

# Interim Report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0

**Submitted to APRIL Stakeholder Advisory Committee on September 1, 2021**

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# Table of contents

<b>1. STAKEHOLDER ADVISORY COMMITTEE OBSERVATIONS .....</b>	<b>3</b>
<b>2. SUMMARY AND CONCLUSIONS .....</b>	<b>5</b>
<b>3. BRIEF OVERVIEW OF APRIL'S OPERATIONS .....</b>	<b>8</b>
<b>4. SFMP 2.0 AND THE DEVELOPMENT OF PERFORMANCE INDICATORS .....</b>	<b>10</b>
<b>5. THE ASSURANCE PROCESS .....</b>	<b>11</b>
<b>6. APPROACH TO REPORTING .....</b>	<b>15</b>
<b>7. STATUS OF PRIOR YEAR ACTION PLANS .....</b>	<b>16</b>
<b>8. SUMMARY OF INTERIM SFMP 2.0 INDICATOR PERFORMANCE .....</b>	<b>18</b>
<b>I. LONG TERM SUSTAINABILITY .....</b>	<b>18</b>
<b>II. FOREST PROTECTION AND CONSERVATION INDICATORS .....</b>	<b>22</b>
<b>V. PROACTIVE SUPPORT OF LOCAL COMMUNITIES INDICATORS .....</b>	<b>24</b>
<b>VI. RESPECT THE RIGHTS OF INDIGENOUS PEOPLES AND COMMUNITIES INDICATORS.....</b>	<b>25</b>
<b>VII. RESPONSIBLE PRACTICES IN OUR WORK PLACES INDICATORS.....</b>	<b>27</b>
<b>VIII. LEGAL COMPLIANCE AND CERTIFICATION INDICATORS.....</b>	<b>30</b>
<b>IX. GOOD CORPORATE GOVERNANCE, VERIFICATION AND TRANSPARENCY INDICATORS.....</b>	<b>31</b>
<b>APPENDIX 1: SFMP 2.0 .....</b>	<b>33</b>
<b>APPENDIX 2: SUMMARY OF INDICATORS.....</b>	<b>39</b>
<b>APPENDIX 3: ACTION PLANS FOR NEW OPPORTUNITIES FOR IMPROVEMENT .....</b>	<b>45</b>
<b>APPENDIX 4: UPDATE ON ACTION PLANS FOR HISTORIC OPPORTUNITIES FOR IMPROVEMENT .....</b>	<b>46</b>

# 1. Stakeholder Advisory Committee

## Observations

### *Message from the Co-Chairs*

This report is the 8<sup>th</sup> report to the Stakeholder Advisory Committee (SAC) from KPMG Performance Registrar Inc. (KPMG PRI) since APRIL Group (APRIL) announced its original Sustainable Forest Management Policy (SFMP) in 2014.

Since 2016, the reports have focused on providing assurance over key indicators of SFMP 2.0 performance. These indicators provide the SAC with valuable insight into APRIL's progress in implementing its SFMP 2.0 commitments and flag areas where there remain ongoing challenges.

In 2021 we had hoped that the assurance process would be able to be a field-based with visits to multiple concessions. Unfortunately, the field program was again curtailed part way through the assurance process due to increasing prevalence of COVID-19 and related travel restrictions. The revised assurance process was conducted primarily remotely and focused on key indicators of APRIL's performance, particularly in areas where we hoped to see progress during 2020.

KPMG PRI's assurance report indicates general progress by APRIL over the last year and identifies, in particular, three key aspects of APRIL's commitments where there are continuing improvements, but also where there is a continued need to focus where necessary enhancements are ongoing. These are:

- The overall rigor and scope of Open Market Supplier due diligence processes – this is an area where APRIL continues to seek improvements, cooperation and data sharing with suppliers is improving and due diligence processes have been revised. We recognize that implementing improvements to due diligence processes has been a particular challenge during the COVID-19 pandemic as planned field audits of Open Market Suppliers were not able to be conducted.
- The maintenance of an effective process for addressing community and stakeholder grievances – historic public grievance resolution processes have been somewhat underutilized. APRIL is moving toward a more streamlined system with multiple communication channels for raising grievances. Finalization and socialization of these processes is important in order for the process of grievance resolution to become more effective. We look forward to the current enhancements to this process being fully implemented prior to the next assessment in 2022.
- Safety culture and safety management – despite the pandemic, APRIL has made substantial progress in the development and implementation of a Contractor Safety Management System (CSMS) designed to drive contractor safety improvements across operations. This includes assistance to contractors in developing safety systems, training, inspections and the implementation of required safety passes, setting minimum safety standards built into contract renewals. We are very keen to see this implementation continue.

We also note the continuing strong performance of APRIL in reducing the impact of fire and encroachment on the conservation areas within PT. RAPP and Supply Partner concessions, again recording very low levels of negative impacts in 2020.

During 2020, APRIL announced a bold APRIL 2030 commitment to align its performance with Indonesia's Sustainable Development Goals with a broad series of targets to drive future performance improvements. The SAC is impressed by the scope of these goals and will look closely at how the current SFMP 2.0 assurance program might evolve in the future to support progress reporting.

Lastly, we would like to thank the APRIL staff for working alongside KPMG to enable the production of this report under continuing challenging circumstances. This also holds true for APRIL suppliers, contractors and other critical personnel who provided access to the KPMG team during difficult times.



Ida Bagus Putera Parthama & Prof. Jeffrey Sayer  
Co-Chairs  
APRIL Stakeholder Advisory Committee

## 2. Summary and Conclusions

In 2021, KPMG PRI completed a limited assurance engagement over selected indicators of APRIL Group's (APRIL's) implementation of its Sustainable Forest Management Policy (SFMP) 2.0 commitments. This report describes the scope of the work conducted and KPMG PRI's findings.

### Objective of the engagement

We were engaged by the independent Stakeholder Advisory Committee (SAC) of APRIL to undertake a limited assurance engagement over:

- APRIL's progress in implementing action plans related to the five opportunities for improvement identified in our November 2020 limited assurance report and two remaining opportunities for improvement related to prior assurance reports; and,
- APRIL's performance under eight selected SFMP 2.0 indicators for the period from January 1, 2020 to December 31, 2020 and related conformance with SFMP 2.0

### The SFMP Performance Indicators

The SFMP 2.0 performance indicators were developed by APRIL with the input of its SAC to provide quantitative information on APRIL's progress in implementing its commitments under SFMP 2.0. The development process for the indicators included input from both local and international stakeholders.

Given the nature of the subject matter and the available methods for determining quantitative and qualitative performance data for indicators of this type there are inherent limitations in the degree of precision that can be achieved. Management has developed methodologies for each of the indicators, which may change over time and can impact measurements and comparability.

### Management's responsibilities

APRIL management is responsible for the preparation and presentation of the SFMP performance indicator data in accordance with APRIL's internal guidelines and definitions for SFMP reporting. APRIL management is also responsible for the development and implementation of the action plans to address the identified opportunities for improvement which are detailed in Appendix 3.

### Our responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed. The engagement was carried out in accordance with ISO 17021, which is the standard most commonly applied globally for sustainable forest management certification engagements.

### Our approach

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the selected SFMP indicator performance data and applying analytical and other evidence gathering procedures to the data, as appropriate. Our procedures included:

- Inquiries with relevant staff at the corporate and operational level to understand the data collection and reporting processes for the SFMP performance indicator data;

- Comparing the reported data to the underlying data sources;
- Inquiries of management regarding key assumptions and where relevant, the re-performance of calculations; and,
- Field inspections at three concessions to assess field conditions for consistency with reported data.

As a result of rising numbers of local COVID-19 cases and related changes in travel restrictions it was necessary to reduce the planned extent of field inspections during the engagement. KPMG performed alternate remote assurance procedures to achieve our objectives. These procedures involved the use of information and communication technology such as video and screenshare to complete interviews with sites and review of relevant records, photos and satellite imagery. The remote procedures were effective in allowing us to obtain sufficient and appropriate assurance evidence. We believe our procedures provide a reasonable basis for our conclusions.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is obtained.

## Our Findings and Conclusions

Based on our examination:

**Performance Indicator Data and Conformance with SFMP 2.0** – based on the procedures performed, which related to eight of APRIL’s 45 SFMP 2.0 indicators, nothing has come to our attention that causes us to believe that the APRIL SFMP 2.0 performance indicator data presented in the report have not been prepared and presented, in all material respects, in accordance with APRIL’s internal guidelines and definitions for SFMP reporting;

- we did not identify any non-conformances in the implementation of SFMP 2.0 requirements during the reporting period.
- we identified **two** new opportunities for improvement, relating to Open Market Supplier due diligence processes. These are summarized in Appendix 3 of our report along with formal corrective action plans developed by APRIL to address the opportunities identified.

**Status of Action Plans Developed to Address Previous Assurance Findings** – based on the procedures performed, nothing has come to our attention that causes us to believe that APRIL’s assessment of action plan status presented in Section 7 of this report has not been prepared and presented, in all material respects, in accordance with the criteria for determining action plan status described in Section 7.

**Good Practices** – While our assurance process was not specifically designed to identify and report on Good Practices, in the course of our work we did identify **two** Good Practices that were considered to be appropriate to report in order to provide the Stakeholder Advisory Committee with context on APRIL’s implementation of their SFMP 2.0.

Our findings are also provided on an indicator by indicator basis within Section 8 of our report, along with explanatory notes on the performance information.

## Use of the Report

Our assurance report is provided solely to the independent Stakeholder Advisory Committee of APRIL in accordance with the terms of our engagement. Our work has been undertaken so that we might report to the Stakeholder Advisory Committee on those matters we have been engaged to report upon in this assurance report, and for no other purpose. We do not accept or assume responsibility to anyone other than the Stakeholder Advisory Committee for our work, for this assurance report, or for the conclusions we have reached.

