

Stakeholder Advisory Committee (SAC)

SAC Meeting
05 – 09 December 2022

*The Stakeholder Advisory Committee (SAC) consists of 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 commitments.*

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

SAC MEMBERS	<ol style="list-style-type: none"> 1. Prof. Jeffrey Sayer (<i>Co-chair</i>) 2. Dr. IB Putera Parthama (<i>Co-chair</i>) 3. Dr. Neil Byron 4. Dr. Erna Witoelar 5. Mr. Rod Taylor
APRIL Teams	Sustainability Stakeholder Engagement Community Development Fiber Operations Peatland Science Social Capital

The SAC in-person meeting agenda included:

1. SFMP 2.0 Assurance Indicators Review
2. Community Engagement and Development Programs
3. National Update – FOLU Net Sink 2030
4. Addressing IPLC and Customary Rights
5. Update on APRIL's process to end FSC disassociation
6. Riau Ecosystem Restoration (RER) Updates
7. Independent Peat Expert Working Group (IPEWG)
8. APRIL2030 progress
9. Landscape Approach to Conservation

Locations:

- Pangkalan Kerinci – Unigraha Hotel
- Desa Dayun, Siak, Riau
- Desa Penyengat, Siak, Riau

Note from the Co-Chairs

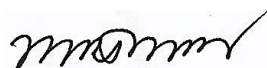
The SAC was hosted by APRIL staff in Kerinci and benefited from opportunities to interact with staff at all levels and to travel with them to field sites on two consecutive days. This provided us

with valuable insights into the quality of interactions with local communities. We were impressed by our observations of the activities of field staff who appeared to be constructively interacting with local communities and to have a good understanding of local needs and perspectives.

The SAC was also impressed by the quality of the APRIL scientific work, particularly on strengthening indicators of progress towards the SFMP and the APRIL 2030 commitments.

APRIL has been active in a number of international fora and is increasingly demonstrating leadership in several areas of strategic significance. APRIL's overall strategic position may have been improved by recent decisions from FSC on post 1994 conversion of forests. APRIL welcomes and follows closely the development of carbon-related issues, particularly the FOLU Net Sink 2030 that was launched by the Government to attain the country's NDC. SAC was pleased to see that practically most, if not all, APRIL's activities are within the spectrum of those covered in the FOLU Net Sink 2030.

Signed:



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



Jeffrey Sayer
Co-Chairman
Stakeholder Advisory Committee
(SAC)

FIELD VISIT SUMMARY

SAC considers the field visit to the two villages/communities were an important part of the SAC meeting. It was not only an opportunity for the SAC Members to observe directly what is happening in the field, but also to demonstrate to the communities that they, and their engagement with APRIL, are important and valued.

SAC views the most important lesson to be learnt from the Dayun Village Project is how to establish effective long-term collaboration involving stakeholders with different interests. This Dayun project needs to be expanded in both time-frame and area coverage in order to demonstrate clearly that collaboration is the way to settle differences among stakeholders and achieve mutual benefits.

The existence of a cooperative and forward-looking *Kepala Desa* (village head) is a great social asset which APRIL must further encourage in positive way. Dayun can become a model to be replicated in other villages.

The Penyengat Village Project revealed the great enthusiasm demonstrated by the community in developing small and medium enterprises – in this case growing and processing pineapples. It presents a solid basis for further development and must be nurtured appropriately. APRIL should continue to assist the communities in addressing difficulties they are facing, including treating plant diseases and acquiring fertilizer.

Although the community stated that, so far, there has been no problem in marketing their products, it is suggested that APRIL could assist the community to identify and assess more diverse markets that potentially will secure larger and more reliable incomes. Continuing technical assistance for the diversification of end products and to create higher value add is also suggested.

A complaint was raised about the need to increase locally recruited workers at the nearby Futong Port. Although SAC has not looked into all the circumstances around this issue, it suggests that APRIL needs to address the complaint properly so that it will not distract from the community projects.

