

APP Stakeholder Advisory Forum

15 July 2020

FIRST SESSION

I. Opening Remarks

- The event in the beginning of 2020, with the global COVID-19 pandemic, has been unprecedented and have big impact to they way we live, work and play. APP has put measures in place across all of our operations to ensure that our employees and workers are safe, and that our production will continue to run to provide uninterrupted supply to our customers globally.
- Yet, despite the challenges that the pandemic has created, we must not forget that there is an even greater challenge ahead of us – the challenge of climate crisis. We need to ensure that we keep doing our part to help to mitigate the risk.
- APP started the journey in 2012 with the Sustainability Roadmap: Vision 2020 (SRV2020) with the Forest Conservation Policy (FCP) as its cornerstone. We are committed to protecting natural forests, implementing best management practices for peatlands, improving the lives and livelihoods of our employees and forest communities, and ensuring that our supply chain remains free from deforestation
- Now that we have arrived in 2020, it is again time for us to look forward and set new goals to work toward, in the form of APP’s Sustainability Roadmap: Vision 2030. We will also be unveiling an updated dashboard which includes monitoring of forest cover.
- We do not claim to be perfect. We won’t always get things right on the first try. But we are committed to keep moving forward, together in collaboration with our partners and stakeholders.

II. APP Sustainability Roadmap: Vision 2020 Progress

- APP Sustainability Roadmap: Vision 2020 progress : nearly all areas already achieved its targets.
- To support the Government of Indonesia’s National Determined Contribution (NDC), APP has conducted a carbon inventory assessment in its forestry supply chain as well as the mills production operations. In the forestry supply chain, through FCP implementation there has been a carbon avoidance of 64% compared to BAU, which is equal to removing 9million vehicles a year. In our mill operations, the absolute carbon emission is 11,500,000 tCO₂e



As a next step APP will focus on initiative to produce low carbon products, to further support the customers' carbon commitment.

- In 2019, 55% of APP's energy mix are from renewable resources such as black liquor, palm shell, barks, etc.
- Our waste to landfill has been reduced by 37% compared to initial 2010 baseline, which is helped by the fact that in 2019 our recycling rate was 2 times of 2010 baseline.
- Water Intensity reduction result is 29% compared to 2013 baseline, as a result of various water efficiency initiatives that have been implemented in our mills.
- Community empowerment program (Desa Makmur Peduli Api / DMPA)
 - As of end of 2019, the program have been implemented in 335 with potential beneficiaries of nearly 22,000 households.
 - We have also put a special attention on women empowerment, collaborating with partners such as Sjahrir Foundation and Vinto Craft, as well as Martha Tilaar Group.
 - Many of these economic empowerment program, especially those focusing on herbs, honey, fruits and vegetables, have managed to sustain during this pandemic and able to provide continued income for the community.
- In 2019, 70% of the 2019 restoration target of 30,000 hectares have been determined to achieve restoration progress, as it has reached the level of Young Regenerating Forest (YRF). Around 12,000 hectares of these are on peat.
- The research on alternative species is also showing good progress. For the 4 species that we have identified to have high potential, we will soon move from nursery to field trial, combining it with the Mychorizae research.
- APP's suppliers concession areas are used as roaming areas for many animals. Of the key species that are our focus, from our monitoring using camera traps we have identified that there are around 69 tigers, 218 elephants, and 93 orangutans that uses our suppliers' areas.
- The birth of around 40 tiger cubs across APP suppliers' concession areas in the past eight years, as well as at least one observed birth per year for elephant and orangutan respectively, show that there is a high potential for co-existence between the production forest and wildlife.

III. **Unveiling APP Sustainability Roadmap: Vision 2030 (SRV2030)**

- APP SRV 2030 was developed through a comprehensive process, which includes several consultations with our stakeholders. Various global and national standards are also used as input and reference to the SRV2030, such as the Indonesia Vision 2045 issued by National Development Planning Agency (Bappenas), UN SDGs, EU FLEGT, UN Global Compact principles, PEFC and FSC.



- SRV2030 has three main pillars of Production, Forest and People with the following overall goals :
 - Production: Less than 30% Carbon Footprint.
 - Forest: Over half of millions hectares of natural forest are protected and conserved.
 - People: Improving the lives of millions.
- The progress of SRV 2030 implementation will be reported annually through the **Sustainability Report** which follows GRI standard and is third party verified. We will also continue to disclose through the **Carbon Disclosure Program** (www.cdp.net) and **SPOTT** (www.spott.org), as well as through our Sustainability Dashboard.

