

**Stakeholder Advisory Committee (SAC) on
APRIL’s Sustainable Forest Management Policy (SFMP 2.0)
15TH SAC Meeting
Jakarta, Indonesia, 3 - 4 April 2019**

SAC MEMBERS	<ol style="list-style-type: none"> 1. Mr. Joe Lawson (<i>Chair</i>) 2. Pak Al Azhar 3. Prof. Jeffrey Sayer 4. Dr. Neil Byron 5. Ibu Erna Witoelar
IN ATTENDANCE	One observer from the Independent Peat Expert Working Group (IPEWG) attended the first day of SAC Meeting.
TOPICS OF DISCUSSION	
<p>Opening Remarks and General Observations</p> <ul style="list-style-type: none"> • The SAC meeting was preceded with an internal evaluation workshop, discussing the role, function, composition and future direction of the SAC. All SAC Members and Senior Management from APRIL attended the workshop. • During the workshop, a discussion was initiated between SAC and APRIL’s senior management on the long-term strategic directions of the company. • SAC Chairperson opens the meeting with summary discussion points from the workshop. SAC look forward to how it can continue to work alongside APRIL in achieving its sustainability commitment. • SAC continues to emphasize the importance of local community to be a part of APRIL’s sustainability journey. 	
<p>1. SFMP 2.0 Assurance Process 2019</p> <p>A representative of KPMG presented the 2019 assurance plan of SFMP 2.0. KPMG is engaged by the SAC to provide an independent report on progress against key SFMP 2.0 commitments. Subsequently, KPMG will report to the SAC on findings of APRIL’s implementation of SFMP 2.0. Over the years, the scope of SFMP assurance process has been changing; from 2014, there are two interim reports and two full reports for SFMP assurance. In 2019, the assurance will cover 10 indicators, with 9 new sub-indicators for detailed assessment on three specific SFMP 2.0 indicators;</p>	



this set of indicators was selected based on stakeholder priorities identified in prior stakeholder meetings and inputs, media coverage, and areas with APRIL action plans related to prior non-conformances and opportunities for improvement.

In February 2019, several activities for preparation of SFMP assurance process was done, including:

- planning visit by KPMG to select concession samples
- Online consultation by SAC to stakeholders to provide feedback on the assurance plan,
- Meeting between SAC and local stakeholders to select stakeholder representatives for the assurance process. As a result, two representatives were selected as observers and will join the site verification in April 2019. The two observers were also involved in SFMP assurance process last year.

APRIL explained to the SAC about the amount of resources that is dedicated every year to support the assurance process, and inquired about the level of details needed for the upcoming assurance process.

SAC Response

- SAC recognizes the importance of community engagement in the assurance process, which can help increase local ownership and continuity of the assurance process.
- SAC acknowledges that the aforementioned community engagement can be done through a progression towards knowledge transfer and participatory monitoring by local stakeholders.
- SAC noted that the assurance process required enormous efforts from APRIL, and that there is an opportunity to increase the efficiency of the process. SAC underlines that the value of SFMP 2.0 assurance process outweighs the current costs.

2. IPEWG

IPEWG recently held their 11th meeting in Pangkalan Kerinci on 25th – 27th March 2019. Two SAC members participated on this last IPEWG Meeting and shared their takeaways on the meeting. SAC viewed the opportunity of observing IPEWG meeting to be helpful in understanding better the progress and challenges of IPEWG. Moving forward, SAC would like to pursue a stronger collaboration with IPEWG as well as with other advisory board of APRIL (e.g. RER Advisory Board) which can be done through exchange participations on the respective board's meetings. Such involvement can enable knowledge sharing and stronger coordination and communications amongst the boards. An IPEWG representative also shared IPEWG views, which sees collaboration with SAC to be important especially to bring more multi-perspectives approach to the context of



IPEWG's scientific approaches. IPEWG also sees the importance to bring the element of community into their scientific works on peatland.

SAC also acknowledge the importance of science in APRIL's work, as well as the importance of peat. SAC and IPEWG also agreed that engagement with community and with larger stakeholders can leverage the benefits of IPEWG's scientific. However, SAC recognized that to determine the outreach strategy for such engagement is challenging. With such recognition, SAC envisions its role for supporting understands that it can play a role in supporting IPEWG/s works.

Additionally, APRIL shared to the SAC on updates of IPEWG, including two new Indonesian members of IPEWG, who have been on board since the recent IPEWG Meeting as well as publication of subsidence paper on scientific journal, which used APRIL's peat subsidence data as the basis of the research.

SAC Response

- SAC acknowledged that better communication and coordination, sharing of knowledge, joint meetings between SAC and IPEWG can be means of collaborative efforts in sharing of strengthening communication and coordination, knowledge sharing, and exploring solutions.
- SAC invites IPEWG to participate in the upcoming SAC Stakeholder Forum.
- SAC encourages IPEWG to share the results of their works to larger stakeholders.