DISCUSSION SUMMARY

1. SFMP 2.0 Indicators Review

SAC Recommendation(s):

- 1.1. APRIL should adopt the revised set of 19 indicators, developed jointly by SAC and APRIL, for SFMP 2.0 assurance audits (see appendix 1). These may be subject to adjustments resulting from Recommendations 1.3 and 1.4. below*
- 1.2. APRIL should document and communicate the rationale for these revisions, including the consolidation of multiple indicators; deletion of indicators that are redundant or have become less material or relevant over the years; and avoiding duplication where the issue has since been addressed more comprehensively in APRIL 2030. APRIL prepare an APRIL Dialog post outlining these changes as well as a link for any comments.*
- 1.3. APRIL should do more to clarify the scope and means of measurement for indicator #9 on progress on reducing the carbon footprint of forest and plantation management.*
- 1.4. Before finalizing the new indicators, APRIL should consult with KPMG on how readily each can be audited, and offer key interested stakeholders an opportunity to suggest further improvements or raise any concerns.*

In regard to Recommendations 1.2, it would be useful for APRIL to simultaneously clarify the scope and purpose of the SFMP 2.0 Assurance, and how it relates to the Annual Sustainability Report and to APRIL2030 progress reporting.

It was agreed that SAC and APRIL should be prepared to adapt and evolve SFMP 2.0 assurance reporting, to optimize alignment with emerging global developments and standards (e.g. COP27, nature-based solutions, FSC etc.).

While the issue of long-term supply is very relevant to SFMP 2.0 and is a major concern to stakeholders, the SAC is well aware of the general lack of similar disclosure by other international companies about the volumes and sources for their long-term fiber supply. Stakeholders tracking this issue are, quite understandably, concerned that expansion of processing capacity without secured supply **could** create pressure for expansion of supply areas through conversion of natural ecosystems. APRIL and SAC therefore assure stakeholders that, regardless of what other corporations do elsewhere, APRIL will adhere strictly to its policies of **no deforestation** and **FPIC**, when supplying its mills, even with any expansion of mill capacity.

After detailed discussion of the revised list of SFMP indicators, SAC suggested a need for clear language (or footnotes) on some of the proposed indicators:

- to clarify terms like ‘new development’ and ‘damaged’;
- Indicator #9 on carbon, to clarify its focus on land management (rather than land use change) and its relationship to the Climate Positive goal in APRIL2030. SAC discussed whether it is possible to annualize the trend in reduction of the carbon footprint, referring to recent guidance on accounting and target settings (GHG Protocol on land sector and SBTi Forest Land and Agriculture Sector Guidance). SAC also discussed exploring possible use of the Global Forest Watch GHG flux calculator, or a simple algorithm, as metrics sufficient to reliably and credibly show the overall trend.
- Indicator #10 on community development – whether we should continue to use input or output indicators, given that stakeholders prefer to have impact level indicators. (This may be another instance where longer-term impact level can be captured in APRIL2030 or the Sustainability Report, while the SFMP assurance focuses on annual activity.)
- Indicator #12 on number of grievance cases – The insight that SAC seeks to capture is not only the trends in the number of grievances, but also the proportion of cases being resolved.
- Indicator #18 on GMO – GMO indicator should reflect what is stated in APRIL’s GMO Policy – that GMOs will not be used.

2. National Update – FOLU Net Sink 2030

SAC Recommendation(s):

2.1 APRIL follow closely the developments taking place in the Government on this matter, and continue and improve its current activities on GHG emission reduction and sequestration

FOLU Net Sink 2030 is the Indonesian Government’s framework on how to realize the targeted contribution of forestry and other land uses to its goal of becoming a net carbon sink in 2030 in relation to the country’s Nationally Determined Contribution (NDC). The scope of activities listed in the document encompasses several APRIL activities including responsible peat management, fire prevention and management, biodiversity conservation, degraded land restoration, establishment of social forestry, etc.

The SAC recommends APRIL follow closely the developments taking place in the Government on this matter, and continue and improve its current activities on GHG emission reduction and sequestration.