KPMG PRI

KPMG Performance Registrar Inc.  
Vancouver BC Canada  
September 1, 2021

### 3. Brief overview of APRIL's Operations

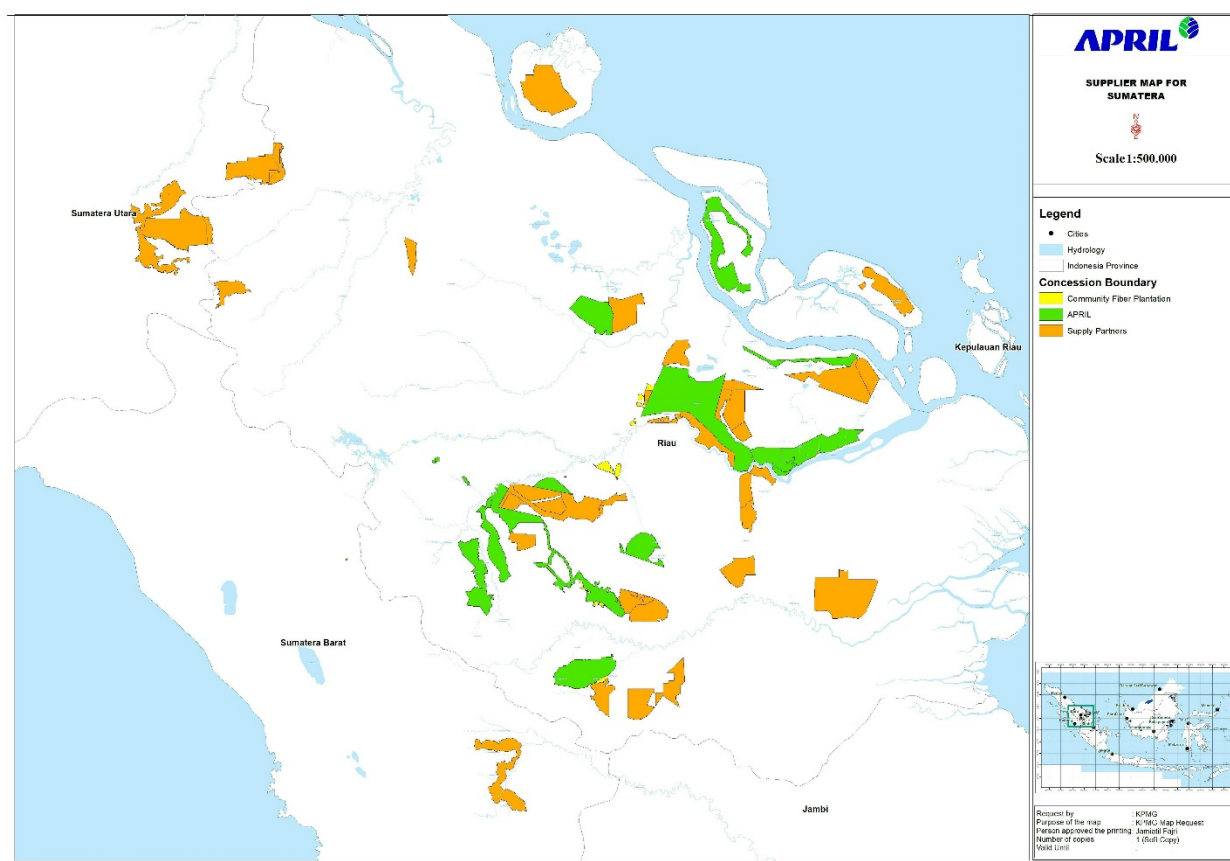
APRIL Group maintains an integrated pulp and paper mill in Pangkalan Kerinci, in Riau Province, Sumatra. The mill is capable of producing 2.8 million tonnes of pulp and 1.15 million tonnes of paper per year.

Fiber for the pulp and paper mill is derived from approximately 450,000 hectares of plantations maintained by PT. Riau Andalan Pulp and Paper (PT. RAPP) as well as Supply Partner<sup>1</sup> concessions located on Sumatra. APRIL Group and its Supply Partner plantations currently supply approximately 76% of the mill's fiber needs, the remainder being met by Open Market Suppliers<sup>2</sup> from Sumatra, Kalimantan and Malaysia.

A map showing the general location of PT. RAPP and Supply Partner concessions is provided in Figure 1 below. A map showing the location of Open Market Supplier concessions is provided in Figure 2 on the following page. Further information on APRIL's operations can be found at [www.aprilasia.com](http://www.aprilasia.com).

Further information on APRIL, its sustainable forest management commitment and related maps and supplier data are provided on APRIL's sustainability dashboard, located at <http://sustainability.aprilasia.com>.

**Figure 1 General Location of PT. RAPP and Supply Partners**

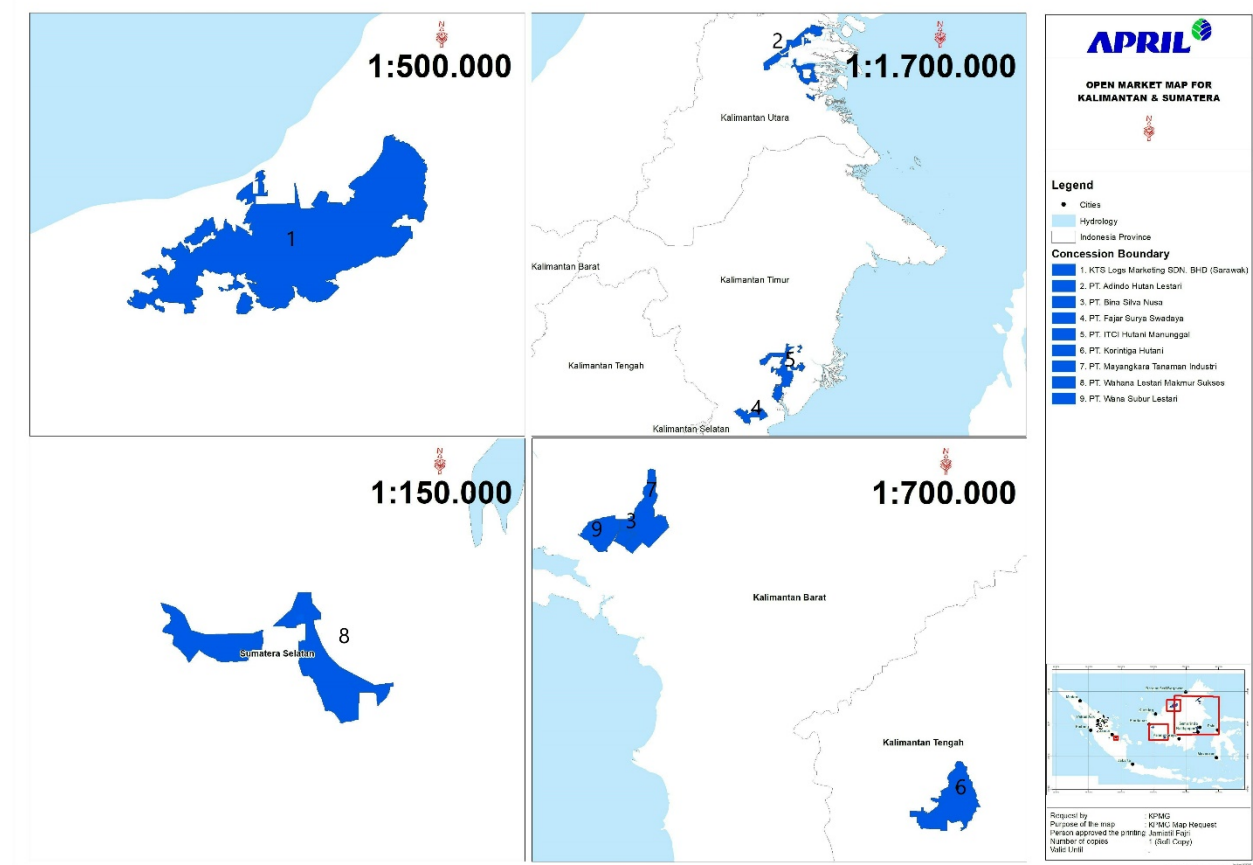


<sup>1</sup> Supply Partners are those suppliers that have long-term partnerships with APRIL, providing all their plantation fiber to APRIL as well as contributing toward APRIL's to 1:1 conservation commitment.

<sup>2</sup> Open Market Suppliers are those suppliers APRIL contracts with for open-market log purchases. These suppliers may sell fiber to third parties and do not contribute to APRIL's 1:1 conservation commitment.



**Figure 2 General Location of Open Market Suppliers**



1. KTS Logs Marketing SDN. BHD (Sarawak)
2. PT. Adindo Hutani Lestari
3. PT. Bina Silva Nusa
4. PT. Fajar Surya Swadaya
5. PT. Itchi Hutani Manuggal

6. PT. Korintiga Hutani
7. PT. Mayangkara Tanaman Industri
8. PT. Wahana Lestari Makmur Sukses
9. PT. Wana Subur Lestari

## 4. SFMP 2.0 and the Development of Performance Indicators

### Independent Stakeholder Advisory Committee

Since 2014, APRIL has maintained a Stakeholder Advisory Committee (SAC or Committee) of independent sustainable forestry and social experts. The Committee was created to oversee implementation of APRIL's Sustainable Forest Management Policy.

SFMP 2.0 was announced publicly on June 3, 2015 and is the second iteration of APRIL's Sustainable Forest Management Policy. The policy can be found at [www.aprilasia.com/en/sustainability/sustainability-policy](http://www.aprilasia.com/en/sustainability/sustainability-policy) and in Appendix 1 of this report.

Starting in 2015, the SAC appointed KPMG PRI to undertake public assessments of APRIL's progress on its SFMP 2.0 commitments. KPMG PRI reports its findings directly to the SAC. Historic reports presented to the SAC can be found at <https://sustainability.aprilasia.com/en/sustainable-forestry-management-policy-2-0/>

Minutes of SAC meetings and recommendations made by the SAC can be found at

<http://www.aprilasia.com/en/sustainability/stakeholder-advisory-committee/meeting-updates>

### SFMP 2.0 Indicators

**Purpose of Indicators** – The SFMP 2.0 indicators have been established in order to track implementation of SFMP 2.0 over time. A full list of all indicators can be found in Appendix 1.

**Indicator Development** – Since 2015, APRIL has worked with its independent SAC and external stakeholders to maintain a set of indicators that tracks implementation of key commitments under SFMP 2.0. The indicators were subject to stakeholder consultation with both local and international stakeholders during the development process.

Since the initial development of the indicators in 2016, ongoing refinement and updates to the indicators have been made based on feedback from the SAC and external stakeholders as well as through continuous improvement in data collection and reporting by APRIL and its suppliers.

