SAC Meeting

30 March 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	1. Prof. Jeffrey Sayer (*Co-chair*) 2. Dr. IB Putera Parthama (*Co-chair*) 3. Dr. Neil Byron 4. Mr. Rod Taylor
APRIL Teams	Sustainability Peatland Science

The SAC meeting agenda included:

1. Management Updates
    - Human Rights Impact Assessment (HRIA)
    - IPLC and Customary Rights Update
    - The Forest Dialogue (TFD) plan in Riau
2. SFMP 2.0 Assurance Update
3. Sharing of Nature journal publication – Net greenhouse gas balance of fibre wood plantation on peat in Indonesia
4. Climate-related frameworks and disclosure

Locations: Virtual (Zoom)

DISCUSSION SUMMARY

1. Management Update

SAC Recommendation(s):

1.1. Ensure that the benchmark for HRIA and in particular for contractor labor conditions is relevant to national/local context.

Human Rights Impact Assessment (HRIA)

Salient issues captured from the HRIA relate to fiber operations contractor labor and the presence of their families, particularly children, at the work sites. APRIL is now developing an action plan to improve data collection that would enable a more accurate understanding of the issues, establish socio-cultural context, understand previous initiatives undertaken and identify lessons from these, and propose new programs to further improve the work and living conditions of the workers. Particular attention will be given to children and their access to schools and daycares.

The SAC noted that APRIL has followed a logical assessment and framework to identify HR impacts. However, they also emphasized that these assessments and the resulting action plans must be developed based on the appropriate national baselines and benchmarks. International standards regarding these topics may lack contextual relevance and impose standards that may not be appropriate to the local needs or ultimately prove to be infeasible for the company to implement. The SAC also highlighted that a significant part of the work is about increasing contractor awareness of and quality of implementation of APRIL's policies.

IPLC and Customary Rights

Three internal streams of work:

a) Map out customary/indigenous communities in APRIL concessions based on various references such as Regency Laws and Regency Decrees, census, NGO reports, and other relevant literature
b) Review SOPs to improve processes necessary to identify, acknowledge and respond to land claims
c) Improve claims database management to better reflect indigenous land claims
d) Review of best practice on alternative dispute resolution mechanisms in FSC-certified companies in Indonesia

The Forest Dialogue (TFD) plan in Riau (June 2023)

APRIL is co-hosting Tree Plantations in the Landscape (TPL) an Indonesian Field Dialogue in collaboration with The Forest Dialogue (Yale University School of Environment).

Dialogue Priorities

- Understand the intersection of tree plantations and landscape dynamics with national initiatives to contribute to international goals related to climate change and biodiversity conservation (i.e. FOLU Net Sink 2030 and UN Biodiversity Convention)
- Understand and inform best practice for company policies and actions towards FSC remedial framework and new social commitments
- Understand the intersection between tree and oil palm plantations and associated challenges in Riau, the potential for agroforestry as a solution

2. SFMP 2.0 Assurance Update

- The SFMP 2.0 Assurance for 2022 concluded with no major nonconformance were found. Details of the result will be presented at the SAC Stakeholder Forums to be organized in June 2023.
- The SAC Indicators Taskforce will also re-convene to clarify assurance needs moving forward for indicator #9 *"Monitor and report carbon emissions and removals through conservation, restoration and sustainable plantation management."* The indicator will be discussed in the context of links/overlap with the monitoring of APRIL2030 Climate Positive target *"Net zero emissions on land use"*.

3. Sharing on 'Nature' publication – Net GHG Balance of Acacia Plantation

SAC Recommendation(s):

3.1. *To share the findings with a wider audience which can be helpful in encouraging more scientific understanding of the dynamics of GHG emissions across different land uses in tropical peat ecosystems.*

Working with other scientists, APRIL peatland scientists completed a landmark study, published on 5th April 2023 in Nature, the world's leading multidisciplinary science journal. The study has been undertaken over five years to better understand the estimates of net GHG fluxes associated with different use of tropical peatland in Indonesia – including intact forest and *Acacia* wood plantation.

Between October 2016 and May 2022, APRIL measured GHG exchange in intact forest, degraded forest, and *Acacia crassicarpa* tree plantations in the same peat landscape of Sumatra, Indonesia. The team used the eddy-covariance technique to measure the net exchanges of CO_2 and methane between the ecosystem and atmosphere and tracked nitrous oxide flux in and out of the soil. This study is the first known investigation of GHGs in any peatland-based fibre-wood plantation globally to cover a full plantation-rotation period and to encompass all major GHG flux terms, including carbon loss due to plantation establishment, and the export of carbon in harvested wood and rivers.

GHG emissions from the plantation (the fourth rotation during 17–22 years since initial plantation establishment) were higher than those from intact forest, but lower than the current Intergovernmental Panel on Climate Change (IPCC) emission factor for plantations. The comparison between intact forest and Acacia plantation fluxes indicates that the conversion of intact forest to *Acacia* plantation results in a long-term net increase in GHG emissions of around 18 $tCO_2eq\ ha^{-1}\ year^{-1}$. But it was observed that this is smaller than the increase associated with the degradation of intact forest (Fig. 1). About 54% of harvested wood from Acacia plantation is used for bioenergy production. The calculated avoided emissions resulting from the use of tree biomass in place of coal burning is 7.3 tCO_2-eq $ha^{-1}\ year^{-1}$.

4. Climate-related frameworks and disclosures

APRIIL continues to keep track, understand and respond to several key climate-related guidance and frameworks, including:

- Piloting the GHG Protocol Land Sector and Removal Guidance
- Target modeling for SBTi near term targets
- Climate scenario analysis in line with Task Force for Climate Related Disclosure (TCFD)
- Integrating ESG risks into Enterprise Risk Management system

The climate scenario analysis and ESG risk integration are especially viewed by APRIL to be significant in improving risk management processes.

For SBTi, APRIL noted some areas for clarification in the methodology, including the consideration of peatland operations.

SAC suggested APRIL should follow the developments of the Integrity Council for the Voluntary Carbon Markets especially the evolving discussions on nature-based solutions.

Next Meeting Date

The next SAC in-person meeting will be held in the 1st week of August 2023 which will include SAC Stakeholder Forums in Jakarta and Pekanbaru in the same week.