3. Addressing IPLC and Customary Rights

SAC Recommendation(s):

3.1. *Pending full legal process for acknowledging customary and other rights by the Indonesian government, APRIL should continue to negotiate mutually acceptable remediation outcomes with communities that have land claims within the concession, and make use of participatory mapping approaches to understand and document the extent of those claims.*

The SAC noted recent work on grievances related to land tenure and access, in and around the concession area. SAC reflected that this has been an area of long-standing concern, and referred to its previous recommendations, such as “*the rights mapping planned to be implemented in Kampar Peninsula should be expanded*” (2015) and “*Create an action plan, including a timetable and social conflict mapping, on how APRIL will resolve existing conflicts across its supply chain*” (2016).

APRIL continues to engage with “masyarakat adat” and migrant communities residing in the concession and has been systematically engaging with groups to identify and agree suitable arrangements for cooperation between the company and each community. As the concession-holder of state land, APRIL does not have authority to adjudicate or provide official recognition of land rights – only the government can do that – but the company can voluntarily enter into agreements with communities, including those making land claims, that respect their land use preferences and/or provide requested support, such as community development works, technical assistance or employment with contractors. Such voluntary agreements provide opportunities to develop innovative approaches to the resolution of land claims that respect principles within internationally recognized frameworks (e.g. UN Declaration on Rights of Indigenous Peoples) and applicable national law.

4. FSC Updates

SAC Recommendation(s):

4.1. *SAC recommends that APRIL study the Remediation Framework carefully and undertake all necessary steps.*

Subject to successfully ending its disassociation, APRIL can also be eligible for Sustainable Forest Management certification with FSC, following the adoption of Motion 37 at the recent FSC General Assembly, with consequential changes in FSC Principles and Criteria and FSC Policy for Addressing Conversion (PAC). However, the change is also paired with new challenges, especially the revised definitions of “conversion” and “corporate group”. Ending disassociation requires an organization to undertake remedies for environmental and social harms according to the Remedy Framework which is scheduled to be available in December 2022 and in effect

starting July 2023. It is anticipated that the remediation could be a challenging process, especially on the remedy of social harms.

5. Riau Ecosystem Restoration (RER) Updates

SAC was pleased by the progress being made on several fronts. The integrity of the RER is intact and a secure base for long-term conservation has been established. The level of use of the Eco Camp has increased and the existence of the camp has raised the international profile of APRIL's conservation activities.

SAC was pleased and surprised to be informed that the Tigress "Corina" released into the RER two years ago has reappeared on camera trap images only 10 km from her release point. She was still wearing her collar although the batteries were obviously discharged. The collar was programmed to drop off soon after the photo was taken, and is now being looked for. Corina appeared to be in good health.

SAC was saddened by the news of tiger attacks in APRIL concessions in August this year. SAC discussed the measures that may be needed to eliminate such tragic outcomes both by making more information available to employees and by tracking the locations of potentially dangerous animals.

The tiger population in the APRIL operating area on the Kampar Peninsula is now one of the most numerous and secure populations in Indonesia and is of great conservation significance but its conservation will require increased efforts to minimize conflict with people in and around the concessions.

6. Independent Peatland Expert Working Group (IPEWG)

SAC Recommendation(s):

6.1. *Review of the future purpose of the IPEWG and the optimal ways for APRIL to keep in touch with cutting edge peatland science. Options might include the maintenance of the status quo, the development of a more targeted relationship with a global center of excellence on peatland science, and the strengthening of APRIL's already strong internal capacity to deal with peatland issues.*

The SAC discussed scenarios for the future evolution of the IPEWG. The IPEWG has provided major contributions to understanding of peatland ecology and of the issues of sustainability of plantation operations on peatland. The work of the IPEWG has been of great value to Indonesia's peatland management and to global understanding of tropical peatland issues.

SAC debated the merits of maintaining the IPEWG as an independent committee or of folding some of its work into the SAC itself. In the meantime, it was agreed that a SAC member would

attend future IPEWG meetings and that they would invite at least one IPEWG member to attend future SAC meetings.

7. APRIL2030

SAC Recommendation(s):

- 7.1. SAC to monitor the roll-out of APRIL2030 and ensure smooth transition in monitoring indicators from SFMP 2.0
- 7.2. Periodically re-assess what is most relevant or material for the company to pursue – where it can make the most significant environmental and social impacts rather than very marginal improvements. Especially for the Sustainable Growth commitment pillar, it may be useful to periodically test the logic of the targets to ensure they do not produce any perverse outcome.

