



**Stakeholder Advisory Committee (SAC) on
APRIL's Sustainable Forest Management Policy (SFMP 2.0)
– 8th SAC Meeting in Jakarta-Indonesia, 7-9 December 2016 –**

MINUTES OF MEETING

SAC MEMBERS:	<ol style="list-style-type: none">1. Joe Lawson (<i>Chair</i>)2. Al Azhar3. Prof. Jeffrey Sayer4. Dr. Neil Byron5. Aditya Bayunanda (<i>SAC membership currently suspended, joined this meeting as an observer</i>)6. Andy Tait (<i>SAC membership currently suspended</i>)
MINUTES OF MEETING:	
1. INTRODUCTION: Mr. Joe Lawson, Chair of the SAC, opened the meeting by stating that on this occasion the SAC Members would focus on reviewing all the progress made by APRIL over the last three years, as well as on establishing the SAC's priorities and strategy for the next three years – including its long-term vision. Mr. Praveen Singhavi, President of APRIL Group, welcomed the SAC Members and noted that he would represent APRIL's Senior Management and actively participate in the SAC meetings. Mr. Singhavi assured that APRIL takes its sustainability commitments very seriously and respects the SAC process. In this SAC meeting, Mr. Aditya Bayunanda of WWF Indonesia agreed to participate as an observer. Mr. Andy Tait of Greenpeace suspended his membership to the SAC.	
2. PROGRESS UPDATES ON PREVIOUS SAC RECOMMENDATIONS: a. <u>Recommendation 1</u> : <i>"The SAC was encouraged to see the presentation of the landscape-scale map of APRIL and Long-Term Supply Partners' operations. The SAC has requested APRIL to continue refining this map and make it publicly available. The SAC requests this process be extended to include</i>	

all suppliers in Kalimantan.”

- APRIL informed the SAC that the landscape-scale map, which includes APRIL and Long-Term Supply Partners, has been posted on APRIL’s Sustainability Dashboard;
- In this meeting, APRIL showed the landscape-scale map of all its Short Term Suppliers to the SAC Members. However APRIL raised concerns about posting this commercially sensitive information in public domain. The SAC will discuss the protocol for sharing this type of information and get back to APRIL.

b. Recommendation 2: *“As previously recommended, APRIL needs to make progress in developing and implementing a landscape approach. The SAC is encouraged to hear that TNC is contributing to the ongoing landscape assessment of the Kampar Peninsula. APRIL should seek opportunities to implement a broader landscape management approach, particularly where APRIL’s footprint is significant. The SAC requests an action plan including a timetable at our next meeting.”*

- APRIL presented its Landscape Approach timeline and work plan (2016-2018);
- The Riau Ecosystem Restoration (RER) is working in partnership with The Nature Conservancy (TNC) to complete Phase 1–Scoping by mid 2017, before starting Phase 2–Strategic Landscape Planning for Kampar Peninsula. The priority is to get the baseline studies first. Based upon this experience, TNC will give recommendations on the landscapes to be addressed in the future, which will consider areas where APRIL’s “footprint” is significant and conservation efforts can be aligned with government priorities. Looking ahead, the next landscape could be Pulau Padang;
- Since July 2016, TNC has facilitated dialogue with the KPHP-Tasik Besar Serkap, the government entity responsible for landscape management in Kampar Peninsula. The RER and TNC will continue this important engagement;
- The TNC is growing trust among stakeholders. The SAC also encouraged the RER to strengthen stakeholder engagement on the ground;
- APRIL also presented the summary of two publications: TNC’s “Technical Progress Report”, issued in August 2016, and Fauna and Flora International (FFI) “Biodiversity of the Kampar Peninsula” Summary Report, recently issued in November 2016. The SAC commended these publications for communicating the latest progress on RER initiatives.

c. Recommendation 3: *“The SAC requests that APRIL publish all supplier maps on its Sustainability Dashboard. This request has been made previously and although there has been some progress, the SAC considers further delays unacceptable. As an interim step, APRIL should immediately publish an updated list of all suppliers, including those currently classified as ‘short term suppliers’ on its Sustainability Dashboard. The SAC would prefer that all Long-Term/Short-Term suppliers are simply classified as suppliers given that all are expected to conform to APRIL’s SFMP 2.0.”*

- APRIL updated the SAC on the latest list of all suppliers, including the Short Term Suppliers, which has been posted on APRIL’s Sustainability Dashboard. A Long-Term

Supply Partner, PT. Merbau Pelalawan Lestari (MPL), has been taken out from the list, following contract termination in late November;

