



Stakeholder Advisory Committee (SAC)

SAC Meetings 02 – 04 August 2023

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 PRESENT	<ol style="list-style-type: none"> 1. Dr. IB Putera Parthama (Co-chair) 2. Erna Witoelar 3. Dr. Neil Byron 4. Mr. Rod Taylor
APRIL Teams	Sustainability RER Fiber Operations

The SAC meeting agenda included:

1. Reflections on Jakarta and Pekanbaru Stakeholder Forums
2. SAC Governance and future of SAC
3. SFMP 2.0 Indicators
4. Ecosystem restoration partnership and 1:1 commitment
5. Fiber operations and long-term fibre sustainability
6. Wood and fibre sourcing policy and SFMP 2.0 alignment
7. FSC update

Locations: Jakarta, Pekanbaru and Pangkalan Kerinci

DISCUSSION SUMMARY

1. Reflections on Jakarta and Pekanbaru Stakeholder Forum

SAC Recommendation(s):

1.1 Adapt the forum format to respond to the interests of the different sets of attendees in Jakarta and Pekanbaru.

1.2 APRIL to take a more proactive role in registering and processing grievances from external stakeholders.

- **Adapting the Forum format:** The SAC commends the growing number and diversity of stakeholders that were present at the Stakeholder Forums in Jakarta and Pekanbaru and noted how stakeholder feedback and questions are evolving in tone and focus. Many of the questions focus less on compliance issues and more on impact and progress and forward-looking commitments. SAC recommends adjusting the agenda to better respond to the interests of the attendees in Jakarta and those in Pekanbaru. The SAC noted that the main themes in the Pekanbaru Forum focused on social forestry, community livelihoods and welfare which directly speak to APRIL2030 Inclusive Progress commitments and targets. The presentation on the results of the Macroeconomic Impact Analysis could be supplemented with grassroots examples to better resonate with more localized



interest, particularly in Pekanbaru. This may entail smaller scale research and survey data targeting specific regencies or villages.

- **Relationship to APRIL2030:** The SAC suggests for future Stakeholder Forums to begin with the APRIL2030 updates before going into the SFMP2.0 assurance results. Both Pekanbaru and Jakarta stakeholders are increasingly interested in the progress and challenges related to implementing the broader APRIL2030 commitments and targets on climate, nature, people and circularity.
- **Grievance Mechanism:** The SAC also observed that although APRIL has a robust grievance mechanism in place, it appears many of the cases lodged by the local communities and captured in the system are very localized complaints or requests for assistance (e.g. heavy dust on the roads, operational vehicles, and employment assistance) while the deeper issues that stakeholders would normally raise in the forums are not reflected. To ensure that grievances related to the more significant and longer term effects of the company's operations (e.g. land claims, NGO allegations) are also captured in the system, SAC recommends APRIL review the grievance categories to cover the full spectrum of 'grievances'. These categories could include requests for assistance, minor complaints, longer term grievance, etc. The SAC also recommends APRIL conduct periodic socialization to ensure stakeholders, particularly local communities are aware of the grievance mechanism. SAC encourages APRIL to take a broader view on grievances from external stakeholders and play an active role to register and process grievances identified through engagements with communities as well as media reports.

2. SAC Governance and future of SAC

SAC Recommendation(s):

2.1 SAC and APRIL to revisit the SAC Terms of Reference to reflect insights from the meeting as noted below.

The SAC shared their reflections on the committee's 'evolution' since its inception in 2014. Through mechanisms such as the independent assurance process of SFMP 2.0 implementation and the Stakeholder Forums, the SAC has facilitated transparent and evidence-backed communications of APRIL's performance and institutionalized a stronger sense of accountability to stakeholders on the part of APRIL. Over the past nine years of engaging with stakeholders, SAC has noted that stakeholder feedback has become more informed and nuanced to reflect APRIL's maturing sustainability performance and broadening scope of commitments. Therefore, it is necessary to rethink the form and function of the SAC moving forward and revisit the member composition with a view on future needs. Different functions were discussed, including oversight vs advisory roles and the necessity to define the boundaries of each function.

The scope of SAC's remit was also discussed in relation to other companies in the RGE Group, noting that APRIL helps drive the sustainability standard within the Group. The SAC concluded that although APRIL is the unit of focus, any concerns or suggestions towards other RGE Business Groups in the land use and forest product sector can still be discussed by the SAC and raised with RGE through APRIL. The SAC will also use opportunities such as meetings with RGE leadership to discuss these matters.

The SAC also underlined the need to consider diversity criteria in gender, age and locality for potential new SAC members. A follow up discussion on this matter will be organized.

3. SFMP 2.0 Indicators

SAC Recommendation(s):

3.1 *Set up a working group to define appropriate carbon emissions reduction indicator – potentially develop a process indicator that captures how APRIL will increasingly progress on transparency by building on the science of calculating and monitoring emissions.*

3.2 *Open up new SFMP2.0 new indicators on carbon emissions for public consultation.*

APRIL management presented a summary of the nine SFMP2.0 assurance reports since 2015. The SAC observed that throughout the nine assurances, core themes and objectives have not changed although specific indicators may have evolved according to stakeholder interests and changing global best practice. On average 24 indicators/year have been assured. The main share of Opportunities for Improvements (OFI's) are spread across the following pillars: Responsible Practices in Our Workplace (21%); Good Corporate Governance, Verification and Transparency (19%); Respect for the Rights of Indigenous Peoples and Communities (17%); and Long Term Sustainability (15%). The OFIs have been followed up and closed by APRIL through its action plans. Two actions remain open from previous audits: 1) an opportunity to improve visibility over the nature, extent and handling of supply partner grievances. APRIL's efforts to-date include improvement of the grievance mechanism and implementation of the revised grievance Standard Operating Procedure (SOP) leading to the centralized recording of grievances across APRIL-owned estates and supply partners; 2) an opportunity to update the land recovery SOP to guide retention of residual forest values during recovery of ex-dispute areas. The revised SOP is undergoing finalization.