SAC noted the achievements and progress towards APRIL 2030 targets and complimented the company on the detailed planning of metrics, time-frames, intermediate targets and proxies. The following are commentaries on each of the four pillars:

- Inclusive Progress
 - The potential benefits of improved health, education, nutrition and capacity building in the target areas in Riau can be expected to make very significant progress toward the ultimate goal of eliminating extreme poverty in the region.
 - “Digital mainstreaming “efforts are expected to gradually accelerate over the decade.
 - The depth of APRIL’s community development work deserves to be more widely communicated in the context of APRIL’s broader social relationships across the landscape (including concerns on respecting IPLC rights noted above)
- Thriving Landscapes
 - The target to increase plantation productivity is an integral part of “Thriving Landscape” because of APRIL’s principle of production-protection (Production generates the resources that enable achievement of biodiversity conservation outcomes).
 - Mean Annual Increment in log volume (MAI) has, in the past, been a prime indicator of productivity but APRIL is now becoming more focused on pulp yield per hectare (i.e. including consideration of wood density rather than just increasing the volume of wood yield/ha/year).
 - SAC noted the productivity improvements are the result not only of better genetics and better pest/weed control, but also better matching of specific genotypes for specific site conditions and followed up by site-specific silvicultural regimes that optimize the growth of each tree planted – a significant pay-off to many years of relevant research.
 - The interactions across pillars was noted e.g. that the involvement of community groups in both production and conservation programs helps achieve both the social (poverty alleviation) and landscape goals.

- Climate Positive

SAC commended APRIL's approach to climate change mitigation, and -

- Noted the significant progress in reducing consumption of fossil fuels
- Discussed the need to ensure that the biofuel (e.g. palm oil) sources are indeed carbon-neutral (e.g. not resulting from conservation or deforestation)
- Noted that the APRIL 2030 Climate Positive "Net Zero Emissions from Land Use" target is based on best available global guidance and interpretation of its methodologies in 2019. Noted further that APRIL is piloting the GHG Protocol Land Sector and Removal Guidance for accounting and also the recently published SBTi Food Land-Use and Agricultural Guidance (FLAG). In this context, APRIL will continue to review its approach to its targets and seek to engage with SBTi on how it can achieve alignment with science-based target setting
- Discussed the current science on carbon removal and how natural forests sequester carbon (do they continue to sequester as they mature or do they become sources of carbon emissions when they reach maturity/senescence?). SAC welcomed the newly published paper in Nature Geoscience¹ which provided new analysis that helps to improve understanding of the carbon flows in peat land landscapes under different management regimes.

- Sustainable Growth

SAC noted the number and diversity of process improvements included in this pillar, and the progress towards targets, especially waste minimization, circular economy and decarbonization.

- It seems that, as the company strives to push the technical limits and develop innovative world-leading technologies, it may be useful to periodically test the logic of the targets to ensure they do not produce any perverse outcome (e.g. if recycling or chemical recovery causes different or worse environmental outcomes than existing processes). There are a few areas where widely-held expectations of future benefits may need redefinition.
- Similarly, APRIL might need to periodically re-assess what is most relevant or material for the company to pursue – where it can make the most significant environmental and social gains rather than very marginal improvements.

Next Meeting Date

SAC agreed that they should aim to hold face to face meetings every six months with zoom meetings held every 6 weeks in the intervening periods. They noted the need to accelerate progress on building the capacity and improving the diversity of SAC membership. This will

¹ Deshmukh, C.S. et al. Conservation slows down emission increase from a tropical peatland in Indonesia. *Nat. Geosci.* 14, 484-490 (2021);

hopefully lead to an increase in the proportion of Indonesia-based members of the SAC and to more frequent face to face meetings.

The SAC seeks to move urgently to obtain credible Riau-based members, including people with strong social science credentials, and possibly including early career professionals.

