

APP Stakeholder Advisory Forum | 23 March 2018

At the first SAF of 2018, APP presented on the latest developments and progress made in APP's Forest Conservation Policy. Highlights included:

- 0.1% forest cover change in protected areas in the 10 month period between March 2017 to January 2018; as a result of security patrols, IFM, and the education and socialisation of communities
- 0.01% of total concession areas of APP's 38 suppliers affected by fire in 2017
- 0 fatalities (human and animal) due to human - wildlife incidents within APP supplier concession areas since 2013
- In the 3,000 hectares retired peatland plantation areas near Kerumutan wildlife reserve in Riau, vegetation took over dead acacia in less than a year when canal blocking raised water levels and there was no human disturbance
- The SERA process for supplier assessment now includes a 14-day window for the public to provide feedback on suppliers who passed the risk assessment stage, before decision is taken by the Joint Steering Committee.
- As of February 2018, 46% of identified conflicts have been resolved. Over half of the resolved conflicts are from categories 1 to 4 (on which APP has a more direct influence) have been resolved.

For more details, including on social conflicts and the IFFS programme, please refer to the attached presentations.

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Vision 2030 breakout sessions

APP is working to develop a roadmap for the future, moving past Vision 2020 to build an ambitious, targeted Vision 2030 sustainability roadmap. Breakout sessions at the SAF to seek inputs from external stakeholders focussed on the four key themes outlined in Vision 2030: **forests, peatlands, people, and production**. Below are the main inputs from each of the breakout sessions.

Breakout session: Forests

Areas to address in the overall V2030	<ul style="list-style-type: none"> ▪ Be clearer on land use allocation across the different APP's and suppliers' concessions. ▪ Re-affirm APP's commitment to only source fibre from sources that comply with the FCP and to continue the efforts to tackle third party deforestation. ▪ Explain how and by when targets will be reached and what indicators will be used for measuring progress; particularly for APP's 1 million-hectare commitment ▪ Develop a detailed typology of human-wildlife conflicts and establish a baseline of iconic species populations in and around APP's and suppliers' concessions.
Process and mechanisms to consider for the action plan for V2030	<ul style="list-style-type: none"> ▪ Communicate plans on meeting fibre needs for all APP mills, while adhering to FCP commitments, given internal and external opportunities and constraints (impacts of 2015 fires, new peat regulation, etc.) Process to support community engagement around concessions to minimise human-wildlife conflict ▪ Consider advocating access to payment for environmental services for community to protect HCV and HCS area
Targets	<ul style="list-style-type: none"> ▪ 100% SFM certification seems to be too ambitious when including community forestry. A different target should be set for this type of production. ▪ Explain assessment rules and clarify which strata will be used for which purposes (conservation, community forestry, restoration, etc.) – particularly in terms of HCS and HCV standards;
Standards to reference in establishing targets	<ul style="list-style-type: none"> ▪ Use existing rules supported by a large majority of stakeholders: HCV, HCS approach, etc.

Breakout session: Peatlands

Areas to address in the overall V2030	<ul style="list-style-type: none"> ▪ Build on existing water management methods, don't just focus on developing 'new' methods; ▪ Clarify that fire management concerns also peat, not just forests; ▪ Re-affirm commitment to protect biodiversity of peatlands; ▪ Conservation of historical sites; ▪ Improve capacity building for SMEs on restoration best practices; ▪ Clarify process to develop accounting of emissions from peatlands
Process and mechanisms to consider for the action plan for V2030	<ul style="list-style-type: none"> ▪ Landscape approaches should include water management, to synchronise with other water users and stakeholders in the landscape; ▪ Develop an independent monitoring of management and restoration progress; ▪ Promote a stakeholder engagement platforms for peatland management; ▪ Share tools such as MDA and SMART patrols to monitor peatlands; ▪ Differentiate price paid for wood from peatlands vs. non-peatlands; ▪ Develop and release plans for retired peatland areas
Targets	<ul style="list-style-type: none"> ▪ Implement buffer zones in all peatland supplier areas by 2025; ▪ Zero fires on peatlands ▪ Social forestry on peatlands ▪ Termination of contracts with suppliers not implementing peatland best management practices ▪ Target dates for withdrawal from peat domes ▪ Production target from alternative species ▪ Carbon stock enhancement ▪ Targets related to indicators for assessing peatland restoration, including environmental, social, and economic indicators ▪ Increase of wood supply from communities and social forestry to reduce demand for wood from peatland areas ▪ Align restoration targets with mill requirement targets ▪ Identify specific priority areas in rehabilitation and conservation targets ▪ Explore the potential of establishing a Sinar Mas group target
Standards to reference in establishing targets	<ul style="list-style-type: none"> ▪ FSC ▪ ASEAN peatlands strategies (APMS; APSMPE) ▪ Indonesia's national action plan and BRG targets