The indicator set is not expected to remain static for future reporting periods, and will be adjusted over time to reflect:

- The availability of new data that is better suited to monitoring SFMP 2.0 performance;
- Changing areas of interest identified by stakeholders through both APRIL and SAC stakeholder engagement processes;
- Emerging areas of interest identified by APRIL's SAC; and
- Public feedback on the indicators, which are publicly available on APRIL's sustainability dashboard.

# 5. The Assurance Process

## About KPMG Performance Registrar Inc.

KPMG Performance Registrar Inc. (KPMG PRI) is a wholly owned subsidiary of KPMG LLP Canada (the ultimate parent of KPMG PRI), which is the Canadian member firm of KPMG International. KPMG PRI operates as a certification and verification body under the ISO 17021 (management system assurance) and ISO 14065 (GHG assurance) programmes.

KPMG PRI is accredited to conduct certification as follows:

- PEFC chain of custody
- SFI chain of custody
- PEFC Forest Management certification (Canadian Standards Association and Sustainable Forestry Initiative standards)
- ISO 14001 (Environmental Management Systems)
- ISO 9001 (Quality Management Systems)
- ISO 14065 (Greenhouse Gas Verification)

KPMG PRI supports KPMG's Center of Excellence in Forestry in providing field-based assurance over forestry practices. A separate wholly owned subsidiary, KPMG Forest Certification Services Inc. provides FSC forest management and chain of custody certification.

KPMG staff have specific expertise in forestry, biology and social audits and work alongside local Indonesian field teams to provide assurance under SFMP 2.0.

## Report Scope

The limited assurance engagement was carried out on data reported by APRIL for eight SFMP 2.0 indicators and sub-indicators for the period between January 1, 2020 and December 31, 2020.

The specific SFMP 2.0 indicators selected for 2020 were chosen based on an assessment of those indicators most critical to APRIL's performance in 2020, which included consideration of previous performance and areas where action plans related to Opportunities for Improvement identified in prior assurance reports remained in progress. The indicators selected in Table 1 below were presented to the local stakeholders in Pekanbaru for feedback.

**Table 1: Indicators selected for assurance for the period between January 1, 2020 and December 31, 2020**

SFMP 2.0 Indicator Reference	Indicator Text
Ib.	<ul style="list-style-type: none"> <li>Hectares (Ha) developed by category</li> <li>Percentage (%) and Ha of first time planting areas that have been subject to high carbon stock ("HCS") assessment</li> </ul>
Ila.	Ha and % of conservation and restoration area impacted by fire or development or encroachment
Va.	<ul style="list-style-type: none"> <li>Dollar value (\$) spent on social infrastructure projects</li> <li>Kilometers (kms) of road built</li> <li>Number (#) of social infrastructure projects completed</li> <li># of social infrastructure projects for which materials/equipment were provided by APRIL Group</li> </ul>
VId.	% of grievances resolved in accordance with the grievance standard operating procedure ("SOP")
VIIa.	# of fatalities (Mill, PT. Riau Andalan Pulp and Paper ("PT. RAPP"), fiber, suppliers)
VIIc.	% of PT. RAPP, supplier and contractor operations covered by OHS certification
VIIIa.	# of instances of fire on concessions by cause
IXd.	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery

## Conduct of the Engagement

The engagement was carried out in accordance with ISO 17021, which is the global standard most commonly applied to sustainable forest management certification audits.

**Engagement Phases**– The engagement was undertaken in multiple phases as follows:

- Planning and stakeholder input on proposed approach – April 2021

A representative for KPMG met with local stakeholders in Pekanbaru to review findings from the prior year's assurance process and describe the proposed assurance approach to be undertaken in 2021 as well as the indicators to be assured. The scope of indicators was also presented at this meeting for consultation. The minutes from this meeting can be found on the [APRIL dialogue website](#).

Subsequently, the proposed approach and indicators to be assured were reviewed and finalized with the SAC.

- Final assurance plan – June 2021

A final assurance plan was approved by the SAC in June and shared with APRIL to collect the required documents and records and develop the logistics for proposed concession visits.

- Concession field visits – June/July 2021

Three concession field visits (one PT. RAPP estate and two Supply Partner concessions) were undertaken to compare indicator data provided by APRIL to field conditions. In addition, staff and management interviews and document and record reviews were undertaken virtually with the corporate office at the Kerinci mill site.

Due to developments surrounding COVID-19, the two remaining planned site visits to Open Market Suppliers were cancelled in early July.

- Remote procedures related to APRIL, Supply Partner and Open Market Supplier field operations were conducted during June and July 2021

Remote procedures were developed to cover off the SFMP 2.0 implementation topics originally intended to be addressed by site inspections and meetings with APRIL staff at the Kerinci Mill site. These procedures included review of information from APRIL's GIS database, scale information for wood deliveries, aerial photography, satellite imagery, stakeholder engagement records, community development projects and records of the status of claims by local communities. The specific evidence used to assess APRIL's data for each SFMP 2.0 indicator is summarized in the Data and Findings section of this report which also describes areas where data is not yet available to support either indicator reporting or assurance over the indicator.

**Table 2: Scope and Location of site visits and remote assurance procedures**

Sector / Concession	Ownership	Dates
Pelelawan North Riau Province, Sumatra	PT. RAPP	June 22-25 2021
PT. Sumatera Riang Lestari (VI) Bayas Riau Province, Sumatra	Supply Partner	June 22-25 2021
PT. Rimba Peranap Indah Riau Province, Sumatra	Supply Partner	June 28 - July 2 2021
PT. KTS Logs Marketing SDN. BHD Malaysia	Open Market Supplier	Alternative remote assurance procedures performed in lieu of site visit.
PT. Adindo Hutani Lestari North Kalimantan	Open Market Supplier	

- Report development and review with the independent Stakeholder Advisory Committee – August 2021

In the reporting phase, the engagement team reviewed additional documentation supporting indicator performance and gathered explanations to support key assertions in the indicators. Initial conclusions were fact-checked with APRIL prior to finalizing the draft report.

The draft report was then developed and submitted to the Stakeholder Advisory Committee for comment prior to finalization.

- Action planning and acceptance – August 2021

APRIL developed and submitted corrective action plans for the findings identified during the assurance process. These corrective action plans were reviewed by KPMG PRI for adequacy and once determined to be adequate, accepted.

Timely and effective implementation of corrective action plans is the responsibility of APRIL. Future reviews will assess the implementation of these corrective action plans.

**Team** – The engagement team comprised of six professionals:

- Three KPMG PRI employees experienced in conducting forest certification and assurance over sustainability information, including worker and human rights, community development and greenhouse gas emissions reporting;
- Two local forestry consultants; and,
- One local (KPMG Indonesia) assurance professional.

**Stakeholder Observers** – Stakeholder observers are typically involved in the field inspections to support transparency of the assurance process. However, due to COVID 19, the stakeholder observer process was postponed until the time that field assessment of APRIL and supplier operations is able to resume.

## 6. Approach to Reporting

For each of the performance indicators, information is presented from two sources:

- APRIL's own quantitative data related to the indicator; and,
- KPMG PRI's information on the work undertaken to assess the indicator data and the KPMG PRI findings.

Each performance indicator is presented in the following general format:

**Table 3: Format of performance data presented in Section 8.**

INFORMATION PROVIDED BY APRIL	<b>APRIL data for the period from January 1 to December 31, 2020</b>	The report presents quantitative performance data prepared by APRIL in relation to each of the performance indicators in order to set a performance baseline against which future progress can be gauged
	<b>Evidence Reviewed</b>	The key evidence reviewed by KPMG PRI in relation to performance
	<b>Findings</b>	Additional information to provide context to the indicator data and explain the link between the indicator data and SFMP 2.0
	<b>Non-Conformances</b>	Non-conformances are raised where the indicator data or the lack of indicator data is associated with a breach of the requirements of SFMP 2.0.
	<b>Opportunities for Improvement</b>	Opportunities for improvement are raised where KPMG PRI identifies opportunities for improvement in the scope of the indicator, the indicator data collection and quality control processes, or in the nature of the underlying SFM practices and monitoring undertaken by APRIL in relation to the indicator. In such cases a specific breach of SFMP 2.0 has not been identified.
	<b>Good Practices</b>	Good Practices are identified where KPMG PRI identifies specific practices being undertaken by APRIL or its suppliers that clearly demonstrate the potential of SFMP 2.0 to drive continuous improvement. While our assurance process was not specifically designed to identify and report on Good Practices, we include these practices in our report in order to provide the Stakeholder Advisory Committee with context on APRIL's implementation of the performance indicators.
	<b>Observation</b>	Observations are raised in order to draw attention to information important to an understanding of APRIL's performance. These are not non-conformances and relate to topics where APRIL already has continuous improvement initiatives underway and therefore an "Opportunity for improvement" is not warranted and an action plan is not necessary.

## 7. Status of Prior Year Action Plans

APRIL data related to status of open actions for prior non-conformances and opportunities for improvement

Table 4a: Status of action plans related to non-conformances.

There were no open action plans related to non-conformances at the beginning of the year.

Table 4b: Status of action plans related to opportunities for improvement.

SFMP 2.0 Policy Element	# of open action plans from prior years	# of action plans "Closed"	# of action plans "In Progress"	# of action plans "In Development"
I. Long-term sustainability	2	2	-	-
II. Forest protection and conservation	1	-	1	-
III. Peatland management	N/A	N/A	-	-
IV. Continuous reduction of carbon footprint	N/A	N/A	-	-
V. Proactive support of local communities	N/A	N/A	-	-
VI. Respect the rights of indigenous peoples and communities	1	-	1	-
VII. Responsible practices in our workplaces	2	1	1	-
VIII. Legal compliance and certification	N/A	N/A	-	-
IX. Good corporate governance, verification and transparency	1	-	1	-
Data Reporting	N/A	N/A	-	-
<b>Total</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>-</b>

### KPMG Comments and Findings

The seven action plans remaining open from KPMG's November 2020 assurance report relate to five new opportunities for improvement issued in 2020 and two remaining opportunities for improvement related to prior year reports.

The current status of each action plan is rated as either Closed (the required actions to address the issue have been undertaken and the issue is being addressed), In Progress (the required actions are in the process of implementation but are not yet complete) or In Development (the approach to implementing the action plan has not yet been finalized and the issue has not yet been addressed).

