

Stakeholder Advisory Committee (SAC)

SAC Meeting 06 – 10 June 2022

The Stakeholder Advisory Committee (SAC) are independent forestry and social experts that oversee the implementation of APRIL Group's Sustainable Forest Management Policy (SFMP) 2.0. The Committee selected KPMG PRI to provide assurance on APRIL Group's progress towards meeting its Policy goals.

The SAC meets in person or virtually two to three times a year.

SAC MEMBERS

1. Prof. Jeffrey Sayer (Co-chair)
2. Dr. IB Putera Parthama (Co-chair)
3. Dr. Neil Byron
4. Mrs. Erna Witoelar
5. Mr. Rod Taylor

The SAC in-person meeting agenda included:

1. Stakeholder Forums in Jakarta and Pekanbaru
2. SAC – IPEWG joint meeting
3. SAC member meetings
4. SAC visit to Riau Ecosystem Restoration (RER) Eco Research Camp
5. SAC update to APRIL Management

Date: 06 June – 10 June 2022

Locations:

1. Jakarta – Pullman Thamrin Hotel
2. Pekanbaru – The Premiere Hotel
3. Pangkalan Kerinci – Unigraha Hotel
4. RER – Eco Research Camp

Note from the Co-Chairs

The SAC commends the diversity of stakeholders that were present at the Stakeholder Forums in Jakarta and Pekanbaru and observed the transparent and constructive interactions between APRIL and the stakeholders. It was further observed that the audiences in Jakarta and Pekanbaru had different interests and concerns thus future forums should be designed to better cater to these differences. The forward looking APRIL2030 commitment and targets were well received by the Jakarta stakeholders but further translation of these ambitions to the local context is necessary for the Pekanbaru attendees.

The SAC was very impressed by the way in which APRIL had managed its operations during the COVID pandemic. Support to the government, communities and especially to its staff were exemplary. SAC appreciated the facilities at the new EcoCamp at the RER. The facilities provided

an excellent location for our meeting. We are pleased to learn that a number of gatherings of international conservation organizations are planned for the coming months and we hope that the Camp will gain an international reputation as a location for deliberations on conservation and sustainable development issues.

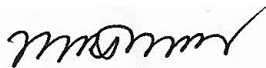
SAC was very impressed with outstanding young recruits and the interns from the ASPIRE (APRIL Sustainability Professionals Readiness) program. SAC also appreciated the quality of staff scientists working on the GHG monitoring program. SAC believes that APRIL is making very considerable contributions to developing the next generation of Indonesian scientists and managers and congratulated APRIL on these programs. We recommend maintaining and expanding professional development activities for young Indonesians.

Although we are very impressed in many areas of company's activities (long term wood supply, Community Conservation Agreements, peatland science, RER etc.,) SAC believes the current knowledge could be communicated to stakeholders much more clearly through additional efforts to improve graphics and simplify narratives. Additionally, there is opportunity to better consolidate the efforts such as the Conservation Forest Management Framework, RER and biodiversity monitoring to improve coherence on APRIL's overall contributions at a landscape level. Consistent with the ongoing work by the Independent Peat Expert Working Group (IPEWG), we also raise some points about peatland management in the context of long term sustainability of APRIL's operations and risk mitigation.

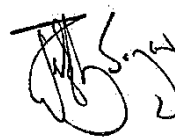
SAC welcomes a reconsideration of its role in the light of the developments around the APRIL2030 Vision and look forward to working with APRIL management to better define the roles of different advisory bodies to inform key areas of APRIL's sustainability journey.

Kind regards,

Signed:



Ida Bagus Putera Parthama
Co-Chairman
Stakeholder Advisory Committee
(SAC)



Jeffrey Sayer
Co-Chairman
Stakeholder Advisory Committee
(SAC)

DISCUSSION SUMMARY

1. SAC Stakeholder Forum Jakarta and Pekanbaru

SAC Recommendation(s):

- 1.1. Establish a task force to review KPMG assurance indicators so that they better reflect the additional inputs from stakeholders and review where efficiencies can be achieved between SFMP and APRIL2030 audits. The Task Force will consist of Chris Ridley Thomas (KPMG), Neil Byron (SAC) and Craig Tribolet (APRIL),*
- 1.2. Develop infographics or other visual aids in order to improve the presentation of complex data to stakeholders, especially on key topics of interest, for example 1) How fiber supply needs will be met over time; 2) Improved information on how GHG emissions from plantations, natural forests and unmanaged areas might change in the future; 3) Production-Protection model.*

The SAC noted that the Jakarta and Pekanbaru stakeholders have different interests. The Jakarta attendees were more concerned with broader and forward-looking information on APRIL's impacts on economy, climate and society whereas the Pekanbaru stakeholders were more concerned with operational issues and its local environmental and social impacts, land claims and livelihood plantations. Therefore, there is a need to tailor presentations and updates to better address the expectations of the different stakeholders in Jakarta and Pekanbaru. The SAC further noted that the attendees also used the forum to communicate areas of concern or interest. In terms of frequency of the forum, the SAC agreed to consider having more frequent, smaller forums with focus on issues of immediate concern to stakeholders.