Breakout session: People

Areas to address in the overall V2030	<ul style="list-style-type: none"> ▪ Local communities – mainstreaming gender equality as an overall commitment; skills development and employment; identification documentation for civil rights and access to services; ▪ Employees – diversity for both mill-level and HQ-level positions; commitment to tackling sexual harassment and HIV/AIDS; commitment to family-friendly policies. ▪ Education and youth involvement
Process and mechanisms to consider for the action plan for V2030	<ul style="list-style-type: none"> ▪ Working proactively to prevent conflict with community and provide community access to legal support ▪ Whistle-blowing mechanisms and awareness-raising on bribery and corruption ▪ 3rd party audits on human rights ▪ Training to local communities to use APP production waste as raw materials ▪ Develop a business model for community forestry in peat areas and landscapes, to show how local businesses can support APP's sustainability targets (combining environmental, social and economical performance).
Targets	<ul style="list-style-type: none"> ▪ Communities <ul style="list-style-type: none"> - Commitment to use local suppliers - Look for other measures of poverty reduction than average wage measure ▪ Employees <ul style="list-style-type: none"> - Diversity targets at the mill level - Safety targets to be more ambitious, and to include local communities, not only

	employees
Standards to reference in establishing targets	<ul style="list-style-type: none"> ▪ Relevant SDGs (e.g. quality education and clean water and sanitation) ▪ Gender Action Learning System for gender indicators ▪ FLARE study for economic development indicators ▪ FSC definition of local suppliers ▪ Palm oil companies' partnerships with smallholders

Breakout session: Products and production

Areas to address in the overall V2030	<ul style="list-style-type: none"> ▪ Partnership with suppliers to ensure responsible fibre sourcing including alternative species as raw material ▪ Go beyond 'recycled fibres' as raw materials and develop circular economy principles at mills level (reusing water, recycling chemicals, using waste as fuel). ▪ Improvement of product recyclability ▪ Address product's economic and social impact ▪ Develop indicators or ways to communicate product environmental footprint (circular economy, renewable energy mix, recyclability) in a single index that is easy to understand ▪ Develop a product-centred sustainability narrative highlighting all the positive (and risks of negative) impacts of the different products
Process and mechanisms to consider for the action plan for V2030	<ul style="list-style-type: none"> ▪ Include product recyclability during product design (eco-concept) ▪ Collaborate with waste management authorities and organisations to explore ways to close the gap between recyclability and actual recycling ▪ Awareness raising/education targeting users and suppliers
Targets	<ul style="list-style-type: none"> ▪ Develop KPIs on recyclability and establish target accordingly ▪ Clear target on the share of renewable energy by product or product type ▪ Full utilisation of a tree to maximise resource use efficiency and minimise waste such as bioplastic from parts of trees that were not used before (expand research in this area) ▪ Express target in a way that tell story of a product such as technology used or its relation to community (impact to community or contribution to society)
Standards to reference in establishing targets	<ul style="list-style-type: none"> ▪ Relevant SDGs (e.g. clean water and sanitation, climate action, and life one land) ▪ PEFCR (Product Environmental Footprint Category Rules)

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Update on regional social working groups

Eco Nusantara, an organisation engaged as a facilitator for Regional Social Working Group (RSWG), presented progress updates and lessons learned from the implementation of RSWG in South Sumatra, Jambi and Riau. Key lessons learned:

- Assistance by local NGOs for the communities in the conflict resolution process is important to ensure focused process and facilitate dialogue.
- Clear communication protocol and PICs are important to ensure consistent and transparent communication between parties.
- Proactiveness from the company and its PIC to resolve the conflict is essential to ensure process is progressing and trust is built.
- Local NGOs are actively assisting local communities, and communication is more transparent.
A team coordinator has been appointed to oversee the settlement process, functioning as the focal point of the dispute resolution system, and thus ensuring that all parties are prioritising social conflict resolution.

Other reflections from Q&A on social working groups

- APP acknowledged that there is interest from stakeholders in understanding the social conflict resolution process better. For confidentiality reasons of the parties involved to each conflict, APP cannot share all of the specific data on each conflict. However, APP is happy to share more information on how the conflicts are

addressed and determined as resolved and would invite stakeholders to participate directly in the Regional Social Working Groups to engage in this process more directly.

- Following the dynamic generated by the regional social working groups that APP has developed, there could be an opportunity to make working groups more permanent by embedding them within the district or provincial governments. APP has considered this and is engaging with stakeholder in the region to provide technical assistance and capacity building.
- Discussions on how to make APP a more responsible and inclusive business by involving local community continued through the day. Ways that APP could be more involved in this area could include: developing APP's wood supply coming from community forests; providing supervision and facilitation to help with certification of the community forests; and helping to create a market to sell small producer and community products.

Report back on case studies

APP has asked its consultant, Transitions, to undertake case studies in four villages in Riau, Jambi and South Sumatra, in order to understand how the different programmes developed by APP in communities (IFFS/DMPA, SMART patrol, Fire prevention training, community forestry, etc.) are generating a different type of relationship between local communities and APP, and how this collaboration could result in a better protection of natural forest and more efforts to restore degraded areas. This study was requested by SAF participants in May 2016. However, at this time it was considered too early to conduct such an investigation as the IFFS programme had just been launched.

Transitions presented the report of his mission, highlighting that in each region local NGOs were invited to participate in the field study. Indeed, SETARA joined in Jambi. Other NGOs were interested but not available. Main results are as follows:

- The combination of the different programmes proposed by APP are inducing a more open and productive relationship between local communities and the company
- The IFFS programme is very well perceived both for its direct impact on families receiving loans and for its indirect impacts on local economy (creating job opportunities for more people, beyond the direct beneficiaries). However, the programme is still in development and improvements are still necessary to maximise its impact.
- The SMART patrol and the Fires prevention training, combined with a more stringent set of rules banning slash and burn, engage communities to actually change their practices and stop using fire for land preparation.

The following question and answer session highlighted participants interest for such an investigation. More details were requested to get a better understanding of economic impacts and ways to connect these impacts with reduced pressure on natural forest.