IV. APP Sustainability Dashboard

- APP new Sustainability Dashboard will replace the previous FCP Monitoring Dashboard. The new dashboard will cover not only the FCP progress but also the wider scope of the Sustainability Roadmap.
- A key new section in the Dashboard is the Forest Monitoring Dashboard, which provides access to our stakeholder to see where the forest cover change has taken place throughout the protected areas of APP's suppliers concession areas.
- The Forest Monitoring Dashboard is accessible [here](#).
- As a next step, APP is looking to engage 3rd party to conduct verification of the data used in the Forest Monitoring Dashboard, to provide assurance to our stakeholder that the data displayed in the dashboard is indeed the data that is being sent to us by MDA Corporation through the Forest Alert Service.

Q&A

- From **Woro Supartinah** : To Ms Librian, when you said that APP has restored degraded forest 70% out of 30.000 restoration target. Where are the location of the restoration? Please specifically name the location.

Librian Angraeni, Deputy Director Sustainability, APP : In terms of implementation we prioritized on areas that have good access and the one that's most vulnerable to encroachment. It's spread into 3 provinces : Riau, Jambi and South Sumatra and mostly using natural succession implementation. For the exact location, you can check our 2018 Sustainability Reports, it's stated there, as well as the efforts that is being done in the area.

- From **Wilson Novarino, Andalas University** : Thank you for the invitation and for allowing us to join. Nice presentation and I am very impressed by the nursery, restoration and species conservation program. Couple months ago I had the opportunity to come to one of the nurseries managed by APP and in my opinion it is something even better compared to several other



facilities that I have seen before. Regarding the Sumatran tiger, having a couple juvenile in APP concession could be an indication that the HCVs in the area are well managed and support the natural behavior and ecological process. My Question is, does APP have a standardized and time series method for more detailed analysis? If not, it would be better to design and implement the SOP. Also a suggestion, it would be better to conduct habitat enrichment by planting tree species which can act as food supply for animal, so not only planting the threatened tree species.

From **Woro Supartinah** : Why did APP fail to protect endangered species in its concession? See the case of the killed Sumatran tiger in Arara Abadi – Riau. What is your new approach/strategy then?

Dolly Priatna, Head of Conservation, APP : When calculating the number of endangered species, especially Sumatran tiger and Sumatran elephant, we calculate using our camera trap monitoring combined with direct sighting and drone survey. The last two methods are used to calculate the number of elephant, and the camera trap is employed to calculate the minimum number of tigers that are using our suppliers' concessions as part of their home range. As you may be aware, tiger, elephant and orangutan have very large roaming areas.

Thank you for the suggestion for improving the design of our method to a better one. It is true that we haven't used robust methodology and we haven't had the proportion number for our calculation. We still need to improve in this particular area, and we hope we can work together with our stakeholder on this.

Regarding the enrichment program, so far our focus is on our restoration on local rare plant species but you are correct that we have to think about the ecology of the wildlife in the area in conducting the enrichment activity. We have planted plants for elephant feeds, but we have not considered about food plants for other types of animals, such as birds that may benefit from figs tree.

On protecting wildlife, as you may be aware, the conflicts that cause fatalities on animals are recently increasing, particularly in Sumatra. This recent incident of a Sumatran tiger killed inside our supplier concession is the first incident in the last 8 years. We have made some efforts such as snare sweeping in the last 2 years, working together with our stakeholder, especially the Natural Resource Conservation Office (BKSDA) of Riau. Of course we are looking to continually improve our protection program in the future. Thank you for your attention on this matter.

- From **Anonymous** : Given the heightened risk of fire on drained peatlands, what's APP's plan to reduce its plantations on drained peatlands?