- APRIL plans to update the list of all suppliers every 3 months;
- In the next SAC meeting, APRIL should have the maps of all Short Term Suppliers available for sharing with the SAC.

d. Recommendation 4: *“It is not clear to the SAC that all short term suppliers have implemented and are being monitored to assure conformance with SFMP 2.0, including developing HCV and HCS assessments. The SAC recommends that APRIL provide verification to the SAC of all suppliers conformance with SFMP 2.0. If any new suppliers are added, there should be transparency and APRIL’s Sustainability Team should have oversight to ensure conformance with SFMP 2.0.”*

- APRIL has been working on strengthening the process to monitor compliance with SFMP 2.0 by Short Term Suppliers. APRIL presented specific examples of how its Land Cover Change (LCC) monitoring on suppliers has been regularly conducted since July 2016, including the 12-month retrospective assessment pre and post SFMP 2.0 announcement. When a change was identified, APRIL contacted the supplier with a corrective action request. If not addressed properly, APRIL reconsidered its business relationship with the problematic supplier. Two relevant cases were presented, one of which led to contract termination;
- APRIL has developed a Standard Operating Procedure (SOP) on SFMP 2.0 Compliance for all suppliers. In addition, APRIL’s Sustainability Director has been included in the due diligence process for any new suppliers to ensure conformance with SFMP 2.0.

e. Recommendation 5: *“The SAC recognizes APRIL’s efforts to engage numerous stakeholders in the development of a Grievance Mechanism SOP. However, the SAC strongly recommends that this Grievance SOP be finalized and published by end of August 2016. The SAC requests APRIL to submit an action plan and timeline for resolving existing conflicts across its supply chain, which includes the social conflict mapping, by the next SAC meeting.”*

- As recommended by SAC, APRIL’s Grievance Resolution SOP was developed and posted in APRIL’s Sustainability Dashboard by end of August 2016. A standard, downloadable complaint form and dedicated email address are available for external stakeholders to raise specific concerns. Offline methods such as phone calls or standard mail may also be used. In addition, a tracking system was set up in the Dashboard to enable monitoring of grievance handling;
- APRIL has started to socialize the new SOP with internal and external stakeholders and will continue to do so. APRIL encourages all stakeholders to use this new system to submit their complaints;
- APRIL presented the latest updates on the first grievance case received, concerning the livelihood plantation in Teluk Meranti. Updates are and will continue to be made available on APRIL’s Sustainability Dashboard;

- APRIL clarified its working definition for land dispute, which encompasses land claims and land encroachment cases. APRIL also presented several options for Alternative Dispute Resolution (ADR). APRIL strives to resolve Land Claims by making use of these ADR options;
- APRIL presented the current status of its social conflict mapping in PT. RAPP, including resolved/outstanding land claims and encroachment cases, logged in a working database. APRIL also provided some samples of conflict tracking by Long-Term Supply Partners.

f. Recommendation 6: *“The SAC notes that some relevant LiDAR data have recently been made available to APRIL through the efforts of the Independent Peat Expert Working Group (IPEWG). The SAC recommends APRIL acquire LiDAR data for hydrological mapping in line with its commitment to improved management of peatland areas where the company and its suppliers operate. The SAC also recommends APRIL to make the LiDAR data available to other stakeholders.”*

- APRIL updated SAC on the latest progress made with LIDAR data acquisition, including prioritization strategy, timeline, locations and composition of team analyzing data;
- Data acquired will help Independent Peat Expert Working Group (IPEWG) to set a baseline and start designing programs on improving management of peatland areas where APRIL and its suppliers operate.

g. Recommendation 7: *“The SAC commends APRIL’s initiative to expand out-grower schemes into PT. SRL Kubu and recommends that APRIL continue to explore opportunities for out-grower schemes in other areas.”*

- APRIL presented an overview of Government-allocated Social Forestry Areas in Riau and the Government target for 2017, including Indonesia’s Mid-Term Development Plan to expand the areas of forest managed by communities to 12.7 million ha;
- APRIL sees this “Kemitraan” or partnership as a good opportunity to explore further potential areas for community forest and to cooperate with the community to establish and manage a forest for timber or non-timber forest products, in alignment with the Government goals;
- APRIL has established a dedicated task force looking at developing smallholder plantation schemes, and will continue to work closely with the Ministry of Environment and Forestry (MOEF) and local government, as well as with local NGOs regarding these Forestry Partnership Schemes. The SAC requests APRIL to provide a progress report of this task force at the next meeting;
- The SAC also encourages APRIL to accelerate community forest or smallholder fibre plantation schemes as potential dispute resolution options, which can also contribute towards meeting APRIL’s mid to long-term future fibre supply needs.

h. Recommendation 8: *“The SAC recommends that APRIL develop an Association Policy. APRIL should construct this Policy in draft form and submit it to the SAC for further comment and/or input before*

the next SAC Meeting.”