Documentation



The SAC visiting demonstration plot in Dayun Village, Siak



The SAC enjoying watermelon from community's farm



The SAC having a dialogue with village head of Dayun



Putera Parthama and Rod Taylor at Community Pineapple Farm, Penyengat



Neil Byron and Rod Taylor at Community Pineapple Farm, Penyengat Village



SAC APRIL Team at SMEs Nastar Production House

Appendix 1

SFMP	2021 Indicators	2022 Review
I. Long Term Sustainability:	1. Tonnes and % of fiber supply by Region (PT. RAPP, Suppliers (Concessions, community forests, outgrower programs)	1. Tonnes of fiber by source (RAPP, OM, SP, Community forest for peat and mineral)
	2. # of Ha developed by category (Forested, Non-Forested and HCV/HCS and non-HCV/HCS)	2. Ha and % of additional fiber plantation consistent with SFMP requirements
	3. Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS)	-
	4. Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands.	-
	5. Progress toward fiber self sufficiency	-
II. Forest Protection and Conservation:	6. Hectares and % of conservation and restoration area impacted by fire or development or encroachment	3. Ha of conservation area damaged (land claim/ no land claim)
	7. Ratio of conservation area to total plantation area	4. Progress toward 1:1 commitment
	8. Ha of APRIL and supplier concessions under Ecosystem Restoration Planning Processes and Ha of APRIL and supplier concessions that have implemented Conservation Forest Management Planning	-
	-	5. Ha available for restoration
	-	6. Ha of restoration in progress
III. Peatland Management:	9. # of Ha of plantation, conservation, and ecosystem restoration on peatland	7. Percentage of peatland landscape under conservation
	10. # and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule	-

IV. Continuous reduction of carbon footprint:	11. % of mill energy consumption by energy source (renewable/non-renewable)	8. Percentage of Kerinci mill energy needs met by renewable energy
	12. Scope 1 Mill GHG emissions (tonnes CO ₂ e)	-
	13. Overall carbon footprint	9. Track carbon emissions and report progress on reducing its overall carbon footprint
V. Proactive support of local communities:	14. Total \$ spent on social infrastructure projects <ul style="list-style-type: none"> KMs of road built # of social infrastructure projects completed # of social infrastructure projects for which materials were provided 	10. Community Development Projects and sample of investments confirmed with in-field inspection
	15. # of education scholarships provided	-
	16. # of SMEs contracted by APRIL and suppliers	-
	17. # of villages engaged in fire prevention program	-
	18. # of farmers trained to cultivate farmland	-
	19. # of farmer groups supported with agricultural material	-
VI. Respect the Rights of Indigenous Peoples and Communities:	20. Ha of APRIL and supplier concessions currently inactive due to unresolved land disputes	11. Ha of dispute area resolved and net change in area requiring resolution (including FPIC)
	21. Existence of publicly available grievance system	-
	22. % of grievances resolved in accordance with the grievance SOP	12. Number of cases entered and resolved through the Corporate Grievance Mechanism
VII. Responsible Practices in Our Work Places:	23. # of fatalities (Mill, PT.RAPP fiber, suppliers)	13. # of fatalities
	24. Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors	-
	25. % of PT. RAPP, supplier and contractor operations covered by OHS certification	14. % of contractor workforce currently approved under APRIL Contractor Safety

		Management System standards.
VIII. Legal Compliance and Certification:	26. # of Instances of fire on concessions by cause (April or supplier initiated or third party initiated)	15. Ha of concession burned
	27. % of fiber covered by legality certification	16. % of fiber supplied with SFM certification & legality certification
	28. # of legal sanctions received and resulting actions	-
IX. Good Corporate Governance, Verification and Transparency:	29. Status of SAC Recommendations	-
	30. % of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery	17. % of OM suppliers meeting minimum supplier standards based on annual due diligence inspections
X. Addenda	31. % of concessions not using WHO Class 1a or 1b pesticides.	-
	32. % of Estates and concessions with invasive species monitoring and management programs	-
	33. % of plantation footprint where GMOs are planted or used	18. Ha of GMO planted (including trials)
	34. # of species of concern identified on ecosystem restoration areas and concession areas	19. Number and status of plans for priority RTE species (Non started, in development, approval, implementation)