An issue on SAC members' composition was raised by one of the attendees. As a response the SAC reiterated its intention to recruit new members with complementary skill sets and emphasis on Indonesians, gender balance and strong links to Riau. SAC discussed the need to evolve membership and functions to better serve the needs of the APRIL2030. This will require that SAC build capacity through its representation to cover broader economic, social and climate issues. SAC will engage with APRIL management on the issue of changes that may be needed in the composition and functioning of the SAC to address the needs emerging from the APRIL2030 commitments and targets.

On SFMP 2.0 assurance process presentation by KPMG, SAC discussed the ways in which the assurance report will need to evolve considering the broadening scope of APRIL's sustainability targets. SFMP assurance needs to be maintained to inform stakeholders who are concerned about zero deforestation commitments. However, there is increasing interest in the progress of APRIL2030. It was noted that KPMG also provides assurance on the APRIL Sustainability Report which is the main mechanism whereby the APRIL2030 progress is currently being reported and verified. SAC agreed to discuss with management the possible need to consolidate or rationalize the two reporting mechanisms.

SAC recommended and agreed to establish a task force to discuss this issue and review the assurance indicators so that they better respond to the transition towards increased emphasis

of APRIL2030. The task force will consist of Chris Ridley Thomas (KPMG), Neil Byron (SAC) and Craig Tribolet (APRIL). They will consider the need to adjust or develop new indicators based on inputs from the Stakeholder Forums; for instance: 1) A wildlife indicator; 2) A revised set of social indicators.

To improve communication to the stakeholders, SAC recommended for infographics to be developed in order to improve the presentation of complex data to stakeholders, especially on key topics of interest, for example 1) How fiber supply needs will be met over time; 2) Improved information on how GHG emissions from plantations, natural forests and unmanaged areas might change in the future; 3) Production-Protection model and how APRIL will meet 1:1 restoration/conservation commitments.

SAC committed to keeping more detailed minutes of its discussions, to provide clarity of decision points and recommendations and that minutes should be posted online within two weeks of each meeting. SAC agreed to better track stakeholder inputs by documenting these inputs, tracking responses and presenting an account of resulting actions at the next stakeholder forum. SAC noted that this was especially needed for the Pekanbaru audience who have more immediate stake and concerns about APRIL's operations.

2. Peatland science and management

SAC Recommendation(s):

- 2.1 *APRIL to continue to build its understanding of the risk associated with peatland production and continue the publication of research papers on subsidence, GHG emissions and hydrological management and share the findings more broadly.*
- 2.2 *APRIL to ensure these findings will help improve peatland management best practice and ultimately, mitigate risks posed to long-term peatland production.*

A joint meeting between the IPEWG and the SAC was held in Pangkalan Kerinci. IPEWG presented its view of its role to 1) Stay on top of the science to inform APRIL's decisions on peatland management; 2) Help APRIL implement best practices in operations; 3) Support long term vision for peatland management. The IPEWG has been collaborating with APRIL's peatland scientists on publishing research papers based on data from APRIL's GHG emissions flux towers located on four different land types (intact natural peatland forests, peatland plantation, degraded peatland and mineral soil plantation). The objectives of APRIL's GHG emissions monitoring program is to build understanding about the links between land management and GHG emissions, thus guiding peatland management practices.

IPEWG conveyed their view on SAC's role to taking a lead on engagement with external stakeholder and communities. This further underscores the need for SAC to complement the current membership composition with a locally-(Riau) based Indonesian representative. SAC considers the IPEWG's proposed work plan for next 2 years appears to be well thought out and strategic. SAC endorsed the continued work of the IPEWG on scientific underpinnings of its operations. SAC recognized that the multiple objectives are not discrete activities but are

interwoven themes across multiple items. SAC has not therefore attempted to prioritize amongst the proposed activities.

Consistent with the views of IPEWG, SAC recommended for APRIL to continue to build its understanding of the risks associated with peatland production, and to continue the publication of research papers on subsidence, GHG emissions, hydrological management and other aspects of responsible peatland management in order to share the findings more broadly. APRIL is also advised to ensure these findings will help improve peatland management best practice and ultimately, mitigate a risks posed to long-term peatland production.