- APRIL presented the latest draft of the Policy for Association (PfA) document, which provides APRIL’s position on activities that will be considered unacceptable for APRIL’s fibre suppliers and the procedure for determining association with and disassociation from these entities;
- The SAC appreciated that the draft document is detailed, comprehensive and useful;
- The SAC recommends immediate adoption of the PfA, and recognizes that future refinement might be necessary to secure alignment with the anticipated revision of the Forest Stewardship Council’s Policy for Association (FSC PfA).

i. Recommendation 9: *“The SAC noted a recent report by an Environment Group (Greenomics), which requested that APRIL identify all peat domes in its concessions and move forward with a restoration plan, including both degraded areas and peat domes, some of which are currently planted. The SAC recommends APRIL consult with the Ministry of Environment and Forestry, the Peatland Restoration Agency (BRG), and other stakeholders regarding how to move forward on this issue. On the case of PT. SRL, the SAC also recommends APRIL continue to fully cooperate with the ongoing investigation currently being conducted by the Ministry of Environment and Forestry.”*

- APRIL’s peatland management was discussed in detail during the session *“UPDATE ON IPEWG’S PROPOSED PEATLAND ROADMAP AND WORK PLAN”* with Dr. Ruth Nussbaum, the new coordinator of IPEWG (see point 5 on page 7).

j. Recommendation 10: *“The SAC recommends that the current buying relationship with PT. Adindo Hutan Lestari (AHL) is clarified. The SAC also recommends to proceed with HCS assessment on AHL that is aligned with APRIL’s SFMP 2.0.”*

- APRIL informed that HCV assessments in PT. AHL were already conducted by Tropenbos back in 2013-14;
- Regarding HCS assessments on PT. AHL, quotations from several vendors received were briefly discussed with the SAC, with the final choice yet to be made;
- The SAC expects further updates on the HSC assessment on AHL in the next SAC meeting.

k. Recommendation 11: *“In the recent Stakeholder Forum, the SAC noted local NGOs’ concerns on social disputes in Bengkalis (Rimba Rokan Lestari), Bagan Melibur, overlapping areas with Segamai Village forestry, and livelihood areas in Teluk Meranti and Teluk Binjai. The SAC recommends APRIL update the resolution of these concerns in the next SAC meeting.”*

- APRIL updated the SAC Members on the status of these social disputes reported by NGOs in the previous Stakeholder Forum;
- In the case of Rimba Rokan Lestari: the supplier currently manages the developed plantation area within the South Block, with activities limited to forest protection and

maintenance of plantation area. There is no active management in the North Block, which is only being monitored for active fires and land cover change;

- In the case of Bagan Melibur: the dispute resolution on social issue is now being handled by a joint task-force led by BRG and supported by MOEF. APRIL will support and follow government advice on social dispute resolution for Bagan Melibur;
- In the case of Segamai: PT. GCN is waiting for MoEF's Directorate General of Planology to establish the final boundary demarcation for the concession and for the Lembaga Pengelola Hutan Desa (Village Forest Area);
- In the case of livelihood areas in Teluk Meranti and Teluk Binjai: the latest progress was already presented under Recommendation 5, and updates on this grievance case will continue to be posted on APRIL's Sustainability Dashboard.

I. Recommendation 12: *"The SAC requests APRIL to supply an update of the progress in meeting previous SAC's recommendations two weeks prior to each SAC meeting."*

- APRIL has been sharing progress on SAC's recommendations regularly through monthly updates, and two weeks prior the SAC meeting.

3. UPDATE ON RKU REVISION:

- APRIL provided a quick overview of the current RKU revision, which was planned to be resubmitted to the MoEF for approval in the same week. The need for resubmission was prompted by an inconsistency found in the February 2016 revision concerning the map references in the main document and the maps submitted in the annexes. As this was deemed to be an administrative oversight, the MoEF advised APRIL to revert back to the 2010 and 2013-approved revisions of the RKU, while ensuring that operations would not be located in areas of conflict and would not involve opening of new areas;
- The RKU planned for resubmission included the extension of harvesting cycles to optimize the age of trees; the consequent rearrangement of working blocks; and the adjustment to allocate 20% of concessions areas to livelihood plantation, a land designation which by government definition encompasses livelihood plantation areas, local species plantation as well as facility and infrastructure areas;
- APRIL also presented a quick overview of PP57/2016, which is a revision of PP71/2014. The information presented during this SAC meeting was still based on the latest draft that was shared during the consultation.

