



## Stakeholder Advisory Committee (SAC) on APRIL's Sustainable Forest Management Policy (SFMP 2.0)

19<sup>TH</sup> SAC Virtual Meeting  
Friday, 16 October 2020

<b>SAC MEMBERS</b>	<ol style="list-style-type: none"><li>1. Mr. Joseph Lawson (<i>Chair</i>)</li><li>2. Bapak Al Azhar</li><li>3. Prof. Jeffrey Sayer</li><li>4. Dr. Neil Byron</li><li>5. Ibu Erna Witoelar</li><li>6. Dr. IB Putera Parthama</li><li>7. Mr. Rod Taylor</li></ol>
<b>TOPICS OF DISCUSSION</b>	
<b>Opening Remarks by SAC Chair</b> Joe Lawson, Chair of the SAC, opened the meeting with a welcoming remark. He acknowledged that the current virtual setup is not ideal compared to an in-person meeting which enables a richer discussion, but agreed that a discussion with APRIL needs to take place in October as agreed in the last meeting. Joe also reminded members that there will be at least one more SAC meeting before the end of the year.	
<b>1. Ancient and Endangered Forest</b> At the request of the SAC, a discussion on the Ancient and Endangered Forest (AEF) definition developed by Canopy took place. Canopy has mapped AEF using 9 background layers that when overlaid determine the application of AEF. These include layers with a spatial resolution of 100km x 100km or 10,000km <sup>2</sup> (1,000,000 ha) and because of their low-resolution, they create a significant lack of precision, which critically ignores the complexity of landscapes globally. As a result, virtually the entire island of Sumatra, with a population of more than 50 million people, appears as ancient and endangered forests on the Canopy global forest mapper App at <a href="https://canopyplanet.org/tools/forestmapper/app/">https://canopyplanet.org/tools/forestmapper/app/</a> . Canopy's ancient and endangered concept infers that sourcing from developing economies such as Sumatra is inherently risky, which in the view of both APRIL and the SAC, ignores current realities and distinctions on the ground.  The SAC noted that this also could be seen as imposing a Western view on a developing economy. They also noted that Indonesia's land use plan is enacted through a regulation issued by the Indonesian Government and this could be interpreted as a rejection of this regulation.  By comparison the World Resources Institute, which is broadly referenced by a range of stakeholders, has more detailed geospatial forest and land cover data in Sumatra and could be used as the basis for a more precise mapping of Ancient and Endangered forests in Sumatra. Another comparative and freely available platform is the "Global Safety Net", a science based, peer reviewed framework that applies 11 spatial layers to determine how much unprotected land needs increased conservation attention. Both platforms offer much more detailed and complex view of APRIL's operational areas.	

SAC noted that in reality there is relatively little forest remaining in Sumatra that would meet the criteria of “ancient”. Even the major national parks – Kerinci, Leuser and Bukit Barisan are now listed as World Heritage that are in danger and efforts to conserve other natural forest areas on the island are meeting major challenges. The areas of natural forest protected within RAPP concessions are amongst the best examples of forest conservation in Sumatra.

The SAC also discussed the literature review conducted by Dr. Reed Noss (*Best Practice Biodiversity Offset Ratios for Ecosystem Restoration: A Brief Literature Review*) which was commissioned by Canopy. The review notes five key findings, four of which APRIL fundamentally agree with and have operationally implemented:

- The preferred option to mitigate biodiversity loss is to avoid any damage to habitat. If that is not politically or economically feasible, damage is minimized and/or remediate.
- No net loss of biodiversity is achieved when the gain in biodiversity is equal to or greater than the loss of biodiversity from a ‘planned’ development.
- Examples of successful biodiversity ‘offsets’ are rare.
- Offset ratios should be proportional to the scale and impact of development, and should be the last option on the mitigation hierarchy.

APRIL does not agree with the author’s final conclusion that ‘offset’ ratios “no less than 10:1 and probably on (sic) the order of 30:1 or higher” are appropriate in Indonesia. This conclusion is not supported by the current literature; ignores the logical framework of the authors own earlier conclusions; does not consider national biodiversity assessments/targets or local context and significantly lacks practical examples in terms of the application of ‘offsets’. Finally, none of the papers cited present any empirical evidence to support the proposed 30:1 offset ratio.

The SAC noted the challenge of this concept and advised APRIL to continue building communication with Canopy on how best to address the issue. The SAC would also like to look into opportunities to have a dialogue with Canopy to understand further its concerns and position.