It was agreed that there is a need for better coordination between the two groups (IPEWG and SAC). It would be desirable to have at least one person from the SAC attend IPEWG meetings. SAC identified peatland science communications as a common focus/ interest area between the two groups. SAC expressed its interest to provide inputs into communications outputs and/or its positioning or framing.

3. Conservation Forest Management Framework (CFMF)

SAC Recommendation(s):

- 3.1. Increase investments in establishing permanent sample plots in conservation areas to enrich monitoring and data reporting.*
- 3.2. Review HCV Network guidance on simplified and community-led HCV monitoring.*
- 3.3. Engage with local NGOs to develop the Community Conservation concept alongside APRIL's intention to build the communities' capacity and understanding for sustaining conservation efforts.*

An update was given by APRIL representatives on the CFMF - a framework developed by APRIL to build on existing High Conservation Value (HCV) assessment reports at the concession level and intended to draw all conservation efforts under a consistent framework. The framework considers conservation opportunities and threats that lie outside the boundaries of the concessions, leading to outcomes at the broader landscape. As part of the framework, APRIL is:

- 1) Developing a Biodiversity Portal to bring together biodiversity information across APRIL's conservation areas and the Riau Ecosystem Restoration (RER) site. Relatedly, APRIL is developing the capacity and roles of local communities on biodiversity monitoring, verification and reporting.
- 2) Setting up Community Conservation Agreements which are voluntary agreements with local communities to protect natural forest areas and their identified conservation values through a compensation/payment for environmental services.

SAC welcomed the development of a coherent landscape scale biodiversity strategy and the initial work on the biodiversity portal. SAC welcomed the fact that APRIL is engaging at a high level with the world's leading biodiversity institutions and recommends the continuation of these efforts.

SAC noted that there is a lack of capability/ capacity within APRIL to cover all dimensions of biodiversity. For instance, there is little information on the local botanical diversity of Riau province and of APRIL's operational areas. SAC supported APRIL's approach to provide incentives for communities (and employees) to boost monitoring and reporting into the Biodiversity Portal. Incentives can be in the form of recognition or other non-monetary forms. SAC recommended that APRIL should increase its investments in establishing permanent sample plots in conservation areas to enrich monitoring and data reporting.

The Community Conservation project was also presented during the session. Currently the basic indicator used is hectares under community management for conservation but there is a need to define other conservation values for example livelihood values from timber or non-timber forest products such as honey. SAC recommended that APRIL review the HCV Network guidance on simplified and community-led HCV monitoring. SAC recommended that APRIL engage with local NGOs to develop the Community Conservation concept alongside APRIL's intention to build the communities' capacity and understanding for sustaining conservation efforts.

Overall, there is opportunity to better consolidate and communicate the efforts such as the CFMF, RER and biodiversity monitoring to improve coherence on APRIL's overall contributions at a landscape level.

SAC observed that financial institutions are giving APRIL sustainability linked loans where investment in conservation is a KPI (presented in the Stakeholder Forum by APRIL Management). SAC noted that better indicators for commitments to conservation could be considered, especially since APRIL plans to track conservation outcomes using the CFMF. SAC considered that APRIL should take measures to improve the understanding of financial partners of these innovations. APRIL agreed to send SAC the detailed CFMF for comments or review.

4. Long term wood supply

The SAC remained content with the company's plans and progress towards productivity gains and securing long-term wood supply. However, within that context the SAC encouraged continued and increased inclusion of out-growers into APRIL's supply chain. SAC is fully aware of the difficulties of engaging out-growers in fiber production, especially with palm oil prices at very high levels but these efforts need to continue.

SAC welcomed the continued engagement with RECOFT on this topic and encouraged the continuation of efforts to explore viable out grower options for production of fiber on mineral soils.

Next Meeting Date

It was decided that the next SAC meeting will be conducted in December. Virtual meetings will be conducted in the interim to follow up on the recommendations.

Documentation



The SAC at the Stakeholder Forum in Jakarta.



Attendees at the Stakeholder Forum in Jakarta.



The SAC at the Stakeholder Forum in Pekanbaru.



Attendees at the Stakeholder Forum in Pekanbaru.



SAC- IPEWG joint meeting



Serkap River tour at the Restorasi Ekosistem Riau (RER).



The SAC arriving at the Eco Research Camp, RER.



Neil Byron and Rod Taylor observing the peatland forest from the top of one of APRIL's GHG monitoring towers.