Of the five new action plans from 2020, three are in progress and two were closed in 2021. All three of the action plans remaining in progress have faced implementation delays resulting from the COVID-19 pandemic and would be expected to close once in-person interactions with suppliers and stakeholders resume.

One of the two remaining historic action plans from prior reports remains open:



- Opportunity for Improvement #9 from 2018 remains open. It related to isolated safety lapses observed during field inspections. APRIL has chosen to address this issue through the development and implementation of a Contractor Safety Management System (CSMS). As of 2021, there has been broad rollout of the program across contractors focused on training and documentation of safety processes. Field audits are expected to be an integral part of CSMS process going forward and are expected to be completed across contractors by late 2021 (subject to any restrictions created by COVID-19). While this action plan has been open since 2018, the approach taken by APRIL to raising contractor safety standards is comprehensive and requires significant resources and time to undertake correctly. This finding remains in progress pending the completion of field audits by APRIL, which is the final stage of the initial implementation of the CSMS.

# 8. Summary of Interim SFMP 2.0 Indicator Performance

## I. Long Term Sustainability

### Indicator Performance

I	Long Term Sustainability:
b.	<ul style="list-style-type: none"> <li>Hectares (Ha) developed by category (Forested, Non-Forested and HCV<sup>1</sup>/HCS<sup>2</sup> and non-HCV/HCS)</li> <li>Percentage (%) and Ha of first-time planting areas that have been subject to high carbon stock ("HCS") assessment</li> </ul>

<sup>1</sup> High Conservation Value

<sup>2</sup> High Carbon Stock

#### APRIL data for Indicator I.b

PT. RAPP and Supply Partners*		2020 (Ha)		2019 (Ha)	
		PT. RAPP	Supply Partners	PT. RAPP	Supply Partners
New Development		0	0	0	0
Initial planting on previously deforested (non-HCV/HCS) land	Mineral Soil	765	1921	22	48
	Peatland	0	733	595	0

Initial planting on previously deforested lands is not tracked for Open Market Suppliers. New development is monitored through a land cover change monitoring program with feedback from suppliers and did not identify new development in 2020

Percentage (%) and Ha of first-time planting areas that have been subject to high carbon stock ("HCS") assessment	<b>Not applicable</b> – see status of 2018-OFI-2 below.
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#### Evidence Reviewed

Planting records for samples of new plantations were reviewed to assess whether the planting was related to areas being newly developed or areas that had been historically developed or deforested. For a sample of larger areas, the absence of native forest cover prior to development was checked against aerial imagery.

Field observations of recently recovered areas were also undertaken at the estates/ concessions visited to confirm the accuracy of records related to recovered areas.

Processes for land cover change monitoring and land recovery were reviewed and samples reviewed using satellite imagery or field site visits to confirm the absence of new development.

## Findings

This is a key indicator of conformance with SFMP 2.0 commitments restricting new development of forested land after June 2015.

### APRIL and Supply Partners

No new development was identified during field inspections and remote sampling of land recovery and initial planting operations.

For APRIL and Supply Partners, 3,419 hectares (2019: 665 hectares) of initial planting occurred on land that had been previously cleared prior to APRIL's SFMP 2.0 commitments and became available as a result of the resolution of land disputes.

**2018 Opportunity for Improvement #2** which related to land recovery operations, is now closed. This opportunity related to the need to formalize processes for land recovery operations to ensure that they are consistent with APRIL's commitments to only develop areas that are non-forested as defined by HCV and HCS assessments. As of September 2020, a revised Land Recovery Analysis SOP has been developed that formally addresses commitments to only develop non-forested land. As of 2021, under the updated and approved version of the Land Recovery Analysis SOP forested areas (>6.5ha), non-forested land within protected areas, internally designated conservation areas, land included within APRIL's 1:1 commitment, land protected from development under Peat Operational Guidelines and land that was still forest at June 2015 are not eligible for planting with commercial crops. This information links to HCV assessments (which designate conservation area). Given forest exceeding 6.5ha needs to be retained the absence of an explicit requirement for HCS assessment is acceptable (as HCS does not apply at this scale). APRIL's revised SOP has been socialized across all APRIL operations and implemented. The samples of PT. RAPP land recovery operations during 2020 were found to be consistent with the SOP.

The following observation was also noted in relation to PT. RAPP's 2020 land recovery operations in Dayun:

### 2021 Observation #1:

It was noted that 2020 land recovery operations in Dayun received negative media attention and raised local stakeholder concerns related to new plantations on peatland. We noted during our assurance process that the plan for the area recovered was limited to areas where land claims have been resolved on previously cleared land and reviewed with APRIL'S IPEWG. While the land recovery operations were consistent with APRIL's SFMP 2.0 commitments related to new development it was evident that the initial level of socialization of the plan with local stakeholders was insufficient. This issue has already been discussed between APRIL and the SAC and additional dialogue has taken place with local stakeholders to better communicate the plan and its consistency with Indonesian Regulations and APRIL commitments.

## Open Market Suppliers

We did not identify any new development by Open Market Suppliers during 2020. Our assessment did follow up on topics raised in 2020 related to monitoring of Open Market Supplier development as follows:

- For 2019, there was a restriction in the scope of our assurance work as one Open Market Supplier re-contracted with APRIL during the year despite the absence of land-use data necessary to support effective monitoring. APRIL has since been able to obtain land classification data from this supplier sufficient to support ongoing monitoring. We reviewed the land classification data for plausibility against satellite imagery and did not identify any concerns. APRIL is now able to more effectively monitor activities at the Open Market Supplier. As a result, **2020 Opportunity for Improvement #1** is now closed.
- In 2020, a claim was raised by a third party related to potential new development on the PT. Adindo Hutani Lestari ("Adindo") concession in Kalimantan, which included an estimate of 7,291 hectares of potential "deforestation" on the concession since the implementation of APRIL's moratorium on new development in 2015. Initial analysis by KPMG in 2020 did not identify substantial new development but did identify a number of areas where there was some potential for small scale new development to be taking place. This analysis was limited by the image quality for areas considered new development by the third party. As a result, KPMG indicated in its 2020 report that on the ground follow up would occur in 2021 to confirm whether small scale new development had occurred (on the ground follow up in 2020 not being possible due to COVID). In 2021 the COVID situation has worsened, particularly in the area around the AHL concession so no field visit was possible. As a result, KPMG developed remote procedures to assess the areas of concern with AHL. This involved:
  - 1) confirming whether development has taken place in the areas of concern based on review of plantation records, satellite imagery and UAV imagery;
  - 2) cross checking the areas against independent records of areas already cleared (either by development or encroachment or fire) in 2015.
  - 3) Determining, for any remaining areas, the status of the forest at the time of the moratorium and the nature of any subsequent activities using planting records, satellite imagery, aerial imagery and MOUs with local communities.

The total area examined was 4,645 ha. Areas where new plantations were developed covered 825 ha and the area raised as concern based on land recovery for livelihood in absence of a land recovery SOP is 515 ha.

The results of our procedures noted that post-2015 land recovery and planting had occurred on the concession and that in each case, the areas were developed as livelihood plantations in agreement with local communities, all sites showed evidence of historic (pre-moratorium) disturbances prior to land recovery activities, including oil palm development, community agriculture and clearing. Amongst these areas were some residual MHW and secondary forest. At the time of the recovery, AHL did not have a formal, land recovery SOP to assess the value of residual forested areas prior to making a decision on recovery for plantation, conservation or restoration. AHL has since developed a land recovery SOP and during 2021 did not undertake land recovery pending the completion of an HCS assessment for remaining undeveloped areas of the concession.

Based on the above observations, one new opportunity for improvement was raised overleaf:

### **2021 Opportunity for Improvement #1:**

While APRIL tracks and investigates land cover change at Open Market Suppliers and confirms the presence of supplier processes for resolving land use disputes, the Open Market Supplier due diligence checklist does not explicitly address the maintenance of natural forest during land recovery operations following the resolution of land use disputes with local communities. While land recovery operations generally relate to smaller areas with a history of disturbance, the absence of clearly defined criteria for treatment of residual stands increases the risk that the recovery operations could include “new development” prohibited by APRIL’s SFMP 2.0

## II. Forest Protection and Conservation Indicators

### Indicator Performance

II	Forest Protection and Conservation:
a.	Hectares and % of conservation and restoration area impacted by fire, development or encroachment

### APRIL data for the period from January 1,2020- December 31, 2020

	Conservation area <sup>1</sup> as at December 31, 2020 (Ha)	Hectares and % of conservation area loss by cause <sup>2</sup>					2019 data	
		Fire (Ha)	Development (Ha)	Encroachment (Ha)	Total (2020)	% (2020)	Total (2019)	% (2019)
PT. RAPP	69,908	0	0	11	11	0.02%	3	0.00%
Supply Partners	144,377	0	0	101	101	0.07%	121	0.08%
Ecosystem Restoration Licenses	150,711	0	0	0	0	0.00%	0	0.00%
Total	364,996	-	-	112	112	0.03%	124	0.03%

<sup>1</sup> Conservation area includes forested and open areas, as well as small amounts of agriculture, and infrastructure and excludes conservation area under land claim.

<sup>2</sup> Conservation loss reported is only for MHW forest cover.

### Evidence Reviewed

The hectares of conservation area presented above were agreed to APRIL's "Landbank", the system used by APRIL to track land use changes in PT. RAPP and Supply Partner concessions. The accuracy of the landbank data is sample checked during field inspections of PT. RAPP sectors and Supply Partner concessions and through remote audit procedures using satellite data.

### Findings

No new plantation development within conservation area was identified. APRIL did however identify new encroachment activity in conservation area during 2020. There was one instance of fire in a conservation area, but the area was not forested.

Consistent with 2019, the loss of forested conservation area was minimal overall.

Potential land cover change associated with encroachment is tracked using satellite imagery and verified at the concession/ estate level.

We noted that APRIL continued to conduct restoration activities during 2020 in relation to conservation area that has been encroached or burned. The restoration activities continue to exceed the amount of new encroachment and fire. In our 2021 report we raised an opportunity for improvement (**2020 Opportunity for Improvement #4**) for APRIL to

also develop a broad plan to address the rehabilitation, where possible, of the significant backlog of historic encroachment. APRIL's action plan to address this opportunity for improvement remains in progress. APRIL is currently re-analyzing its existing land cover estimates for conservation area that is not currently forested to assess whether there are additional restoration needs beyond the existing annual restoration activities on each concession.

