



Stakeholder Advisory Committee (SAC)

on APRIL2030

21st SAC Virtual Meeting
Thursday, 25 March 2021

SAC MEMBERS	<ol style="list-style-type: none">1. Prof. Jeffrey Sayer (<i>Co-chair</i>)2. Dr. IB Putera Parthama (<i>Co-chair</i>)3. Mr. Joseph Lawson4. Bapak Al Azhar5. Dr. Neil Byron6. Ibu Erna Witoelar7. Mr. Rod Taylor
TOPICS OF DISCUSSION	
Opening SAC co-chairs opened the meeting and introduced a representative from KPMG who will be presenting SFMP 2.0 assurance plan for 2021 and representatives from APRIL who will share a presentation on the APRIL 2030 Climate Positive pillar. Other agenda items were updates on FSC re-association and on discussions with the NGO, Canopy.	
SFMP 2.0 2021 Assurance A KPMG representative presented the plan for the SFMP 2.0 2021 assurance to the SAC. Given the ongoing pandemic situation, KPMG proposed limited field assurance activities with more reliance on remote audit procedures. For safety reasons, the assurance process will also have less interaction opportunity with local communities. The KPMG representative also informed the SAC of plans to visit one supplier concession in Malaysia, subject to the lock-down being lifted. Otherwise they will continue to complete the process remotely. Regarding having independent observers, KPMG acknowledges the interest of local stakeholders to continue this arrangement. However, given Covid restrictions and the focus on remote procedures, the presence of observers is not possible for this year. When the situation improves and allows team to conduct site visits, observers will be welcome again to join the assurance process. KPMG representative confirmed that the assurance report will be completed by end of July 2021, and ready to be made available to external stakeholders in August 2021. SAC agrees with the proposed methodology and schedule for 2021 assurance. It acknowledges that the pandemic is a challenge to the process and what's being proposed is the best compromise. <u>SAC also agreed that it will re-examine the assurance indicators to ensure that they align with the commitments and targets of APRIL2030.</u> SAC also agrees that indicators should address issues that are covered in media such as unresolved social disputes, and that it is worth considering a consultation with key stakeholders and subject area experts to further refine the relevant indicators.	

APRIL 2030 – Climate Positive (Land Use GHG Monitoring)

An APRIL representative presented updates on APRIL's land use GHG monitoring as part of the Climate Positive pillar of APRIL2030 commitments. Information on global peatland distribution was presented, covering both the temperate+boreal peatlands and tropical peatlands. By way of background, Indonesia GHG emission data in 2016 shows that more than 50% is contributed from land-based activities (Agriculture, Forestry and Other Land Use + Peat fires).

Major contributors to the land-based emissions stem from deforestation and forest degradation as well as peat fires. APRIL, as a forestry company, commits to strict elimination of deforestation in its supply chains and to a zero fire policy. The presenter reported that In Indonesia ~70% of peatland conversion to agriculture (between 1990 and 2010) occurred outside of concessions for industrial plantation development; and that APRIL Acacia plantation (~260,000ha) on peat equates <4% of the total peatland area in Indonesia in 2010. The presenter also highlighted that there are knowledge gaps in emission factors and estimation methods.

As part of APRIL's commitment to science-based emission reduction, APRIL measures its Greenhouse Gases which includes CO₂, Methane (CH₄) and Nitrous Oxide using the Eddy Covariance technique (flux tower). This includes all existing emission and removal pathways, taking into account spatial and temporal variability with the goal to improve scientific knowledge of emission factors, as well as understanding the links between land management and GHG emissions.

The ongoing analysis using the Eddy Covariance technique has resulted in several published studies in peer-reviewed scientific journals. These include major studies of the impact of plantation forestry on CH₄ emissions in tropical peatlands. The presenter concluded the presentation with the comparison of CO₂ emission from different land uses in tropical peatlands.

The SAC is encouraged to see APRIL's effort in understanding first hand data of land use emissions of greenhouse gases particularly from tropical peatlands. Some past publications particularly from sources outside of Indonesia presented questionable figures on the level of emissions from managed Acacia plantations. SAC is satisfied that APRIL's, emission figures are scientifically reliable. APRIL is encouraged to continue to refer to government data while also seeking collaboration with other existing greenhouse gas monitoring initiatives.

The SAC also asked whether there are any regional or international flux tower networks available where APRIL can submit its data. APRIL confirmed that while there are not many in the Asian region, there is an Asia flux network and APRIL has submitted its data to this. SAC acknowledges that there are still uncertainties and wide variations in the measurement of peatland emissions and encourages APRIL to continue contributing in this space. Lastly, the SAC welcomes APRIL's plan to report the result of the ongoing monitoring to the Directorate of Climate Change at the Ministry of Environment.

