dialog and APRIL Dashboard.
<p>Dr. Drajad H. Wibowo (IFCC)</p> <ul style="list-style-type: none"> • Asked to clarify whether non-conformance # 1 in the SFMP 2.0 assurance report is only related to one particular Open Market Supplier. • Described that the IFCC will implement certification process on community forests program under the Government of Indonesia and that IFCC certification process for Community Forest (<i>Hutan Kemasyarakatan/HKm</i>) has been recently endorsed by PEFC. • Asked APRIL about its SFMP 2.0 implementation process in community forests, considering that SFMP 2.0 requires suppliers to carry out High Conservation Value (HCV) and High Carbon Stock (HCS) assessments prior to any new development, and that HCS is very expensive. If the obligation is applied to community forests, then who will bear the costs? • Asked about the response from SAC, APRIL and KPMG regarding the requirements of HCV and HCS for community forests as this could be material to the implementation of certification for 	<p>Roopa Dave (KPMG PRI)</p> <ul style="list-style-type: none"> • Clarified that the one identified non-conformance was related to only one Open Market supplier and that APRIL has terminated its contract with the respective supplier which means this non-conformance has been closed. <p>Joseph C. Lawson (SAC)</p> <ul style="list-style-type: none"> • Agreed that the cost of HCV and HCS assessment could be prohibitive.. • Stated that SAC and APRIL management have discussed about SFMP 2.0 policy feasibility on community forests and that this discussion is one of the main priorities of SAC and APRIL. <p>Craig Tribolet (APRIL)</p> <ul style="list-style-type: none"> • Explained that APRIL has just completed HCV and HCS assessment for two community forest cooperatives. It was the first ever application of the HCSA Toolkit.

<p>community forests.</p>	<ul style="list-style-type: none"> • Said some of the challenges on the implementation of HCV and HSC assessment are to explain to community that HCV and HCS are good practices and not part of government regulations, and also the results especially as these do not align with community expectations of being able to develop the entirety of their area. <p>Jeffrey A. Sayer (SAC)</p> <ul style="list-style-type: none"> • Stated that SAC expects APRIL to involve more community forests as a source of their wood supply. • Explained that SAC regretted the slow process of community forests involvement in APRIL's wood supply chain but this was due to the need for HCV and HCS assessment as required by the SFMP 2.0. • Underlined the need for related stakeholders to collaborate to find the best solution to address conservation and livelihood needs of communities.
<p>Erna Witoelar (SAC) Asked the IFCC whether there are plans from the Ministry of Environment and Forestry (KLHK) to facilitate sources of funding for IFCC certification for community forests.</p>	<p>Dr. Drajad H. Wibowo (IFCC)</p> <ul style="list-style-type: none"> • Explained that IFCC plans to meet with the Ministry of Environment and Forestry to discuss the topic, and to identify for potential donors. • Stated that, noting the large number of community forests in Indonesia, it will be difficult to finance the certification process independently. • Explained that HCS assessment is not required in the IFCC certification process. However, in the certification process, the

	<p>auditor will refer not only to the IFCC regulations but also to company voluntary commitments, so if the company policy requires HCS assessment, then the community forests that will be certified will still be required to carry out the HCS assessment.</p> <ul style="list-style-type: none"> • Highlighted the importance of discussion between IFCC and companies to discuss the best alternatives for supporting the IFCC certification process in community forests.
<p>Dr. Titiek Setyawati (Wildlife Conservation Society)</p> <ul style="list-style-type: none"> • Appreciated the SFMP 2.0 assurance presentation by KPMG and provided suggestions concerning consistency in the reporting of the findings vis a vis the relevant indicators. • Asked about accuracy and reliability of historical land cover change/LCC that belongs to open market suppliers if the registration of the suppliers is unclear - i.e.: whether they are registered in the government system or via open-registration. • Explained that the government is drafting the Essential Ecosystem Areas (Kawasan Ekosistem Esensial/KEE) that includes an assessment similar with High Carbon Stock (HCS) assessment. • Recommended that when KEE draft is approved, APRIL should conduct HCV and HCS assessment using landscape approach and involve stakeholders, in and outside the forestry industry. 	<p>Roopa Dave (KPMG PRI)</p> <ul style="list-style-type: none"> • Thanked Dr. Setyawati for the suggestions on the SFMP 2.0 report's consistency which will be considered in the final review of the SFMP 2.0 assurance report. • Explained that LCC data from APRIL team was reviewed and analyzed by KPMG through field visits. <p>Craig Tribolet (APRIL)</p> <ul style="list-style-type: none"> • Explained that the LCC monitoring process by APRIL is carried out over a wide area to monitor land cover change using satellite imagery from Geographical Information System (GIS) as well as field verification.
<p>Gusti Anshari (UNTAN)</p> <p>Asked about the cause of decreasing number of fire instances, as stated in the SFMP 2.0 assurance report.</p>	<p>Roopa Dave (KPMG)</p> <ul style="list-style-type: none"> • Said that in addition to measuring fire instances, KPMG also reviewed APRIL's programs and initiatives related to fire risk management