During the Stakeholder Forums, it was observed that many stakeholder questions or feedback relate to APRIL2030 commitments and targets and less so on SFMP2.0 implementation. The SAC recommends that APRIL clarify the relationship between SFMP2.0 and APRIL2030 and their respective scopes. It is advised that upcoming Stakeholder Forums should begin with the APRIL2030 updates before zooming into the SFMP2.0 assurance results.

APRIL also presented a summary of how indicators under 'Continuous Reduction in Carbon Footprint' commitment in SFMP 2.0 have evolved over the years and highlighted how APRIL is following best practice in GHG inventory and accounting which also relates to the APRIL2030 Climate Positive targets. As global guidance on land sector emissions is still evolving, it is recommended that APRIL adopt a process indicator that captures how APRIL will increasingly progress on transparency by building on the science of calculating and monitoring emissions. The SAC recommends for a small group to work on the carbon emissions indicators and means of assurance. APRIL is also advised to open a public consultation process for any new indicators.

4. New partnership with an Ecosystem Restoration NGO & 1:1 commitment

SAC Recommendation(s):

4.1 *Develop clear criteria for ERC partnerships to be able to make proportionate claims towards 1:1 fulfilment.*

APRIL management presented ongoing efforts to secure new Ecosystem Restoration Concession (ERCs) licenses as it strives to meet its 1:1 commitment – a commitment to conserve a hectare of natural forest for every hectare of plantation established. As of 2022, APRIL has met 80% of this target. The potential new ERCs have differing profiles in terms of size, geography, ecosystem and social context and will thus require different levels of investment, operational needs and partnership models.



In the case of partnerships with ERCs that are managed by other parties, the SAC recommends for APRIL to develop clear criteria to be able to make full or proportionate claims towards its 1:1. Suggested criteria include:

1. A clear case of 'additionality' or impact from APRIL's contribution. Therefore, the baseline conditions in terms of existing legal administrative status, personnel operational capabilities and ecosystem integrity of these new areas should be properly documented.
2. Whether APRIL has exclusive or shared responsibility for land management.
3. Proportionate claim vis a vis level of support or investments made
4. The degree to which support goes
5. beyond funding and include operational, technical and other forms of capacity-building
6. Claims should be preferably long term and necessarily co-terminus with the partnership agreement.

The SAC also observed that as more ERC areas brought under management, APRIL would need to carefully consider both risks and opportunities, and think about the appropriate governance model, funding mechanism and operational implications.

5. Fiber operations & long term fibre sustainability

SAC Recommendation(s):

5.1 Provide a public version of upcoming independent review of APRIL's wood fiber supply plan.

An update was given by a representative of APRIL's Fiber Department on the company's Fiber Operations and long term fibre sustainability. The presentation spoke to APRIL's target to improve plantation productivity to meet future fibre needs while maintaining the same plantation footprint of 450,000 hectares. This productivity target is also reflected in the APRIL2030 Thriving Landscape target of achieving 50% gain in fibre plantation productivity by 2030. The four key focus areas of action behind achieving this target include: 1) Genetic Improvement & Integrated Pest and Disease Management; 2) Site Specific Management Regimes; 3) Contractor Development & Mechanization; 4) Improving log quality and reducing fiber losses from Plantation to Mill. APRIL also noted an upcoming independent review of its long range fiber supply plan which will provide an objective scrutiny to the SAC on APRIL's wood supply forecasting and actual performance. It was noted in the discussion that APRIL has posted an annual productivity growth of 17% from 2016 to 2022.

The SAC commended APRIL's continuous improvement in silviculture practices and in bringing state-of-the-art science and technology to its forestry operations. The SAC recommends for APRIL to share a public version of the independent review to further clarify and reassure stakeholders of how APRIL is meeting productivity commitments while growing its downstream business in viscose and paper board.

6. Wood and Fiber Sourcing Policy and SFMP 2.0 alignment

SAC Recommendation(s):

6.1 Update SFMP 2.0 to reflect the new definitions of deforestation and conversion

APRIL presented its new [Wood and Fiber Sourcing Policy](#) published in February 2023 and its relationship to SFMP 2.0. Most of the terms in the new Wood and Fiber Sourcing Policy is aligned with the SFMP 2.0 and the current Fiber Supplier Due Diligence System (DDS) Procedures. Key differences



relate to the **deforestation** and **conversion** definitions based on the Accountability Framework initiative (AFi). Updates will need to be made to the SFMP 2.0, particularly in the definitions.

7. FSC Update

APRIL presented the phases of its FSC remedy process based on the FSC Remedy Framework and highlighted readiness efforts to-date, including its Human Rights Due Diligence process and Human Rights Impact Assessment, review of grievance mechanism to comply with the UN Guiding Principles on Business and Human Rights, review of land claims/dispute resolution mechanism and new policies published ([Human Rights Policy](#); [Wood and Fiber Sourcing Policy](#); [Integrity & Ethics Policy](#)) . The FSC Remedy process will include the determination of Corporate Group based on Accountability Framework initiative (AFi) definition; identification of parties by independent assessors; and conduct of social and environmental baseline assessments.

The SAC welcomes and encourages the ongoing engagement by APRIL in the FSC remedy process. The SAC observed that the process simultaneously builds external stakeholder trust and drives internal transformation, including in other RGE Business Groups.

Next Meeting Date

The next SAC in-person meeting will be held in the 2nd week of December 2023.