## 2. SFMP 2.0 Assurance

A representative from KPMG provided updates to the SAC regarding the assurance of APRIL’s SFMP 2.0 between 1 Jan 2019 and 31 December 2019. This is the seventh third-party assurance of SFMP 2.0 and covered a total of 40 indicators. The assurance process was started in February 2020, and included visits to two suppliers’ concessions. Due to the restrictions imposed with the rise in COVID cases, the assurance was continued using remote procedures from August to September for the remaining seven concessions.

The assurance identified zero new non-conformances, two good practices and five new opportunities for improvement (OFI). KPMG also assessed progress on action plans to address findings from the previous assurance engagements and found that 17 of 19 existing OFIs are closed. KPMG said they could not make a conclusion on possible new development for one Open Market Supplier, due to lack of sufficient information related to Land Cover Change.



Currently, KPMG is completing the Assurance Report, which will also include APRIL's corrective actions plans for addressing the assurance findings. The report is scheduled to be delivered to the SAC for approval by end of October 2020.

### **3. APRIL Wood Fiber Supply**

An APRIL representative presented an update to the SAC on APRIL's Wood Fiber Supply, as follow up to the review presented by independent Finnish consulting firm, Indufor Oy in July 2019. Indufor Oy was hired in 2019 to audit APRIL's internal measurement practices and fiber supply modelling forecasts. No significant shortcomings or inconsistencies that might impair APRIL's long term wood supply forecast were found.

APRIL reviewed the current growing stock Mean Annual Increment (MAI), a measure of productivity in growth per hectare per year, which has significantly increased from 2015 to 2020 for both tree species, Acacia crassicarpa and Eucalyptus. The additional MAI is a result of improved silviculture including the establishment of Eucalypt clones. At the same time the proportion of high productivity plantations is increasing, reflecting a reduction in low productivity areas while the plantation footprint remains the same.

The data tabled concluded that APRIL will achieve wood fiber self-sufficiency by 2021.

The SAC inquired about the implication on open market sourcing given the projection. APRIL confirmed that it will continue to maintain commercial relationships with open market sources as a risk management strategy in the event of a supply chain disruption from its own land bank. APRIL also confirmed it will continue to use the opportunity to engage and help build the capabilities of its supply chain to further implement sustainability commitments, as required by SFMP 2.0. SAC however remained concerned that efforts to ensure that open market suppliers conform to SFMP have often been hampered by difficulty in obtaining data. Some stakeholders have expressed concern at the alleged significant business relations with the RGE group of some open market and long-term supply partners sometimes. This is perceived by some as creating a risk of conflict of interest.

The SAC encouraged APRIL to present more data in terms of water management in its peatland plantations as it would like to see the balance between the impact of water management on emissions and productive growth. APRIL provided assurances that its water management is consistent with the Government of Indonesia's guidelines and regulations. In addition, APRIL's peatland science team is closely monitoring its GHG and continuing to work with the Independent Peat Expert Working Group (IPEWG) to adopt and implement peatland best management practices.

### **Q&A Session**

The SAC dedicated the Q&A Session to discussions about the recent report by Auriga Nusantara related to one of APRIL's open market suppliers of plantation fiber, PT. Adindo Hutani Lestari (PT. AHL). The SAC has reviewed the response made by APRIL to Auriga, published on APRIL Dialog, and concluded that the information provided is credible and correct.



The SAC also acknowledged that there were questions raised about the KPMG assurance process and noted that KPMG will conduct an evaluation of PT. Adindo Hutani Lestari (PT.AHL) to be added to the 2020 Assurance Report. KPMG noted that data interpretation is crucial, and that on the ground visits confirmed that there is active encroachment in PT AHL. The SAC also noted that it would be helpful to understand if the disagreement with Auriga's report is a matter of interpretation or of facts. It would be useful to look into any further evidence they may have, noting also that APRIL has a standing invitation to the NGOs for a ground verification.

In addition to the report related to PT AHL, the SAC also raised the issue about the Jikalahari report published in August 2020. The SAC wished to have a separate discussion internally about this, led by Al Azhar (SAC Member).

**Follow up:**

**Internal SAC calls will be conducted in the week of 19 October. The agenda will focus on**

- 1. Indonesian NGO concerns, eg Jikalahari, noting that there was not sufficient time remaining to discuss these during the 16 October SAC Zoom meeting.**
- 2. Discuss how to improve the effectiveness of SAC Zoom meetings.**

**Next Meeting Date**

Date (tbd) : December 2020

Location : Virtual (Zoom)