- Stated that no conclusions can be made regarding whether there was a direct or indirect relationship between APRIL's fire risk management and a decrease in fire instances. However, KPMG had assessed that APRIL's Fire Free Village Program (FFVP) was effective in supporting fire prevention.

Craig Tribolet (APRIL)

- Stated that APRIL has an SOP related to fire risk management.
- Explained that APRIL has experienced significant progress in its fire risk management system- for example the development of the FFVP program, which is seen to have reduced fire incidence in participating villages by up to 90%.
- Outlined the importance of cooperation with local communities in preventing fires.

Introduction to Discussion Topic - Viscose Rayon

Joseph C. Lawson (Chairman of SAC)

- Explained that one of the challenges that the SAC encounters is to improve transparency and communication with stakeholders.
- Stated that SAC will invite APRIL to provide updates when there is a new development with the company or the RGE Group.
- One such development is the viscose rayon business, Asia Pacific Rayon (APR), that utilizes wood fiber produced in Indonesia.
- Welcomed the APR representative to present the viscose rayon business.

Erna Witoelar (SAC)

- Stated that community forestry programs and landscape approaches can be an alternative to improve communities' wellbeing and that their implementation must involve the government, the private sector and other stakeholders through partnership.
- Expressed SAC's hopes that APR can be a means to increase the involvement of community forests to further advance community wellbeing.

Asia Pacific Rayon - Basrie Kamba, Director of APR

- Opened the session by providing brief explanation of global fashion trends that are driving the development of viscose rayon in fashion industry.
- Explained the definition of viscose, its application in textile, as well as its advantages and disadvantages compared to cotton and polyester.
- Said APR is one of the business units under the RGE Group and is the first integrated fiber manufacturing company in Indonesia that produces viscose from wood sourced from sustainable industrial forests.
- Explained that the entire APR value chain, from raw materials to resources, technology and the creation of designs, is sourced from Indonesia and is produced in Indonesia, both for domestic and international markets, highlighting the concept of "Everything Indonesia".
- Provided a summary of the APR sustainability policy, which consists of three main pillars related to the pulp sourcing, viscose manufacturing, and social empowerment.
- Explained the potential of viscose to support the Indonesian textile industry in accordance with the Government of Indonesia's Industry 4.0 agenda.
- Summarized the various stakeholder engagement initiatives and communication programs that have been carried out by APR at local, national and international levels.

Questions Answers Session

Questions

**Amanda K., Kantor Utusan Khusus Presiden untuk Perubahan Iklim
(Office of the President's Special Envoy for Climate Change)**

- Asked if APR is considering participation in global initiatives related to sustainable textiles such as Science-Based Targets, Higg's Index and UN Fashion Industry Charter for Climate Action.

Answers

Basrie Kamba (APR)

- Appreciated the question and explained that APR is considering participation in global initiatives.

Cherie Tan (APR)

- Explained that APR is currently in the initial stages of production and thus the priority is to ensure that the

	<p>production process operates optimally and will acquire mandatory certifications in a timely manner.</p> <ul style="list-style-type: none"> • Stated that APR will undertake several audit processes for certification before the end of the year. • Explained that APR will participate in relevant global initiatives when a one-year cycle of data collection has been completed.
<p>Prof. Supiandi Sabiham (HGI dan IPEWG)</p> <ul style="list-style-type: none"> • Asked about APR community development program • Asked if APRIL's implementation of the 5C principles of the RGE group is reviewed during the assurance process. 	<p>Basrie Kamba (APR)</p> <ul style="list-style-type: none"> • Mentioned that one of APRIL's community development programs is the Batik Bono program • Explained that in planning the APR community development program, the demographic factors of the local community are also considered, such as the skills of the community. • Explained that APR can work with APRIL to develop the community through batik-patterned textile production programs, for example, or other textile programs. <p>Roopa Dave (KPMG)</p> <ul style="list-style-type: none"> • Said that in general, the company ensures that its business is good for the company and its customers. • Explained that the SFMP, which is the main reference for the assurance process, draws from the 5Cs principle. <p>Erna Witoelar (SAC)</p> <ul style="list-style-type: none"> • Confirmed that the 5Cs principle - what is good for the community, country, climate, and customer will only then be good for the company - is embedded in the assurance process,