From **Syahrul Fitra, Auriga** : We found APP always fail to prevent fires in their concessions; how do you explain those situations? See EoF, Greenpeace, Auriga and HaKI reports 2015-2019. <https://auriga.or.id/resources/reports/57/perpetual-haze-pulp-production-peatland-and-the-future-of-fire-risk-in-indonesia>

Elim Sritaba, CSO, APP : Fire is not only APP issue, but also national issue. While some fire did happen last year, since 2015 (the biggest forest fire in Indonesia) we review and improve our fire management to implement the new fire management system. Since then, we can see the incident

rate is decreasing significantly from 2015. The big challenges that we are still facing now specifically with the boundaries and social issues that Pak Agung will explain which still happen on the ground. Through the years we are continually improving, like this year we sit down again and we review how we can be more focused and re-prioritise our risk management in terms of fire and connect it with all the causes that we have analysed. Our objective is how to strengthen the program, and I can say the fire incidents have been reduced significantly since 2015 up until today.

Regarding the peatland, in 2015 when APP decided to retire 7,000 ha of its plantation area, it was done not only to prevent fire but also our intention to protect a wider landscape for conservation. We always align with government regulation on how to protect critical peatland to ensure conservation and water management can work parallel with our plantation. We have finalized and revised all of our license permit and long term operation plan and submit it to the government and review it together and now the homework is how to restore and monitor the area to ensure the critical peatland will be protected from fire and to ensure we implement best practice in peatland management.

- From **Patrick Anderson, Forest People Program** : In 2018, APP failed to provide data on company group ownership which had been requested by the Forest Stewardship Council, and was a requirement for the finalisation of the roadmap for ending disassociation with the FSC. Since that time, APP's cooperation with the FSC has been stalled. Is APP willing to provide the information requested by the FSC, so that the roadmap to end disassociation can be finalised?

From **Syahrul Fitra, Auriga** : Given recent news about the court case, I would like to understand what is precisely the APP relationship with the Paper Excellence?

Elim Sritaba, CSO, APP : In 2017 APP has invited one of the big four audit firm to do assessment in regards to the allegation and the report has been disclosed by inviting key stakeholder in the workshop and open Q&A to clarify the allegation. We have already submitted this report to FSC. We continue to maintain communication with FSC and now we are waiting for FSC to take further action towards the disassociation.

Regarding the relations of Paper Excellence with APP, Paper Excellence is one of our fiber suppliers. To make paper, we need long fiber, which can not be produced in Indonesia. This long fiber we purchased from overseas suppliers, one of them is Paper Excellence. All of our supplier must pass our Supplier Evaluation and Risk Assessment (SERA) and has to comply with our standard and policy to be able to supply to APP.

- From **Candra Kurniawan, GAR** : What application does APP use for displaying such an interactive web GIS/maps in the dashboard?

From **Brian Orland, Woods & Wayside International** : does the new system only cover "protected areas" and not the whole concession?

Negla Martini, Stakeholder Engagement, APP : Regarding the application that's used, I need to check with the technical team, it's definitely one of the GIS program. We will get back to you with the detail if you provide your detail. And yes, the data that's displayed on the forest monitoring

dashboard is only for the protected areas, not the whole concession, it's indicated by the pink colour, only the alerts that falls in the protected areas that's being displayed on the dashboard.

SECOND SESSION

V. Land Dispute Resolution

- APP classified the land disputes across APP's suppliers concession areas into 6 typologies:
 1. Villages inside concession
 2. Customary Land
 3. Livelihood
 4. Land speculator
 5. Non-procedural land use
 6. Overlapping licenses.
- By end of 2019, 51% of the land disputes have been resolved.
- From the remaining disputes that still need to be resolved, around half of it is from typology 1. This is why APP continues to focus its effort to resolve disputes for the villages inside concession.
- To resolve the disputes under typology villages inside concession, APP's strategy is to accelerate recognition of community areas by aligning with government policy. APP and its suppliers will conduct delineation of areas used by communities, resolution of disputes by mapping process, finding agreement on the functional boundaries, and all the time maintaining consultation and alignment with government policy.
- It needs to be noted that APP's suppliers do not own the concession land. These suppliers only have the license to manage the land, but the ultimate owner of the forest land in Indonesia is the Government.
- APP is committed to support the policy of the government, including the policy on land reform and social forestry. In 2018 – 2019, more than 47,000 hectares were taken out from the concession licenses of 12 of APP suppliers to support the land reform policy (TORA) and social forestry.

VI. Guest Presentation : Prof Herry Purnomo (representative of Multistakeholders Collaboration: CIFOR-ICRAF-YKAN) - Multistakeholders Collaboration In Developing Business Model To Enhance The Implementation Of DMPA Program

- The objective of the collaboration between APP, CIFOR (Center for International Forestry Research), ICRAF (World Agroforestry) and YKAN (the Indonesian affiliate of The Nature Conservancy) is to develop business models that can balance community livelihood and forest protection, and scale up the business model initiatives into national platforms.