3. Landscape Initiatives

One representative from RER presented the key takeaways from Tanah Air Beta workshop on landscape initiative, which was held in Kerinci last January 2019. The workshop was hosted by RER and Tanah Air Beta. Based on this landscape initiative workshop, participants share their thoughts and inputs for APRIL/RER over three key areas: making Kampar as a learning landscape, applying science and practice in resolving conflicts and creating the space for change.

RER also presented the updates on Integrated Landscape Management Plan (ILMP) on Kampar Peninsula to SAC, explaining the current challenges and possible mechanism to demonstrate to Kampar stakeholders on the value of Landscape Approach and coordinating with relevant authorities.

Additionally, RER team also updated the SAC on RER's support to BBKSDA for the evacuation of the



tiger. A brief chronology of the attempted tiger poaching was presented, which outlined the first sight of the tiger caught in snare by RER patrol team until the successful evacuation to PR-HSD in West Sumatra, and the collaboration between RER and BBKSDA for investigation and in supporting the rehabilitation of the tiger.

SAC Response

- SAC appreciates the landscape initiatives conducted by Tanah Air Beta.
- SAC re-iterated that landscape process goes beyond jurisdiction boundaries. Therefore, SAC encouraged APRIL to engage with relevant governments when driving the landscape process.
- SAC commends RER supports and prompt actions in rescuing the tiger as well as in supporting the local government on further investigation

4. Conservation Forest Management Framework

APRIL outlined its goal to develop an inclusive and sustainable conservation forest management framework that effectively protects, restores and enhances identified values and addresses APRIL's conservation commitments as implementing of the SFMP 2.0. The framework includes elements such as adaptive management; stakeholder engagement and collaboration; identifying threats, values and tradeoff; clarifying rights and responsibilities; and Information sharing and capacity building.

Necessary steps in building the conservation forest management includes Developing conservation forest map; Develop management matrix from HCV assessment; Develop draft conservation forest management plan and map; Apply conservation forest community engagement. Eventually the output of this process will be ownership of the framework at estate-level consisting of Conservation Management Plan, Action Plan and Monitoring Matrix, and Conservation Forest Action Map. To ensure landscape connectivity, APRIL is also including an analysis and monitoring of the surrounding 5 km radius area. This will identify critical external links to larger intact forest areas.

SAC inquired the community response during the engagement process, and APRIL explained community's low interest in engaging in a conservation effort. APRIL realized that it also needs to assist communities with market access, and engage them in collaborative map exercise. SAC agrees that getting communities to be interested in projects takes a huge amount of work, and any involvement with communities must include socio-economic incentives to make it more



sustainable.

APRIL explained that it would like to develop a wildlife atlas to keep track of wildlife spotted inside its concession. APRIL also updated the SAC on its HCSA progress, noting the village group's low interest in engaging with HCS model.

APRIL concluded the session with a request for approval on SFMP 2.0 addenda, referencing specific standards in the commitment to protection of rare, threatened, and endangered species.

SAC Response

- SAC recommends APRIL to encourage social-economic incentives for community to be part of the conservation forest management program
- SAC strongly supports the idea of APRIL to bring into species conservation expertise to help developing the wildlife atlas.
- Endorsement of SFMP 2.0 Addenda on adding specific reference for the species conservation.

5. Supplier Compliance

APRIL opened the session by updating the number of suppliers it currently has, which is similar from the last time it updated the SAC during the SAC meeting. APRIL confirmed that the list of suppliers is the same as the list available at APRIL Dashboard. To strengthen relationship and gaining trust and support of SFMP 2.0 commitments, APRIL invited its Open Market Suppliers to visit Pangkalan Kerinci, where APRIL's pulp and paper mill operates. 8 out of 10 suppliers have completed the visit. The visit includes visiting to APRIL's pulp and paper mill but also discussion on APRIL's sustainability journey and why APRIL is doing it. APRIL also explained about SFMP 2.0 compliance, which goes beyond wood sourcing but also community relationship. APRIL shared about its best practices of community engagement fire prevention program, FFVP. It encourages suppliers to be a member of FFA.

APRIL shared that a few of its suppliers has started communicating publicly about its internal sustainability policy, which is a positive indicator of the company's seriousness in its commitment. SAC inquires the dynamic between APRIL and its Open Market suppliers following the visit. APRIL shared that the suppliers understand the importance of APRIL's sustainability commitments as they witness APRIL's operational scale and understanding stakeholders demand.

SAC inquires whether the suppliers received similar sustainability demands from its other

customers. APRIL responded that other customers are also demanding similar commitment but APRIL's request remains the most detail. APRIL informed that it plans to have supplier visit every year for getting stronger commitment from suppliers.