## V. Proactive Support of Local Communities Indicators

### Indicator Performance

V	Proactive support of local communities:
a.	<ul style="list-style-type: none"> <li>- Total \$ spent on social infrastructure projects</li> <li>- KMs of road built</li> <li>- # of social infrastructure projects completed</li> <li>- # of social infrastructure projects for which materials/equipment were provided</li> </ul>

APRIL data for the period from January 1, 2020– December 31, 2020

Social Infrastructure Projects	PT. RAPP	Supply Partners	Total 2020	Total 2019
Total \$ spent on social infrastructure projects (rounded)	\$148,000	\$85,500	\$233,500	\$280,000
KMs of road built	0 km			0 km
# of social infrastructure projects completed	10	23	33	15
# of social infrastructure projects for which materials/equipment were provided	99	84	183	393

### Evidence Reviewed

APRIL provided a breakdown of social infrastructure projects undertaken by PT. RAPP and Supply Partners during 2020. On a sample basis, we traced the information back to proof of project completion through signed agreements with the local village and evidence of payment.

### Findings

Social infrastructure projects include the building of schools, mosques, village centers, sports arena, community halls, roads and related facilities and materials to support the social, cultural, religious and other activities and needs of local communities. The projects are supported by signed contracts acknowledging completion with the heads of villages in which the projects were completed.

Total dollar spent includes spend on projects and materials and equipment provided. Materials provided include materials to complete the construction of projects (e.g. cement). Equipment provided includes computer equipment, school furniture and sports equipment.

Overall spending levels declined in 2020 with some projects cancelled or postponed due to COVID-19. Some materials that were planned to be provided were able to be allocated to other community development programs. The overall number of projects for which equipment or materials have been provided is a lower number than prior years, in large part due to a change in methodology whereby the same project type carried out at multiple sites is now considered as a single project rather than a separate project at each site.



## VI. Respect the Rights of Indigenous Peoples and Communities Indicators

### Indicator Performance

VI	Respect the Rights of Indigenous Peoples and Communities:
d.	% of grievances resolved in accordance with the grievance standard operating procedure (SOP)

### APRIL data

	PT. RAPP			SUPPLY PARTNERS and OPEN MARKET SUPPLIERS*		
	2020	2019	2018	2020	2019	2018
Unresolved grievances at the beginning of the year	1	1	2	0	0	0
Grievances received during the year	0	0	5	0	0	0
Grievances resolved in accordance with the grievance SOP	1	0	5	0	0	0
Grievances in progress at the end of the year	0	1	1	e	0	0
% of grievances resolved	100%	0%	83%	n/a	n/a	n/a

\*Data for Supply Partners and Open Market Suppliers relates only to grievances received directly by APRIL in relation to these suppliers. APRIL does not have data on the number of grievances received or resolved under individual supplier grievance systems.

### Evidence Reviewed

Evidence supporting the timing of responses to grievances raised by third parties was reviewed, along with evidence of the process followed to achieve resolution.

### Findings

These indicators address PT. RAPP and supplier responsiveness to grievances raised by local communities and the implementation of the grievance SOP.

One public grievance was carried forward from 2018. This investigation was finalized by February 2020. A written report was sent to the claimant, but no further response has been received from claimant to date and therefore the grievance is “closed”. Review of the process undertaken by APRIL indicated that it was consistent with the existing grievance SOP.

There remains limited uptake by third parties of the public grievance process. At the local level, our historic discussions with local village representatives indicated a preference for addressing local level grievances with the local community development team rather than through a public on-line process. This has led to formalization of APRIL’s “offline” grievance process managed at the sector/estate level. We raised **2020 Opportunity for Improvement #2** in relation to the offline grievance process in our last report as there was a lack of management visibility into those offline grievances occurring at Supply Partners. In 2021 the action plan to streamline the grievance mechanism and centralize oversight over offline grievances remains in progress. A draft revised grievance

mechanism has been developed that is more streamlined and also includes centralized oversight over site level (“offline”) grievances raised by communities directly to sector / estate management which are to be reported on a weekly basis. Additional methods to register grievances have also been formalized, including a hotline and more effective mechanisms for closing out grievances. However, the revised grievance SOP has not yet been finalized or implemented across P.T. RAPP or Supply Partners so APRIL’s oversight of Supply Partner grievance processes remain limited. Field assessments indicate that there is an ongoing need to socialize amended processes for addressing grievances given the currently low level of usage of the grievance process by local communities and weaknesses in documentation of their resolution.

For the sample of grievances and requests submitted through this “offline” method, we found that processes were implemented to address the requests made.

Media review indicates that there remain historic grievances with local communities that are not captured through these processes. While the grievance process was designed to address new grievances, it may also be a useful tool to address longer running grievances where timely resolution is not being achieved at the sector / concession level.

**2021 Observation #2:**

There is an ongoing need to socialize amended processes for addressing grievances given the currently low level of usage of the grievance process by local communities.

## VII. Responsible Practices in Our Work Places Indicators

### Indicator Performance

VII	Responsible Practices in Our Work Places:
a.	# of fatalities (mill, PT. RAPP fiber, suppliers)

#### APRIL data for the period from January 1, 2020 - December 31, 2020

(For employees and contractors)	PT. RAPP - Mill	PT. RAPP – Fiber	Supply Partners	Open Market Suppliers
# of fatalities (2020)	1	0	2	Not available
# of fatalities (2019)	1	2	2	
# of fatalities (2018)	0	3	4	

### Evidence Reviewed

Review of the health & safety standard operating procedure and 2020 incident database and incident reports. In addition, completeness of fatality data was assessed through a combination of site interviews and media review.

### Findings

This indicator tracks work fatalities for the mill site, fiber operations and Supply Partners.

Fatalities are formally tracked and investigated for all workers, including contractors, across PT. RAPP and Supply Partner locations.

Overall, while fatalities persist, there is a declining trend in the number of fatalities. Our assessment noted that APRIL has invested significant recent effort in improving safety processes and that these are currently in the process of implementation with contractors and address the kinds of incidents that have led to fatalities.

VII	Responsible Practices in Our Work Places:
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification

This table tracks the percentage of PT. RAPP estates and supplier concessions that have completed some form of occupational health and safety certification.:

	% of Operations Covered by OHS <sup>1</sup> Certification		
	2020	2019	2018
PT. RAPP	100%	100%	100%
Supply Partners	97%	81%	56%
Open Market Suppliers	33%	30%	30%

<sup>1</sup> Eligible OHS certifications are OHSAS 18001, ISO 45001 (which is in the process of replacing OHSAS 18001 as the standard globally recognized safety management system certification) and Indonesia's SMK3 certification.

<sup>2</sup> Certification figures above relate to estate/concession level certification and do not reflect instances of separate contractor certification, which is being addressed through the development of a Contractor Safety Management System.

## Evidence Reviewed

APRIL provided a listing of Occupational Health and Safety (OHS) certifications for PT. RAPP, Supply Partners and Open Market Suppliers which was agreed against certificates and audit reports demonstrating completion of certification.

## Findings

This indicator tracks the extent to which a formal third-party certified health and safety management system is in place to address APRIL's commitment to ensure the health and safety of workers is protected and that workers are equipped for protection against occupational health and safety hazards.

SMK3 certification is required by local law for all Indonesian companies who are either assessed as "high-risk" by the Ministry of Labor or for companies with greater than 100 workers. As of December 31, 2020, PT. RAPP had completed SMK3 certifications for all sectors. 31 out of 32 Supply Partners had completed SMK3 certifications. Three of nine Open Market Suppliers at December 31, 2020 had completed SMK3 or OHSAS 18001/ISO 45001 certification.

In addition, to achieving corporate ISO 45001 certification, PT. RAPP has developed a Contractor Safety Management System (CSMS) to support contractor safety improvements. PT. RAPP contractors have committed to implement the CSMS and initial implementation is underway with contractors in 2021.

**2020 Opportunity for Improvement #3** related to the development of a strong safety culture was closed in 2020. While the development of a strong safety culture is a long-term initiative, the range of actions being undertaken by APRIL is an indication of increased emphasis being placed by APRIL on improving safety outcomes.

**2018 Opportunity for Improvement #9** related to the safety concerns observed during field inspections remains in progress. APRIL has chosen to address this through the development of a comprehensive Contractor Safety Management System (CSMS). Significant progress has been made in the implementation of the CSMS over 2021 with broad rollout of the program across contractors focused on training and documentation of safety processes. Field audits are expected to be an integral part of the CSMS process going forward. The need for continuing focus on the CSMS and safety awareness was evident during KPMG's field visits where, in one instance, trained operators were found to lack some elements of required Personal Protective Equipment (PPE).

#### **Good Practice**

APRIL's development of the Contractor Safety Management System (CSMS) is a significant undertaking and demonstrates a clear focus on driving safety performance improvements across its contractor workforce.

## VIII. Legal Compliance and Certification Indicators

### Indicator Performance

VIII	Legal Compliance and Certification:
a.	# of instances of fire on concessions by cause (APRIL initiated, supplier initiated, or third party initiated)

#### APRIL data for the period from January 1, 2020 - December 31, 2020

	# of instances caused by APRIL or supplier	# of instances caused by third parties
a. PT. RAPP	0	5
b. Supply Partner	0	2
<b>Total (2020)</b>	<b>0</b>	<b>7</b>
<b>Total (2019)</b>	<b>0</b>	<b>10</b>
<b>Total (2018)</b>	<b>0</b>	<b>37</b>

### Evidence Reviewed

An APRIL-developed listing of fires during the period on PT. RAPP and Supply Partner concessions was cross-checked on a sample basis to fire incident reports. Land cover change data was sampled to assess the completeness of the fire listing. Field inspections at a sample of sites assessed the completeness of fire incident reports and the accuracy of the description of the incident.

### Findings

Fire management is a critical element of APRIL's compliance commitments. This indicator tracks the number of instances of fire that occur on APRIL and supplier concessions and the associated cause of the fires.

APRIL maintains an active fire suppression program to address instances of fire on concessions. As a result of the fire suppression program the total hectares lost to fire on PT. RAPP and its Supply Partner concessions remained at a low level during the reporting period, being limited to 73 hectares in 2020 (down from 139 hectares in 2019).