	<p>where implementation for the community still needs to be improved and sharpened according to the targeted community.</p>
<p>Narisworo N., (Istitut Pertanian Bogor)</p> <ul style="list-style-type: none"> • Suggested APRIL consider the development of a bamboo forest, so that the bamboo fiber could be supplied to APR to be used in the production of viscose rayon, and that community forests could be part of this development scheme. 	<p>Basrie Kamba (APR)</p> <ul style="list-style-type: none"> • Appreciated the input regarding bamboo fiber and explained that at present, APR focuses on the use of dissolving pulp produced from sustainable production forests for viscose production.
<p>Rizal Bukhari (FSC Indonesia)</p> <ul style="list-style-type: none"> • Asked about tree species used by APRIL to produce wood fiber that is supplied to APR. 	<p>Basrie Kamba (APR)</p> <ul style="list-style-type: none"> • Explained that the tree species used in APRIL's production forests are acacia and eucalyptus.
<p>Dr. Ani Nawir (CIFOR)</p> <ul style="list-style-type: none"> • Inquired if APR is considering whether to receive wood supplies from community forests, given that APR's wood supply has the potential to disrupt the amount of wood fiber available for use in the pulp and paper production process by APRIL • Asked KPMG about the assurance process, such as <ul style="list-style-type: none"> ○ Whether the overall SFMP commitment has been represented based on the 10 selected indicators used in the 2019 assurance process ○ The implementation of the stakeholder engagement process 	<p>Basrie Kamba (APR)</p> <ul style="list-style-type: none"> • Stated that APR was considering the possibility of involving community forests as APR suppliers. <p>Craig Tribolet (APRIL)</p> <ul style="list-style-type: none"> • Highlighted that there was no change in the volume of wood received by the mill at Pangkalan Kerinci. • Explained that with the commencement of APR, the change that occurs is product diversification towards higher value-add products.

and the stakeholder representatives involved in the assurance process

- Definition of the Global Regional Domestic Product (GRDP) indicator stated in the assurance report and its associated progress.

- Inquired on the basis for determining the 5-hectare limit in the land cover change (LCC) monitoring process.
- Suggested that the composition of plants on community forests should be managed carefully and to be tailored according to the community needs, and encourage APRIL to discuss with Ministry of Environment and Forestry to consider other requirements for community forests in industrial forests.

- Stated that community forests are part of APRIL's wood suppliers.

Roopa Dave (KPMG)

- Explained that KPMG, with the direction from SAC, determines the approach for the assurance process every year.
- Explained that there are 45 indicators related to SFMP implementation but in 2019, 10 indicators were selected based on significance, risk and stakeholder interest.. SAC's guidance is that full assurance is done every two years and interim audits on selected indicators be conducted in between.
- Explained that in 2018, the community engagement process was carried out by SAC, led by SAC member Al Azhar, including the selection of two stakeholder representatives who served as independent observers in the assurance process.
- Clarified that the SFMP indicator for Gross Regional Domestic Product (*GRDP/Pendapatan Daerah Regional Bruto*) is related to APRIL's contribution to the development of local communities, especially in Riau Province. The GRDP study was conducted by a local university and was presented to SAC in 2018. Subsequently, a study revision was carried out to increase the scope of data supporting the study.

Al Azhar (SAC)

- Mentioned that the stakeholder engagement process in the assurance process was carried out three years ago and that, similar to last year, two independent observers from local stakeholders (from the university and NGO sectors) were

- selected to observe the 2019 assurance process.
- Said the SAC would also hold a Stakeholder Forum in Pekanbaru, Riau, on July 9, 2019.

Lucita Jasmin (APRIL)

- Clarified that the GRDP report referred in the SFMP assurance report is the APRIL Economic and Fiscal Impact Study conducted by the University of Indonesia.
- Explained that the study is useful for providing a quantitative understanding of APRIL's contribution to the development of the local economy and also for supporting the impact study against the UN Sustainable Development Goals currently being carried out by APRIL.
- Said the APRIL Economic and Fiscal Impact Study would be presented to SAC at the upcoming meeting and that results would be further socialized to stakeholders.

Craig Tribolet (APRIL)

- Explained that determining the 5-hectare limit for LCC monitoring is based on findings from previous LCC monitoring results where many data discrepancies were found when LCC was applied on areas less than 5 hectares.
- Confirmed that community forests are also included in the monitoring and analysis of LCC data.

Closing Remarks - Joseph C. Lawson (Chairman of SAC)

Thanked the participants for attending the forum, as well as for asking questions and providing suggestions.