SAC Response

- SAC commends APRIL's effort for improving its supplier engagement in implementing SFMP 2.0, and acknowledge the challenge of continuous engagement for positive influence or exclusion altogether when commitments are not being met.
- SAC encourages APRIL to continue increasing awareness of sustainability commitments to its suppliers, and continue with supplier engagement until it reaches all suppliers

6. APR

APR shared an overview of the global fiber demand, highlighting the growing trend of viscose. For 2019, it will continue to prioritize three pillars of APR sustainability including pulp sourcing, clean manufacturing and stakeholder engagement. This policy ensures that its operations are guided with strong sustainability guidelines and commitments. APR acknowledged the importance for emphasizing on "Everything Indonesia" as APR is the only company having the capability to engage from plantation to fashion, and wants to be an active partner in supporting the growth of Indonesia's textile industry and Industrial 4.0 roadmap.

APR reminded the SAC of its Sustainability Policy, encompassing three pillars; Pulp Sourcing, Clean Manufacturing and Social Stewardship. This policy ensures that its operations are guided with strong sustainability guidelines and commitments. APR also shared about its certification timeline for the year 2019-2020, including ISO, OEKO-TEX, USDA Biobased, EU Ecolabel, and Higg Index.

APR closed its session by highlighting important events that happened in 2018, including visit by Indonesia's Ministry of Industry, Designer's Workshop, Stakeholders consultation with NGOs, customer and communities, and commissioning of APR in December.

SAC Response

- SAC commends APR and its efforts to establish partnerships with important stakeholders, including designer associations, government bodies, and NGOs
- SAC encourages more engagement with local communities and use viscose products to promote Riau batik
- SAC encourages APR to become more open to factory visits by surrounding communities

- SAC suggests the increase use of natural dyes to strengthen company's positioning in brand and reputation

7. Feedback from NGO

SAC Member Al Azhar presented an update to SAC Members and APRIL on the feedback from NGO meeting in Pekanbaru, December 2018. Al Azhar emphasized NGOs strongly feel that SAC's recommendation is related to stakeholder's trust and that SAC is a representative of stakeholders to monitor SFMP 2.0 implementation. In terms of public communication, the NGOs viewed that publication is a form of responsibility of the SAC and that progress report on SFMP 2.0 implementation is important. Additionally, APRIL needs to explicitly say in its publications which of the initiatives derived from the recommendation of SAC. Other recommendations and requests from the NGOs were also discussed with APRIL.

Al Azhar shared the importance of quick and factual response from APRIL on issues that are critical to the NGOs, especially on forest fire as we are expecting a dry season according to Indonesia's Meteorological, Climatological, and Geophysical Agency (BMKG).

APRIL thank Al Azhar for the comprehensive report which is reflective of the closest situation and voice on the ground from Stakeholders. APRIL also acknowledge the concerns raised by NGO. On public communication, APRIL will look into ways to provide factual and complete information in speedier manner to the public, including to NGOs. On forest fire and hotspot, APRIL informed the SAC that it provides regular update to the Ministry of Environment and Forestry.

SAC Response

- SAC recognizes Al Azhar's efforts at improving communication and trust building through dialogues with local NGOs
- SAC encourages APRIL to proactively provide timely information to local NGOs based on results of these dialogues and to build better partnerships with local stakeholders
- The Forest Hints article published on February 2019 was discussed. SAC is satisfied that the cleared area is not part of APRIL's supply chain and is an APL area operated by the community.

8. Stakeholder Engagement

APRIL updated the SAC on its engagement activities with local, national and international stakeholders. To date, APRIL has been in collaboration with various local NGOs working on a range



of activities, such as on peatland management, Fire Free Village Program (FFVP), monitoring of SFMP 2.0 implementation, and monitoring MoU between local fishermen group and RER. APRIL also presented to SAC a list of local NGOs that is currently in communication process for future collaboration. Additionally, APRIL just recently exchanged visits with a local NGO, which facilitates knowledge exchange on peat restoration as well as to unfold a future collaboration between two parties.

In relation to national stakeholder engagement, APRIL updated SAC on its recent participations in several workshops by the government on peatland restoration. APRIL also participated as speakers in events hosted by NGOs, research institutions and academia on gender leadership, Paludiculture, fire prevention and peat restoration, respectively. Moreover, APRIL is in communication with donors and NGOs for potential partnerships for capacity building. APRIL also updated SAC on the study by LPEM UI on economic and fiscal impacts of APRIL Group operations, which is currently being updated to include 2018 data. APRIL has also actively been involved in providing inputs and feedbacks to certification bodies and associations during the process of drafting and/or revising standards.

APRIL shared to SAC its activities and focus area of international stakeholder engagement. APRIL will maintain its participation in reporting initiatives, such as SPOTT and CDP, to demonstrate its commitment in transparency. APRIL is also working with numerous organizations on sustainable landscape.