It should be noted that at the current time, fire data does not include Open Market Suppliers and is therefore incomplete.

### Good Practice

APRIL continues to have significant success in achieving low levels of fire on PT. RAPP and Supply Partner concessions.

## IX. Good Corporate Governance, Verification and Transparency Indicators

### Indicator Performance

IX	Good Corporate Governance, Verification and Transparency:
d.	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery

### APRIL data for the period from January 1, 2020– December 31, 2020

	2020	2019	2018
% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery	N/A no new suppliers	N/A no new suppliers	100%

### Evidence Reviewed

Review of APRIL's SFMP 2.0 Compliance SOP, supplier delivery data, due diligence data and land cover change monitoring feedback reports.

### Findings

APRIL's SFMP 2.0 Compliance SOP was initiated in November 2016, began socialization with Open Market Suppliers in March and April 2017 and was approved in May 2017. Following approval, consequent changes to supplier contractual requirements were made in June 2017 and the data collection process was initiated for Open Market Suppliers.

As there were no new suppliers in 2020, no new due diligence processes were required. Existing suppliers remain subject to an annual due diligence process which continues to be modified to better specify the types of documentation required. In general, the scores of Open Market Suppliers under this process have improved due to better information sharing. However, as with 2019, the field elements of the due diligence process were not able to be completed due to the COVID-19 pandemic.

Action plans for the two open opportunities for improvement from prior assessments were followed up as per below:

- **2020 Opportunity for Improvement #1** related to one Open Market Supplier who re-contracted with APRIL during the year despite the absence of land-use data necessary to support effective monitoring under APRIL's due diligence program. APRIL has since been able to obtain land classification data from this supplier sufficient to support ongoing monitoring. We reviewed the land classification data for plausibility against satellite imagery and did not identify any concerns. APRIL is now able to more effectively monitor activities at the Open Market Supplier. As a result, this opportunity for improvement is now closed. However, note **2021 Opportunity for Improvement #2** has been raised below to address the fact that field inspections of Open Market Suppliers were unable to be conducted in 2020 and to date in 2021 due to the COVID-19 pandemic. This also has delayed the full use of the information provided by the Open Market Supplier as both ongoing monitoring and retrospective analysis of post-2015 land cover change on the Open Market Supplier's concession are dependent on a field inspection element.

- **2020 Opportunity for Improvement #5** related to weaknesses identified in the completion of due diligence processes. APRIL has updated its due diligence forms to capture monitoring information more effectively. This is capturing better quality Open Market Supplier performance data. The action plan remains in progress because the original opportunity for improvement was raised in relation to field assessments of Open Market Suppliers by APRIL and due to the COVID 19 pandemic APRIL has not had an opportunity to undertake field assessments of Open Market Suppliers since the finding was raised. As a result, closure of the action plan is dependent on the lifting of travel restrictions associated with COVID-19 and the subsequent implementation of the enhanced field audits of Open Market Suppliers by APRIL.

One new opportunity for improvement and one observation were identified during the current assessment as follows:

**2021 Opportunity for Improvement #2:**

Elements of the Open Market Supplier due diligence process have not been completed during both 2020 and 2021 as a result of COVID-19. Given the extended timeframe of the reductions in the due diligence processes and the potential for continued periodic disruption of these processes APRIL should consider modifications to their SOP to increase the amount of remote due diligence when field visits are not practical.

**2021 Observation #3:**

In both 2018 and 2019, the lack of land use information from one Open Market Supplier significantly undermined APRIL's ability to conduct ongoing monitoring of compliance with its SFMP 2.0 commitments related to new development. APRIL has now received this land use information, which will allow a better understanding of land cover change monitoring data for the concession. However, to date, APRIL has not yet had an opportunity to undertake a field visit (due to the COVID-9 pandemic) or complete a retrospective analysis of post-2015 land cover change on the Open Market Supplier's concession. Completion of these activities is necessary as part of APRIL's commitments under its procedures for Open Market Supplier due diligence.



## *Appendix 1: SFMP 2.0*



## APRIL Group's Sustainable Forest Management Policy 2.0

3 June 2015

APRIL Group (APRIL) is committed to sustainable development in all locations where we operate by implementing best practices in social, environmental and economic spheres as guided by our business philosophy that whatever we do must be "Good for the Country, Good for the Community, and Good for the Company".

We commit to eliminating deforestation from our supply chain and to protecting the forest and peatland landscapes in which we operate and to supporting best practice forest management in all countries where we source wood. We commit to respecting human rights and environmental aspects throughout our wood supply chains. Our goal is to be a good and responsible neighbor in the local, national and global community.

APRIL's Sustainable Forest Management Policy (SFMP) 2.0 was developed with inputs from APRIL's Stakeholder Advisory Committee (SAC) and key stakeholders from civil society. This Policy is an evolution of APRIL's SFMP 1.0, launched on 28 January 2014. This Policy incorporates the Royal Golden Eagle (RGE) Sustainability Framework<sup>1</sup>.

The commitments made in this document apply entirely and exclusively to APRIL, which is an independently managed company with operations in Indonesia. It also covers all current and future wood suppliers to APRIL as well as any future acquisitions or partnerships.

### I. Long Term Sustainability:

*APRIL's objective is to establish sustainable plantations that supply wood to its mill, provide employment opportunities and economic wellbeing for the community. APRIL and its suppliers will take a landscape approach to conservation of forest, peatland and other important environmental and social values.*

- a. Effective immediately, APRIL and its suppliers will only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments;
- b. APRIL and its suppliers will actively protect HCV and HCS areas;
- c. APRIL and its suppliers will follow the HCS Approach as prescribed by the HCS Approach Steering Group;
- d. APRIL and its suppliers will use HCV Resource Network (HCVRN) licensed assessors; if such assessors are unavailable, APRIL will refer to SAC for recommendations of HCV assessors;
- e. To achieve the above, APRIL will seek partnership with relevant stakeholders (NGO, government, companies, local communities and conservation experts) in protecting and managing forests within the landscape where APRIL operates;
- f. APRIL will practice integrated conservation and forest management which incorporates findings from HCV, HCS, social assessments, and on peatland areas, inputs from the Peat Expert Working Group (PEWG);

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<sup>1</sup> Refer to Royal Golden Eagle's website at <http://rgei.com/sustainability/sustainability-framework>

- g. By 15 May 2015, APRIL and its suppliers halted all harvesting of mixed hardwoods<sup>2</sup>. Mixed hardwoods harvested before 15 May 2015 will be utilized by APRIL's mill before end December 2015;
- h. Any residual fibre cleared from non-forested land, as defined by HCV and HCS as scrub land, will be utilized by APRIL's mill;
- i. APRIL will not establish a new pulp mill and/or a new pulp line until it achieves plantation fibre self-sufficiency.
- j. APRIL will not acquire any new land, or forestry licenses; or receive wood from land licensed to third parties, where after 3 June 2015 the seller has knowingly cleared HCV or HCS forests or forested peatlands<sup>3</sup>. This shall not apply to acquisition of land or licences for the purposes of restoration or conservation activities under clause II.d of this Policy.

## **II. Forest Protection and Conservation:**

*APRIL enforced a moratorium on natural forest clearance pending the outcome of High Conservation Values (HCV) and High Carbon Stock (HCS) assessments by 15 May 2015. This moratorium also applies to all third-party wood suppliers to APRIL.*

- a. APRIL and its suppliers support the conservation and ecosystem restoration of natural forests, and forested peatlands, and other ecologically, hydrologically and culturally important areas where APRIL operates;
- b. APRIL and its Long-Term Supply Partners currently protect and manage more than 250,000 hectares of conservation areas and 70,000 hectares of ecosystem restoration areas;
- c. APRIL will undertake landscape scale assessments and apply a landscape approach to optimize forest conservation and other land uses;
- d. APRIL will establish conservation areas equal in size to APRIL's plantation areas<sup>4</sup>.

## **III. Peatland Management:**

*APRIL will implement best practices on peatland management which support the Government of Indonesia's target to reduce greenhouse gas emissions, and maintain other conservation values.*

- a. No new development by APRIL and its suppliers on forested peatland;
- b. A Peat Expert Working Group (PEWG) will be established to provide inputs and recommendations to APRIL on:
  - Best management practices to be implemented in existing plantations on peatland;
  - Actions required to ensure conservation of forested peatland and critical peatland landscape;
  - Development options for non-forested peatland;
- c. The recommendations from PEWG will enable APRIL to implement international best practice for tropical peatland to protect areas of forested peatland and to reduce GHG emissions;
- d. Pending input from PEWG:
  - No canals will be constructed where new plantation development is taking place on peatland;

<sup>2</sup> Under the *de minimis* rule, small isolated areas within existing plantation concessions could be harvested only if they are not classified as HCV or HCS through the assessment process.

<sup>3</sup> Plantation land acquisitions will be reviewed by the SAC.

<sup>4</sup> The conservation areas will be of appropriate size, shape, connectivity, and representativeness to protect ecosystem functions and to conserve native biodiversity.



- Fire/flood prevention measures and maintenance of existing canals will continue in established plantation areas.

#### **IV. Continuous Reduction of Carbon Footprint:**

*APRIL commits to continuous reduction of its carbon footprint.*

- a. APRIL will continuously improve its material and energy efficiency throughout the supply chain, and optimize utilization of renewable energy;
- b. APRIL will increase its carbon sequestration through conservation and ecosystem restoration and continuous improvements in sustainable plantation management practices;
- c. APRIL will track its carbon emissions and report progress on reducing its overall carbon footprint.

#### **V. Proactive Support of Local Communities:**

*APRIL will continually seek opportunities to consult and align with the interests of communities and create shared value through:*

- a. Strengthened efforts in alleviating poverty in rural communities around APRIL's areas of operation, through creation of jobs, providing better access to quality education, community empowerment, and enhancement of rural livelihood;
- b. Pro-active Corporate Social Responsibility (CSR) activities especially village entrepreneurship incubations and farming systems;
- c. Inclusion of smallholders/Small Medium Enterprises (SME) into APRIL's supply chains, where appropriate;
- d. Engaging stakeholders through regular multi stakeholder forums and focus groups to obtain inputs on social issues and develop a monitoring and reporting system.