- The first phase of the programme saw the collaboration with ICRAF and CIFOR in 2018 to formulate the typology and characteristics of the DMPA villages and identify the factors that influence the success of the DMPA program. In 2019 we broadened the programme to embrace other potential parties to be involved in further programs which is Yayasan Konservasi Alam Nusantara (YKAN).
- ICRAF, CIFOR, YKAN conducted field studies to establish the business model with key indicators of success of the intended program. ICRAF uses the Public-Private-People-Partnership (P4) approach in 2 villages in South Sumatra, CIFOR uses the Participatory Action Research approach on the Community Level Business Model (PAR-CLBM) in 2 villages in Riau, while YKAN uses their SIGAP approach in 2 villages in West Kalimantan.

The villages chosen have different socio-economic characteristics, as well as interaction to forest resources and history of land and forest fires in the area. This is done in order to understand and test the different contributing factors in different conditions.

- Various lessons and learning were obtained throughout the implementation of this program, which will feed into the planning and development for the next phase.

Q&A

- From **Dr. Lahiru Wijedasa, INTPREP-NERI, National University of Singapore** : A few years ago, there was a proposal to protect HCV peat swamp from drainage/degradation by creating buffer zones. Would it be possible to provide an update on this?

Elim Sritaba, CSO, APP : We keep monitoring the progress update since the program implemented. Delatares also shows us that there are some natural forest regrowth in the buffer zone specifically nearby Sembilang National Park and in Kerumutan. We are also following this up by inviting some researcher to be part of the project and do deeper research in the area, specifically in South Sumatra since there are 3-4 species coming up recently, in order to find out what is the trigger and what methodology that we should use to succeed in the retirement area in the long run. We need such information in order to restore the critical peatland that the Government has asked all companies to protect. So far it looks promising, but we still need to consult with the researcher to understand the situation and how we can progress more.

- From **Tan Zu Dienle, National University of Singapore** : Thank you very much for the invitation and presentation Pak Agung. I am wondering if you could expand further on the concept of the 'functional boundaries'? For example, how are non-productive land classified? What about the use of non-timber forest products, are they part of the functional boundaries? And what happens if villagers want to expand production? Hope you could clarify, thanks!

Agung Wiyono, Head of Security & Social Division, APP : The idea of respecting community rights over their land or their use of resources is by acknowledging their existence and history on the

area itself. Land management and its regulation is still a complex matter in Indonesia as well as the boundary of the villages has not been mapped and cleared yet, so the approach is to try to understand the community's activities that we can trace back historically in the area, for example the settlement for fishing or the area that has been developed for rubber plant or paddy field. Using the technology, high resolution historical satellite image, we can understand the community's activities across APP suppliers concession's area. The "functional boundary" means the area that historically used by community up to this day and managed actively, and it is confirmed by the local leader.

The mapping activity is still in progress, once it's done we can discuss and analyse internally, followed by consulting with the government to find the best way to respect the presence of those activity within forest concession.

- From **Aidil Fitri, HaKI and Woro Supartinah**: In the recent few month ago APP experience an issue with regards to conflict with community, there are two cases, one involving the indigenous person and the other is about going to community garden of local community villagers area and apparently there's rumours of intimidation to the villagers using violence.

How do you assess, oversee, and evaluate your suppliers/concessions capacities, approaches and willingness in handling conflicts with the community?

Agung Wiyono, Head of Security & Social Division, APP : We are consistent with our commitment, there's no violence in our approach. What happened in Jambi, in our understanding, is that forest fire has been a big problem and impacting business and community life, which is a big concern of our President. The involvement of army and police in our forest concession is not intended to intimidate the community. It's our collaboration program with the government to ensure there will be no fire incident that is impacting the surrounding area and people's life.

Every 6 month we conduct evaluation and monitoring on how our security vendor performing on the ground, and if they're not complying to our policy, we will stop the engagement and partnership with them.

In regards of indigenous people, from the beginning our approach is to do precautionary approach. This includes classifying all the villages inside concession under the group of typologies in our conflict resolution SOP. This is done because we want to assess further how legitimate the claim, the community life, and how we can resolve the dispute.