SAC Response

- SAC appreciates APRIL's engagement with the stakeholders and encourages APRIL to eventually prioritize its efforts for sustainable partnerships
- SAC recognizes APRIL's improvement in being more proactive for engagement with stakeholders from local, national and international levels
- SAC encourages APRIL to shift from CSR-approach of community development to partnerships



9. Community Forestry

APRIL shared its plan for establishing the Community Forestry initiatives, which propose economically competitive community-led forestry enterprise model that includes small grower tree farming and deliver socio-economic and conservation benefits. This would need to be align with existing regulatory frameworks, and contributing to SFMP 2.0 commitment “Proactive Support of Local Communities”.

In February 2019 APRIL conducted initial workshop to examine options for small grower tree farms, identify agreements with incentives for tree growers, explore capacity building program to improve cooperative functions and management, and looking into enterprise options or alternatives for timber and non-timber product. APRIL reaffirms that to ensure project success will need cooperation from all relevant players – forest industry, local communities, and government. APRIL concluded with plans for next steps.

SAC Response

- SAC recognizes the good directions on the community forest program, and recognize that community forest program may be managed differently than industrial forest.
- SAC reminded that this initiative should be focus on communities, and as such communities have the option to decide what model best meet their needs.
- SAC recommends APRIL to review SFMP 2.0 and the potential to create an addendum that allows community forests to meet the diverse needs of local communities
- To fulfill the success criteria of business development and delivering biodiversity and conservation outcomes, SAC encourages APRIL to provide necessary support or assistance in the process.

10. SDG Impact Analysis

APRIL reminded SAC of the three-phase process of the SDG Impact Assessment Analysis project; 1) Prioritization of SDG Goals, 2) Conducting impact pathway framework, 3) Impact assessment of APRIL’s initiatives aligned with SDG goals and targets. APRIL completed the first phase, and is currently in the middle of phase 2. Report for APRIL prioritization of SDG is available publicly and was launched during the CEO Breakfast Meeting event hosted by KADIN (Indonesia’s Chamber of Commerce), with panel discussion representing the government, association, and other private sector players.

As part of phase 2, APRIL together with consultants from PriceWaterhouse Coopers visited Pangkalan Kerinci for in depth interview of APRIL’s initiatives that are aligned with the SDGs, as



reference for the Impact Pathway Framework. APRIL updated that Impact Pathway Framework has been completed for 17 different initiatives with APRIL, ranging from its main operation to community engagement work. Final report on APRIL's Impact Pathway framework will be completed in April 2019. APRIL will consult with UNDP on this result. Following the Impact Pathway framework, APRIL will move forward with data collection and impact assessment.

SAC Response

- SAC recognizes the pioneering effort of APRIL and encourages to share its learning experience to internal and external stakeholders
- SAC encourage APRIL to develop further impact analysis that also accounts operations and initiatives of Asia Pacific Rayon (APR)
- SAC acknowledges that this SDG impact analysis captures both positive and negative impacts

11. International, National and Local Communications Updates

APRIL presented key progress for the International, national and local communications action plans during the first quarter of 2019. Various programs of APRIL, including the SDG Impact Analysis and Community Development programs have been featured in multiple national print medias and news channels. Proactively, APRIL also produced its own digital contents and amplify those throughout various platforms.

APRIL has also hosted a large number of visits to Kerinci sites for a range of stakeholders, such as NGOs, national and local governments, universities, academics, associations and international institutions. In addition, there were a number of key events that involved national key stakeholders, such as CEO Breakfast with Indonesia Chamber of Commerce (KADIN) on APRIL's SDG study as well as APR Gala Dinner with Indonesia's Ministry of Industry. In addition, APRIL presents to SAC on current social media coverages for enhancing APRIL's employee branding.

SAC Response

- SAC commends APRIL's continuous improvement in national and local communications
- SAC recommends the SAC minutes to be delivered in a more engaging formats and in bilingual format for international and local audiences
- SAC recommends to develop a more personalized means of communications when delivering messages and/or stories to relevant stakeholders

- SAC recommends the assurance report to be communicated by SAC with due recognition to KPMG

12. Regulatory Update

APRIL explained that there was no particular regulatory update to the SAC members. During this session, SAC encourages APRIL to continue to engage with the Government and regulatory authorities to contribute to ongoing policy development.

NEXT SAC MEETING

- Date: Week of July 8th, 2019
- Location: Pekanbaru and Kerinci
- Agenda:
 - Stakeholder Forum, including updates on APRIL's collaboration with partners
 - Presentation of 2019 assurance results
 - Discussion on APRIL's long-term sustainability strategy

SAC suggests the addition of two more members; both will be invited to attend the next SAC meeting as observers.