4. UPDATE ON KORINDO COMPANY:

- APRIL presented a brief chronology following the release of the investigation report "Burning Paradise" by Mighty and Aidenvironment on 1 September 2016;

- APRIL immediately requested the Korindo Company to investigate the allegations and to advise APRIL of the outcome. During the process, APRIL also encouraged the Korindo Company to adopt sustainability commitments through No-Deforestation, No-Burning and FPIC practices. As the result, the Korindo Company (PT. Tunas Sawa Erma) issued a comprehensive Sustainability Policy on 31 October 2016;
- APRIL considers this to be a very positive outcome following its engagement, because APRIL took part in the process to influence the Korindo Company to develop their new Sustainability Policy, although APRIL is not one of their bigger buyers. This process is also in line with APRIL's SFMP 2.0 commitments and APRIL's draft Policy for Association;
- The SAC acknowledges the positive recommendations made by APRIL to address the Korindo deforestation issue. The SAC expressed concern about the apparent lack of monitoring and verification programs to ensure that Korindo follows through on APRIL recommendations. APRIL will follow up with Korindo and/or their parent company for verification. If Korindo has not demonstrated significant progress in conformance with APRIL recommendations, the SAC recommends that APRIL terminate its current supplier contract.

5. UPDATE ON IPEWG'S PROPOSED PEATLAND ROADMAP AND WORK PLAN:

- The SAC held a teleconference meeting with Dr. Ruth Nussbaum, the new coordinator of IPEWG, where Dr. Nussbaum presented the "*IPEWG'S PROPOSED PEATLAND ROADMAP AND WORK PLAN*" document, detailing a three-phase strategy for APRIL's peatland management and a roadmap to full implementation;
- Over the next 6 months, APRIL through IPEWG will focus on data collection and analysis to properly identify the best approach to peatland management, including the most vulnerable landscapes. IPEWG's priority is to set understanding of the current scenario and to fill in gaps in data;
- IPEWG noted that despite a lot of information being available across peat landscapes, there has not been much systematic analysis linked to management decisions. Developing a long-term vision for peat management is usually missing in many companies' plans;
- The SAC intends to intensify its interaction with the IPEWG in order to improve peatland management programs. The SAC will be seeking opportunities to support this group in ways that can improve the overall benefit and value to APRIL. The SAC can provide inputs to IPEWG on social and community issues and priorities of external stakeholders. APRIL will facilitate increased cooperation between the two parties;
- The SAC also noted in the meeting that the IPEWG must ensure compliance to government regulation and policy on peatlands in developing the IPEWG APRIL Peatland Roadmap and Work Plan. The SAC suggests that the IPEWG must coordinate closely with BRG on technical issues, such as the LiDAR analysis and surveys, and seek a meeting with BRG in early 2017;
- The SAC encouraged APRIL and IPEWG to include engagement with smallholder farmers

in the peat strategy through realistic plans to ensure the feasibility of growing smallholder tree crop plantations in peat. Communities do not have traditional, historical knowledge of peat farming, and this challenge will grow as peat landscapes become more accessible. IPEWG noted the SAC’s remark and will seek to identify and address the challenges faced by small producers in forestry within an integrated peat management strategy. In order for this to be part of the landscape thinking, inter-sectoral cooperation is needed, including the palm oil sector;

- APRIL expects the adoption of the Roadmap in the near future, as it will determine the new peatland management framework;
- As a parallel strategy, the SAC recommends that APRIL plans for long-term scenarios that may require retiring plantations on critical peatland areas by exploring possibilities and opportunities of new fibre supply streams from smallholder plantation schemes and Small Medium Enterprise (SME) suppliers in mineral soils.

6. UPDATE ON SFMP 2.0 REPORT BY KPMG:

- Prior to the meeting, KPMG shared the draft SFMP 2.0 audit report with the SAC and APRIL. During the meeting, KPMG presented the main highlights and explained how the audit was conducted. KPMG reported that APRIL was at all times open to sharing data, no information was withheld and data was forthcoming. This is very positive considering that this was the first time APRIL has undertaken this assurance report. There was no material disagreement over the data;
- Three Non-conformances were noted, two of which have been closed, as well as 28 Opportunities For Improvement (OFI), mainly caused by the gaps in data and monitoring. Supplier due diligence and monitoring are opportunities for improvement, particularly in the case of short-term suppliers. An Action Plan was being developed by APRIL, in response to the Non-conformances and OFIs;
- APRIL requested some terminology in the report to be rephrased to avoid readers’ confusion and misinterpretation. The SAC recommends adding an executive summary report to be attached in front of the audit report;
- The SAC has instructed KPMG to make KPMG audit report on the SFMP 2.0 publicly available, both the summary and the full report, and to ensure amendments only pertain to making the data more presentable and easier to understand for readers.