In recent Riau case, our security has to follow our SOP. In my understanding, the security found a man cutting tree, and they did not try to open a dialog as they had to act quickly. This is because in most illegal logging incident, if we can not catch the actor, we can not bring the case to the court. Illegal logging has always been a big problem for us to protect the conservation area.

Yes, APP should further review its illegal-logging-handling policy and inputs from stakeholders is required in order to set a best practice policy for this.

- From **Tan Zu Dienle, National University of Singapore** : Interesting results from ICRAF and CIFOR. Have you all explored other ecosystem services (ES) that arise from agroforestry systems (e.g.



ensuring constant water supply) that may be of use to local communities (and potentially other stakeholders)? Right now it seems there is a huge focus on production services, which is understandable, but mayhaps engaging other ES might be useful?

From **Sorain, National University of Singapore** : Thank you for the invitation. Sorry if I've missed this in the presentation, but what is APP doing to improve the access between the farmers and profitable, value-added markets please?

Prof. Herry Purnomo, (representative of Multistakeholders Collaboration: CIFOR-ICRAF-YKAN)

Yes, certainly we are exploring Ecosystem Services. In the presentation there is eco-edu-tourism to be explored. Water is certainly another key ES that we can explore, the question is how to make it accessible for everyone and for other use.

APP can be off taker of the products from community. Such as compost, vegetables, etc. APP also connect the community product to nearby market.

We need to bring the community to modern and e-commerce/ digital market. To my understanding, APP has tried to connect the DMPA program with the digital markets such as Tokopedia and Blibli.

- From **Deddy Mahardika, WRI** : Thank you for the presentation. It is great to know that APP is moving towards the more transparent data through the dashboard. Do APP have any specific emission targets? We in WRI are working with the Science Based Targets (SBTi) to help companies aligning their emission reduction commitments with the Paris agreement, which would be beneficial to APP as well.

Librian Angraeni, Deputy Director Sustainability, APP : Our ultimate goal is to produce low carbon footprint for all of our products that will benefits the supply chain for our customers. We have carbon commitment of 30% reduction in 2030 and we did have the calculation across our supply chain and our mills operation regarding the current status of our carbon footprint. In terms of energy we are looking for reducing up to 25% of energy intensity of our operation and the current estimation that we did of the impact of forest conservation policy to the carbon in terms of forestry is about 64% carbon avoidance compared to BAU. At the moment what we are doing is taking stocks and working with Gaia, a carbon expert in Indonesia, to have an extensive look into the potential of our carbon footprint from our forestry, mills operation, and when we are sending our products to the customer. Once we have taken the full stocks of our carbon potential then we are going to determine what will be our carbon strategy which then will be contributing into low carbon footprint product that we are producing.

- From **Amanda Katili, Climate Reality Programme** : Thank you for the information provided and the opportunity for digital interactions. I am very interested in how APP's communicates with communities in its sites' peripheries especially during the pandemic. As an example, is it possible to know how they are in terms of health, economy, environmental and social situation ?

Elim Sritaba, CSO, APP : The first half of 2020 we in APP found it quite difficult as we needed to adjust all of our protocol to ensure all of our employee are safe as well as the operation, mills and regions. We continue the communication from the district area, and based on our protocol we



don't allow external people to come to the field unless it's very urgent and with a very strict protocol. All the ongoing program in the district we maintain the communication with them through virtual technology. And on the second half after seeing the situation, we start to think on how we can reach out to them, maybe be setting up another protocol and educate the community through training using virtual technology. Thanks God, so far all of our employees are safe and we always monitor daily and weekly to ensure everybody are healthy. Regarding the economy impact, some of the products that the communities work on under the DMPA program have managed to gain income of up to 3 times of their normal income, because their products are needed in this situation, such as red ginger, herbs, honey and fruits.

CLOSING STATEMENT

- APP will continue and improve our active disclosure to meet the requirement of our stakeholder.
- We are not perfect, and we cannot succeed by doing this alone. Collaborations with partners and other stakeholders are important for us.
- Aside from the Stakeholder Advisory Forum, we also have the Regional Social Working Group, which is formed to help accelerate the dispute resolution process at local level. We open the door for anyone who would like to be an active and contributing part of this resolution process.
- There are other questions that we received during today's SAF, however those questions are all related to past issues which have been previously addressed by APP. For all of our statements on previous issues, please access the [news and statement](#) section in APP's website.

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