#### **VI. Respect the Rights of Indigenous Peoples and Communities:**

*APRIL respects the rights of indigenous peoples and rural communities and commits to the following:*

- a. Respect the Universal Declaration of Human Rights, national laws and ratified international treaties, on human rights and indigenous people;
- b. Respect of the tenure rights of indigenous peoples and rural communities;
- c. Respect of the rights of indigenous peoples and communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operate on lands where they hold legal, communal or customary rights prior to commencing any new operations;
- d. No tolerance for the use of violence, intimidation or bribery;
- e. To ensure that relevant international best practices in FPIC are followed, APRIL will actively engage with stakeholders, including communities, government, customers and civil society at the local, national and international levels;
- f. Resolution of complaints and conflicts through mutually agreed, open, transparent and consultative processes that respect customary rights;
- g. To develop Standard Operating Procedures (SOP) and maintain processes for the responsible handling of the list of all complaints from communities and other relevant stakeholders. These processes will be developed, updated, improved, monitored and reported to the SAC and other relevant stakeholders.



## **VII. Responsible Practices in Our Work Places:**

*APRIL commits to provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance, by ensuring specifically that:*

- a. International Labour Organization's Declaration on Fundamental Principles and Rights at Work is respected;
- b. Recruitment best practices are in place, meeting all legal requirements and cultural practices, including proactive recruitment of qualified workforce from local community;
- c. Freedom of association is respected;
- d. Diversity within its workforce is respected;
- e. If provided as part of employment package, accommodation is safe and hygienic;
- f. The health and safety of workers is protected. APRIL shall equip workers to protect them from exposure to occupational health and safety hazards;
- g. No tolerance is given for child labour, forced labour or bonded labour;
- h. No tolerance is given for discrimination, harassment and abuse in any form.

## **VIII. Legal Compliance and Certification:**

*APRIL goes beyond legal compliance toward achieving Sustainable Forest Management (SFM).*

- a. APRIL reaffirms its commitment to comply with all prevailing laws and regulations, and requires all its wood suppliers to do so;
- b. APRIL participates in global SFM certification schemes and encourages its wood suppliers to do the same;
- c. APRIL currently has and will continue to maintain timber legality assurance certification;
- d. APRIL has strict "No Burn" policy and will follow the National legal requirement addressing impact of fires. APRIL will continue to support fire prevention and fire fighting efforts across the landscapes in which it operates;
- e. APRIL has a robust Chain of Custody (CoC) tracking system and mill wood sourcing monitoring system to ensure all the wood is traceable back to source.

## **IX. Good Corporate Governance, Verification and Transparency:**

*APRIL commits to best practices in good corporate governance and transparency.*

- a. APRIL will maintain a Stakeholder Advisory Committee (SAC), established in 2014, to ensure transparency and implementation of this SFMP including appointment of an independent verification auditor;
- b. APRIL will establish a transparent, responsive grievance mechanism with input from stakeholders that is readily accessible to stakeholders and will respond to grievances in a timely and transparent way;
- c. APRIL will provide regular progress update on the implementation of APRIL's SFMP to key stakeholders;
- d. APRIL will work collaboratively with Government, industry associations and other stakeholders to support sustainable development including national and local regulatory reform to improve spatial planning, incentivize forest conservation, support role out of "One Map" initiative by the Indonesian Government and promote the utilization of degraded lands.



## **Addenda to SFMP 2.0**

### **a. Invasive Species Policy**

APRIL and its suppliers commit to regular monitoring to identify any spontaneous regeneration, unusual mortality, diseases, insect outbreaks or other adverse ecological impacts. There are clear operational procedures defining effective management actions to control invasive species from sites in which they may regenerate.

### **b. Genetically Modified Organism Use Policy**

APRIL declares that no GMOs are used or are present in license areas or areas where research takes place under the company's direct or indirect responsibility.

### **c. Pesticides and Other Hazardous Materials Use Policy**

APRIL is committed to not using any restricted materials as listed in Annex 3 of the IFCC Standard 2013, the World Health Organisation Type Ia or Ib (2013), the Stockholm Convention (2016) and the Rotterdam Convention (2015).

### **d. Commitment to Protect Species of Conservation Concern**

APRIL and its suppliers commit to protecting rare, threatened and endangered species and their habitats that are present within operational areas using the best information available. This includes reference to the IUCN Red List, Indonesian Regulation and relevant International Conventions ratified by the Republic of Indonesia including CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) and the Convention on Wetlands

## *Appendix 2: Summary of Indicators*

I	Long Term Sustainability:
<b>Overall objective: By increasing the productivity of our own plantations and those of our suppliers on our existing plantation footprint and eliminating mixed hardwood from natural forest from our supply chain.</b>	
a.	Tonnes and % of fiber supply by region (PT. RAPP, Suppliers, (concessions, community forests)
b.	# of Ha developed by category (Forested, Non-Forested and HCV <sup>1</sup> /HCS <sup>2</sup> and non-HCV/HCS) [selected indicator for current report]
c.	# of PT. RAPP and supplier non-compliant new development detected and the % of non-compliances resulting in corrective action
d.	# of tonnes mixed hardwood (MHW) deliveries utilized by the Kerinci mill
e.	% Change in mill fiber consumption capacity
f.	Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS)
g.	Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands
h.	Ha of plantation in outgrower programs
II	Forest Protection and Conservation:
<b>Overall objective: To increase the amount of conservation area to at least match that of our plantations and to develop and transition toward landscape based plans for our concessions and our long term supplier concessions to protect ecosystem functions and conserve native biodiversity.</b>	
a.	Hectares and % of conservation and restoration area impacted by fire, development or encroachment [selected indicator for current report]
b.	Ratio of conservation area to total plantation area
c.	<ul style="list-style-type: none"> <li>- Hectares of APRIL and supplier concessions under Ecosystem Restoration Planning Processes</li> <li>- Hectares of APRIL and supplier concessions that have implemented Conservation Forest Management Planning</li> </ul>
d.	% of ecosystem restoration area with formal plans for protection and/or restoration objectives



<b>III</b>	<b>Peatland Management:</b>
<i>Overall objective: Minimize greenhouse gas emissions and impacts on peatland function by halting further development of forested peatland and developing and implementing best practices on peatland that is currently non-forested or has established plantations.</i>	
a.	# of Ha of plantation, conservation, and ecosystem restoration on peatland.
b.	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule
<b>IV</b>	<b>Continuous reduction of carbon footprint:</b>
<i>Overall objective: Reduce the lifecycle GHG emissions footprint of our products by increasing mill energy efficiency and use of renewable fuel sources and establishing an accurate baseline for land based emissions from which to initiate emission reductions.</i>	
a.	% of mill energy needs met by energy source.
b.	Overall carbon footprint

V	Proactive support of local communities:
<i>Overall objective: To continually seek opportunities to consult and align with the interests of communities.</i>	
a.	<ul style="list-style-type: none"> <li>- Total \$ spent on social infrastructure projects.</li> <li>- KMs of road built.</li> <li>- # of social infrastructure projects completed.</li> <li>- # of social infrastructure projects for which materials were provided [selected indicator for current report]</li> </ul>
b.	Contribution to local GDP
c.	# of education scholarships provided
d.	# of SMEs contracted by APRIL and suppliers
e.	Actions arising from multi-stakeholder forums
f.	# of villages in fire free village program
g.	# of farmers trained to cultivate farmland
h.	# of farmer groups supported with agricultural materials

<b>VI</b>	<b>Respect the Rights of Indigenous Peoples and Communities:</b>
<i>Overall objective: To demonstrate respect for the rights of indigenous peoples and rural communities throughout operations.</i>	
a.	# and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities
b.	Ha of APRIL and supplier concessions currently inactive due to unresolved land disputes
c.	Existence of publicly available grievance system
d.	% of grievances resolved in accordance with the grievance SOP [selected indicator for current report]
<b>VII</b>	<b>Responsible Practices in Our Work Places:</b>
<i>Overall objective: To provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance.</i>	
a.	# of fatalities (mill, PT. RAPP fiber, suppliers) [selected indicator for current report]
b.	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification [selected indicator for current report]
d.	Number of males and females in permanent and part-time positions

<b>VIII</b>	<b>Legal Compliance and Certification:</b>
<i>Overall objective: To go beyond legal compliance toward achieving sustainable forest management.</i>	
a.	# of Instances of fire on concessions by cause (APRIL or supplier initiated, or third party initiated) [selected indicator for current report]
b.	% of fiber covered by legality certification
c.	# of legal sanctions received and resulting actions
<b>IX</b>	<b>Good Corporate Governance, Verification and Transparency:</b>
<i>Overall objective: To implement best practices in corporate governance and transparency.</i>	
a.	Total area and HCV/HCS area by concession publicly available
b.	% of RAPP and supplier concessions identified and maps publicly available.
c.	Status of SAC Recommendations
d.	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery [selected indicator for current report]
<b>X</b>	<b>Addenda to SFMP 2.0:</b>
<i>Overall objective: To address Sustainable Forest Management Topics of increasing importance since the development of SFMP 2.0 in 2015.</i>	
a.	% of concessions not using WHO Class 1a or 1b pesticides

### Appendix 3: Action Plans for New Opportunities for Improvement

APRIL SFM Policy 2.0 Implementation –Action Plans for Opportunities for Improvement September, 2021		
<b>Indicator I.b</b>	<b># of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).</b>	
<b>2021 Opportunity for Improvement #1</b>	While APRIL tracks and investigates land cover change at open market suppliers and confirms the presence of supplier processes for resolving land use disputes, the Open Market Supplier due diligence checklist does not explicitly address the maintenance of natural forest during land recovery operations following the resolution of land use disputes with local communities. While land recovery operations generally relate to smaller areas with a history of disturbance the absence of clearly defined criteria for treatment of residual stands increases the risk that the recovery operations could include “new development” prohibited by APRIL’s SFMP 2.0	
<b>APRIL action plan</b>	Action: APRIL will review and strengthen the verifiers in checklist to ensure that the risk of suppliers’ clearing of residual stands as part of their land recovery processes were controlled and mitigated.	Timeframe: July 2022
<b>KPMG PRI Review of action plan</b>	Accepted August 2021	
<b>Indicator IX.d</b>	<b>% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery</b>	
<b>2021 Opportunity for Improvement #2</b>	Elements of the open market supplier due diligence process have not been completed during both 2020 and 2021 as a result of COVID-19. Given the extended timeframe of the reductions in the due diligence processes and the potential for continued periodic disruption of these processes APRIL should consider modifications to their SOP to increase the amount of remote due diligence when field visits are not practical.	
<b>APRIL action plan</b>	Action: APRIL will review and add the appropriate mechanism of remote suppliers due diligence processes for when there is any force majeure or disruption that are not allowing field verification while still keeping the suppliers well checked.	Timeframe: July 2022
<b>KPMG PRI Review of action plan</b>	Accepted August 2021	