Update on FSC

APRIL representative provided an update to the SAC regarding APRIL's FSC engagement process. The presenter reminded SAC members that the overall objective of the engagement is 1) to end the disassociation with FSC (based on a complaint filed by NGOs in 2013 re violation of FSC's Policy for Association); and 2) to be associated with FSC as certificate or licence holder.

In terms of process, APRIL has completed all the requirements for the Assessment phase, which includes Readiness Assessment, Baseline Analysis, Acknowledgement of Harm, and Corporate Structure Disclosure. APRIL is now in the process of the Requirement Setting phase, to prepare the Company-specific Roadmap based on the Generic Roadmap (Policy for Association Remediation

Framework) which defines the requirements and indicators with an adaptable set of guidance for ending disassociation.

This framework includes public consultation and other stakeholder engagement opportunities. From June – August 2021, the FSC is hosting the Stakeholder Consultation for the PfA Remediation Framework, in parallel with ongoing consultations on FSC Policy for Association and FSC Conversion Remedy Procedure. APRIL representative also added that the PfA Remediation Framework is only expected to be considered by the FSC Board in June of next year

The SAC appreciates the update provided by APRIL and acknowledges all the efforts and internal preparation that have been conducted. The SAC is discouraged to hear that the process has been delayed, and believes that it is in the best interest of FSC to include APRIL in their system as one of the largest forest concession license holders in Indonesia.

SAC encouraged APRIL to continue with stakeholder engagement, particularly with NGOs, in addition to the formal stakeholder consultation process that is taking place.

Update on Ongoing Discussion with Canopy

An APRIL representative briefed the SAC APRIL's ongoing discussions with Canopy, an NGO based in Canada. By way of background, Canopy publishes an annual Hot Button Report which aims to assess fibre sourcing for viscose in the fashion sector. APRIL's sister companies, APR and Sateri, receive a Red Shirt rating in the Hot Button Report due to its sourcing from Indonesian forests, which are all claimed by Canopy to be Ancient and Endangered Forest. Brands have also been encouraged by Canopy to adopt a policy of not sourcing from red shirt-rated viscose suppliers. This is in spite of the fact that the terms Ancient and Endangered do not apply to the situation in Sumatra where almost all forests have been subject to significant human disturbance for many decades.

APRIL and RGE have started the realization of a \$200 million investment in R&D on next generation fibers. This initiative, which is an integral part of APRIL's and RGE's sustainability strategy, will focus on R&D on closed-loop, circular processes and next generation fibers from recycled textile and agriculture waste.

At the request of Canopy, APRIL has also been providing technical advice to Forum Konservasi Leuser (FKL), a local civil society organization focusing on rhino conservation and is a partner of Canopy. FKL and Canopy wish to apply for ecosystem restoration license for an area in Aceh. APRIL has provided advice to FKL/Canopy on APRIL's experience in applying for ecosystem restoration permits and in fulfilling the commitments as ER license holder under the prevailing government regulations.

In relation to its plan to make available sufficient forest areas for effective rhino conservation, FKL is assessing the possibility of persuading other concession holders around Leuser NP to engage other businesses to contribute to ecosystem restoration in accordance with prevailing government regulations. In this respect, APRIL is facilitating contact between FKL and a representative of other holders of forestry permits concessions in Leuser ecosystem area.

This year APRIL has conducted three rounds of meetings with Canopy, focused on mapping the alignment between APRIL2030 commitments and targets and Canopy's key expectations for APRIL. The review, as discussed with Canopy, showed that APRIL2030 commitments address many of Canopy's expectations and allowed the parties to focus on a smaller number of outstanding issues.

The SAC appreciated the update provided by APRIL, and is discouraged to see the implication of having the whole of Indonesian forest classified as "Ancient and Endangered", and therefore, a controversial source of fiber for viscose. The SAC suggested that APRIL to work with other companies who are impacted by Canopy's position, and to keep showcasing the sustainability commitments that



are in place for APRIL's operations. The SAC also noted that viscose still makes up a small portion of the material mix for many textiles and other raw material sources also carry issues of sustainability.

Closing

The SAC co-chairs thanked all participants for attending the meeting and concluded that it may not be possible to aim for an in-person meeting until the fourth quarter of 2021. The next meeting will be conducted virtually, probably in the second half of August.

Next Meeting Date

Date (tbd) : Late August 2021

Location : Virtual (Zoom)