7. UPDATE ON ROYAL GOLDEN EAGLE (RGE):

- Mr. Bey Soo Khiang, the Vice-Chair of RGE Group, presented RGE’s Purpose and Vision, which can be summarized as *“To be one of the largest, best-managed and sustainable resource-based groups, creating value for the Community, Country, Climate, Customer and Company”*. Furthermore, RGE’s Core Values and Behavioral Statements are derived

from RGE's Purpose and Vision, which are expected to be operationalized within all Business Groups, including APRIL Group;

- Mr. Bey provided an update on the implementation of RGE Forestry, Fibre, Pulp & Paper Sustainability Framework, which included all relevant Business Groups such as Asia Symbol, Sateri, Bracell, and Toba Pulp Lestari. Mr. Bey also briefly shared the update on the Palm Oil Business Groups: Asian Agri and Apical;
- All forestry, fibre, pulp and paper Business Groups are working to align their activities with the Sustainable Development Goals (SDGs), to understand how each company is contributing to achieve sustainable development;
- The SAC agreed that the RGE Group will provide updates every 6 months.

8. UPDATE ON FIRE FREE VILLAGE PROGRAM AND FIRE FREE ALLIANCE:

- APRIL presented to the SAC its fire management strategy. A key component of this strategy is fire risk analysis, where the presence of human activities is factored in as a key variable, combined with weather and climatic assessments. This analysis is proven to be accurate and reliable, with 80% of fire incidents in PT. RAPP and Long-Term Supply Partners happening in areas identified as extreme or high-risk, thus allowing for a faster response by APRIL;
- All fibre suppliers to APRIL need to commit to zero fire by virtue of SFMP 2.0. Monitoring of fire management by suppliers is embedded in the newly developed SOP Compliance with SFMP 2.0;
- On the prevention component of the fire management strategy, APRIL has developed the "Fire Aware Communities Goes to School" program, where APRIL's partners conduct awareness raising sessions on the impact of fire and haze in primary schools by using a comic book to get across the message on fire and haze;
- Another component of the fire prevention strategy is the Fire Free Village Program (FFVP), in which APRIL partners with 18 villages through several initiatives, including a reward system, to promote fire-free agricultural practices. The results obtained so far are encouraging, with a significant reduction of areas burned in villages that participated in the program. APRIL is currently envisaging the strategy for villages that have concluded their FFVP, so as to sustain the impact of the program. In 2017, APRIL plans to engage with 50 different Fire Aware Communities and 18 different Fire Free villages. While working with 9 Fire Resilient Communities through post-FFVP engagement;
- In order to expand the positive impact of this program, APRIL partnered with other private sector entities across business sectors and non-profit organizations to create the Fire Free Alliance (FFA) in March 2016;
- FFA's next steps are to keep expanding to other areas, to share the program with Government authorities and to assist academic research projects.

9. UPDATE ON RIAU ECOSYSTEM RESTORATION (RER):

- The RER presented its logical framework to achieve 3 major goals, namely, to get the initiative fully established on the ground; to be recognized as a global peatland initiative; and to work on policy and legislative instruments supporting peatland;
- The RER provided examples of activities on the ground, including restoration, forest protection, canal blocking, planning for an eco-camp, operation of indigenous tree nurseries, purchasing of specialized forest firefighting equipment, collection of scientific data, and engagement with local communities. On the administrative side, RER is working to finalize the RKU for the remaining 2 concessions;
- The SAC congratulated APRIL for the progress made in RER, and encouraged to communicate these achievement more widely to broader audiences.

10. SUMMARY OF THE FIRST THREE YEARS AND PRIORITIES MOVING FORWARD:

In the last session of this meeting, the SAC Members reflected on all the progress and accomplishments in the last three years, identified areas where the SAC could do better, and charted a course for strategy and priorities moving forward for the next three years.

Please refer to the document SAC's "*SUMMARY OF THE FIRST THREE YEARS AND PRIORITIES MOVING FORWARD*" for more details on:

- List of significant progress made by APRIL that have been assisted/facilitated by the SAC and its Members;
- Priorities for the next three years, including SAC's Long-term Vision.

<http://www.aprildialog.com/en/2016/12/16/eighth-stakeholder-advisory-committee-sac-meeting-report/>

11. NEXT SAC MEETINGS IN 2017:

Week of March 5

Week of May 22

Week of September 11

Week of November 6