## Appendix 4: Update On Action Plans For Historic Opportunities For Improvement

APRIL SFM Policy 2.0 Implementation – Update On Action Plans For Historical Opportunities For Improvement September, 2021	
Indicator I.b	# of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).
<b>Opportunity for Improvement #2 2018</b>	Land recovery and planting operations following encroachment and settlement of land claims is required to be limited to areas that are non-forested as defined by HCV and HCS. Very little HCS information is currently available for supplier concessions and on some older supplier concessions developed prior to the HCV process being established there is also no HCV information. While the sites being recovered generally have low value from both an HCV and HCS perspective and have residual timber below the HCS threshold for residual patches there is an opportunity for APRIL to develop and consistently implement a process to clearly identify and document the existing site values and their potential to support either HCV or HCS objectives prior to undertaking recovery operations.
<b>Summary of completed APRIL actions</b>	Development of a Land Recovery SOP to guide land recovery actions A Land Recovery Analysis SOP was finalized in November 2020.
<b>Status as of 2021</b>	<b>Status: Closed</b> Under the updated and approved version of the Land Recovery Analysis SOP forested areas (>6.5ha), non-forested land within protected areas, internally designated conservation areas, land included within APRIL's 1:1 commitment, land protected from development under Peat Operational Guidelines and land that was still forest at June 2015 are not eligible for planting with commercial crops. This information links to HCV assessments (which designate conservation area). Given forest exceeding 6.5ha needs to be retained the absence of an explicit requirement for HCS assessment is acceptable (as HCS does not apply at this scale). APRIL's revised SOP has been socialized across operations and implemented. The samples of PT. RAPP land recovery operations during 2020 were found to be consistent with the SOP.

Indicator VII. c	% of PT. RAPP, supplier and contractor operations covered by OHS certification
<b>Opportunity for Improvement #9 2018</b>	<p>During field inspections at PT. RAPP and three Supply Partners, isolated safety concerns were observed as follows:</p> <p>Ineffective personal protective equipment (PPE) in use by staff and contractors, which included and included unprotected lower shin for a chainsaw operator and non-functional safety whistles on lifejackets;</p> <p>Missing fire extinguishers were noted at a planting contractor camp that had fuel storage.</p> <p>One contractor field camp was constructed too close to surrounding forest and did not have a separated kitchen and sleeping quarters as required by the Supply Partner's SOP.</p> <p>One SME contractor interviewed was unaware of mandatory health and safety meetings and there is no monitoring to ensure that all contractors attend these meetings.</p>
<b>Summary of completed APRIL actions</b>	<p>Road trip to all PT. RAPP sectors to provide refresher training on legal requirements (including safety).</p> <p>Development and roll-out of a contractor safety management system (CSMS) comprising 4 different levels of commitment based on contractor scale and activities.</p> <p>The roll-out of the CSMS continued throughout 2020 and remains ongoing in 2021. Desktop audits of all contractors required to operate under the CSMS have been conducted with the majority of contractors now having updated their documentation to meet CSMS standards. Following successful completion of desktop audits, field audits are planned to be completed during the remainder of 2021. Certificates issued on successful completion of field audits will be required for contractors in order to extend their contracts.</p>
<b>Status as of 2021</b>	<p><b>Status: In Progress.</b></p> <p>Significant progress has been made in the implementation of the CSMS over 2021 with broad rollout of the program across contractors focused on training and documentation of safety processes. Field audits are expected to be an integral part of the CSMS process going forward. The need for continuing focus on the CSMS and safety awareness was evident during KPMG's field visits where, in one instance, trained operators were found to lack some elements of required Personal Protective Equipment (PPE).</p>

Indicator I.b	# of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).
<b>2020 Opportunity for Improvement #1</b>	APRIL's Open Market Supplier due diligence process has expanded over time to capture data necessary to monitor SFMP 2.0 compliance and this process has been implemented with a number of suppliers. However, in 2019, one Open Market Supplier continues to lag in responding to information requests and allowing timely access for APRIL to complete monitoring. This supplier was able to re-contract with APRIL during the year in the continuing absence of data necessary to support effective monitoring and the data that has been provided to demonstrate the absence of new development is insufficient in the absence of an APRIL field visit, which has yet to take place.
<b>Summary of completed APRIL actions</b>	<p>Interaction with the Open Market supplier has resulted in additional information sharing and completion of elements of the due diligence checklist that were previously unable to be answered. Land classification across the concession has been provided, which now allows APRIL to more effectively undertake land cover change monitoring, which is now being based on this information.</p> <p>However, as a result of the COVID-19 pandemic, APRIL has been unable to undertake a concession visit to date in order confirm the accuracy of information provided and implementation of required procedures.</p>
<b>Status as of 2021</b>	<p><b>Status: Closed</b></p> <p>APRIL has received the necessary information to undertake effective monitoring activities. However, note 2021 OFI #2 has been raised to address the fact that field inspections of open market suppliers were unable to be conducted in 2020 and to date in 2021 due to the COVID-19 pandemic. This also has delayed the full use of the information provided by the Open Market Supplier as both ongoing monitoring and retrospective analysis of post-2015 land cover change on the Open Market Supplier's concession are dependent on a field inspection element.</p>



Indicator VI.f	% of grievances resolved in accordance with the grievance standard operating procedure (SOP)
<b>2020 Opportunity for Improvement #2</b>	<p>Grievance processes have been implemented across both P.T. RAPP and Supply Partners to capture and address site level (“offline”) grievances raised by communities.</p> <p>Management has established mechanisms so that it has visibility into the type and extent of grievances occurring on P.T. RAPP Estates. However, a similar level of management visibility over the type and extent of grievances at supply partner concessions has yet to be established.</p>
<b>Summary of completed APRIL actions</b>	A draft revised grievance mechanism has been developed that is more streamlined and includes centralized oversight over site level (“offline”) grievances raised by communities which are to be reported on a weekly basis. Additional methods to register grievance have been formalized, including a hotline. This revised mechanism has not yet been implemented.
<b>Status as of 2021</b>	<p><b>Status: In Progress</b></p> <p>The revised grievance SOP has not yet been finalized or implemented across P.T. RAPP or supply partners so APRIL’s oversight of supply partner grievance processes remains limited. Field assessments indicate that there is an ongoing need to socialize amended processes for addressing grievances given the currently low level of usage of the grievance process by local communities.</p>

Indicator VII.c	% of PT. RAPP, supplier and contractor operations covered by OHS certification
<b>2020 Opportunity for Improvement #3</b>	<p>While APRIL has invested significant effort in safety management systems and awareness that address both employee and contractor performance, there remains an opportunity to continue to build a safety culture that prioritizes safety as a mindset as a key supplement to safety through conformance to procedures.</p> <p>One example of the need for a focus on safety culture observed during a field visit involved unsafe working practices at an active supply partner harvesting site. While the supply partner had achieved SMK3 certification and was following its written procedures, the workers on the site did not identify or address what should have been a very clear and significant safety concern.</p>
<b>Summary of completed APRIL actions</b>	A number of safety initiatives have been undertaken in 2020, including the ongoing development of the Contractor Safety Management System, training of staff, management and workers, with an increased emphasis on worker training. Ongoing implementation of personal “pass” systems for safety performance and an increased emphasis on planned and unplanned field inspections.
<b>Status as of 2021</b>	<p><b>Status: Closed</b></p> <p>While the development of a strong safety culture is a long-term initiative, the range of actions being undertaken by APRIL is an indication of increased emphasis being placed by APRIL on improving safety outcomes.</p>

Indicator II.a	Hectares and % of conservation and restoration area impacted by fire, development or encroachment
<b>2020 Opportunity for Improvement #4</b>	An opportunity remains to develop a broad plan to address the rehabilitation, where possible, of the significant backlog of historic encroachment.
<b>Summary of completed APRIL actions</b>	APRIL reviewed their restoration activities for 2019 and 2020 with KPMG. APRIL also investigated the accuracy of existing land cover data for conservation areas (which is based on satellite imagery) and is currently in process of re-assessing areas currently identified as “agriculture” within conservation areas to determine whether there are restoration opportunities within this category beyond those already addressed by existing restoration plans.
<b>Status as of 2021</b>	<b>Status: In Progress</b>  APRIL is in the process of re-analyzing its existing land cover estimates for conservation area that is not currently forested to assess whether there are additional restoration needs beyond the existing annual restoration activities on each concession.

Indicator IX.d	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery
<b>2020 Opportunity for Improvement #5</b>	<p>Field inspections and interviews of open market supplier due diligence processes identified weaknesses in the completion of these processes, which did not identify the following weaknesses at one Open Market Supplier that are expected to be captured by the due diligence process as follows:</p> <ul style="list-style-type: none"> <li>• the existence of active land disputes.</li> <li>• the fact that the labor complaint SOP had not been communicated to contractors.</li> </ul>
<b>Summary of completed APRIL actions</b>	APRIL has updated its due diligence forms to capture monitoring information more effectively but has not yet been able to implement the related field verification processes as a result of the COVID-19 pandemic.
<b>Status as of 2021</b>	<p><b>Status: In progress</b></p> <p>APRIL's due diligence forms have been updated and the revised forms have been implemented. This is capturing better quality Open Market Supplier performance data. The action plan remains in progress because the original opportunity for improvement was raised in relation to field assessments of Open Market Suppliers by APRIL and due to the COVID 19 pandemic APRIL has not had an opportunity to undertake field assessments of Open Market Suppliers since the finding was raised. As a result, closure of the action plan is dependent on the lifting of travel restrictions associated with COVID-19 and the subsequent implementation of the enhanced field audits of Open Market Suppliers by APRIL.</p>