

Report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0

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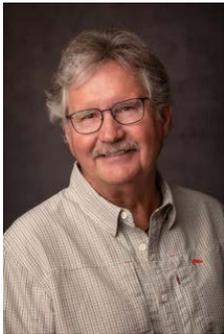
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1. Stakeholder Advisory Committee

Observations

Message from the Chairman

This report is the 7th report to the Stakeholder Advisory Committee (SAC) from KPMG Performance Registrar Inc. (KPMG PRI) since APRIL Group (APRIL) announced its original Sustainable Forest Management Policy (SFMP) in 2014.



Since 2016, the reports have focused on providing assurance over key indicators of SFMP 2.0 performance. These indicators provide the SAC with valuable insight into APRIL's progress in implementing its SFMP 2.0 commitments and flag areas where there remain ongoing challenges.

The year 2020 has been difficult for everyone! As I write this, it appears that several vaccines may be available in the near future and I join everyone in praying that this is the case. As you would expect, the current COVID 19 pandemic presented unusual challenges to the KPMG assurance process, including delays and in some cases, elimination of planned field work. Specific impacts included:

- completing much of the assurance process remotely through satellite imagery, data evaluation and other processes focused on reducing potential COVID exposure
- less interaction with stakeholders
- no opportunity for stakeholder observers to be involved in the field assessments
- the limitation in conclusions regarding one open market supplier. A discussion of this is linked to Opportunity for Improvement #1 in this report. In general, the SAC is requesting that APRIL continue to make progress in accessing quality data from open market suppliers and we are confident that continued progress will be evident in future reports.

The 2020 Assessment also noted several positive findings. Although APRIL's open market supplier audit process was delayed by COVID, they have an action plan to undertake audits of all open market suppliers by July 2021. Also, APRIL made good progress in addressing the Opportunities for Improvement from prior year reports.

Regarding fire, there were continuing low levels on APRIL's concessions during the assessment period.

Although not covered by a current indicator, the SAC has been kept updated on APRIL's journey to fiber supply self sufficiency and it appears that they are making significant progress. In the coming months the SAC will be evaluating the list of current indicators and working with KPMG and stakeholders to update these, wherever appropriate.

Near the end of the assessment process, a report was produced by the Auriga Nusantara Foundation, wherein claims were made regarding deforestation on an APRIL open market supplier's concession. As the SAC takes seriously any claim of deforestation against APRIL, the SAC instructed KPMG to evaluate this situation and in fact, the 2020 Assurance Report was briefly delayed in order to complete this evaluation. The following report does include a response to the Auriga claims. This response is based on currently available information, which in some cases did not enable finer scale conclusions. Therefore, additional work is planned for 2021, including field verification.

Lastly, I would like to thank the APRIL staff for working alongside KPMG to enable the production of this report under uniquely challenging circumstances. This also holds true for APRIL suppliers, contractors and other critical personnel who provided access to the KPMG team during difficult times.

Onward to 2021!

Joe Lawson

Chairman

APRIL Stakeholder Advisory Committee

2. Summary and Conclusions

In 2020, KPMG PRI completed a limited assurance engagement over APRIL's implementation of its Sustainable Forest Management Policy (SFMP) 2.0 commitments. This report describes the scope of the work conducted and KPMG PRI's findings.

Objective of the engagement

We were requested by the independent Stakeholder Advisory Committee (SAC) of APRIL to undertake a limited assurance engagement over the data for 40 performance indicators presented by APRIL in relation to its SFMP 2.0 performance for the period from January 1, 2019 to December 31, 2019.

The SFMP Performance Indicators

The SFMP 2.0 performance indicators were developed by APRIL with the input of its SAC to provide quantitative information on APRIL's progress in implementing its commitments under SFMP 2.0. The development process for the indicators included input from both local and international stakeholders.

Given the nature of the subject matter and the available methods for determining quantitative and qualitative performance data for indicators of this type there are inherent limitations in the degree of precision that can be achieved. Management has developed methodologies for each of the indicators, which may change over time and can impact measurements and comparability.

Management's responsibilities

APRIL management is responsible for the preparation and presentation of the SFMP performance indicator data in accordance with APRIL's internal guidelines and definitions for SFMP reporting. APRIL management is also responsible for the development and implementation of the action plans to address the identified opportunities for improvement which are detailed in Appendix 3.

Our responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed. The engagement was carried out in accordance with ISO 17021, which is the standard most commonly applied globally for sustainable forest management certification engagements.

Our approach

A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the selected SFMP indicator performance data and applying analytical and other evidence gathering procedures to the data, as appropriate. Our procedures included:

- Inquiries with relevant staff at the corporate and operational level to understand the data collection and reporting processes for the SFMP performance indicator data;
- Comparing the reported data to the underlying data sources;
- Inquiries of management regarding key assumptions and where relevant, the re-performance of calculations;
- Field inspections on two concessions to assess field conditions for consistency with reported data; and,
- A site visit to the Kerinci mill site to assess fiber flow and tracking processes.

As a result of travel restrictions associated with the COVID-19 pandemic, the extent of field inspections was more limited than planned. The reduction in field work was offset by additional remote assurance procedures, combining additional record review, interviews and the use of satellite imagery. We believe our procedures provide a reasonable basis for our conclusions.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is obtained.

Our Findings and Conclusions

Based on our examination:

The Performance Indicator Data - based on the procedures performed, nothing has come to our attention that causes us to believe that the APRIL SFMP 2.0 performance indicator data presented in the report have not been prepared and presented, in all material respects, in accordance with APRIL's internal guidelines and definitions for SFMP reporting.

Conformance with SFMP 2.0 - in the course of our work, and based on the performance indicator data reported:

- we did not identify any non-conformances in the implementation of SFMP 2.0 requirements during the reporting period.
- We did not identify any new development by Open Market Suppliers. However, we did find that there was a lack of sufficient data from APRIL verification activities for us to be able to draw conclusions as to whether new development occurred at one open market supplier.
- we identified **five** opportunities for improvement, relating to both the collection and reporting of performance indicator data and processes to achieve conformance with SFMP 2.0. These are summarized in Appendix 3 of our report along with formal corrective action plans developed by APRIL to address the opportunities identified.

Status of Action Plans Developed to Address Previous Assurance Findings – based on the procedures performed, nothing has come to our attention that causes us to believe that APRIL's assessment of action plan status presented in Section 6 of this report has not been prepared and presented, in all material respects, in accordance with the criteria for determining action plan status described in Section 6. As a result, 17 of the 19 open action plans from prior years have been closed. Any residual actions remaining to be completed are captured in the new Opportunities for Improvement and related action plans associated with this report.

While our assurance process was not specifically designed to identify and report on Good Practices, in the course of our work we did identify **two** Good Practices that were considered to be appropriate to report in order to provide the Stakeholder Advisory Committee with context on APRIL's implementation of the performance indicators.

Our findings are also provided on an indicator by indicator basis within Section 7 of our report, along with explanatory notes on the performance information.

Use of the Report

Our assurance report is provided solely to the independent Stakeholder Advisory Committee of APRIL in accordance with the terms of our engagement. Our work has been undertaken so that we might report to the Stakeholder Advisory Committee on those matters we have been engaged to report upon in this assurance report, and for no other purpose. We do not accept or assume responsibility to anyone other than the Stakeholder Advisory Committee for our work, for this assurance report, or for the conclusions we have reached.

KPMG PRI

KPMG Performance Registrar Inc.
Vancouver BC Canada
November 22, 2020

3. Brief overview of APRIL's Operations

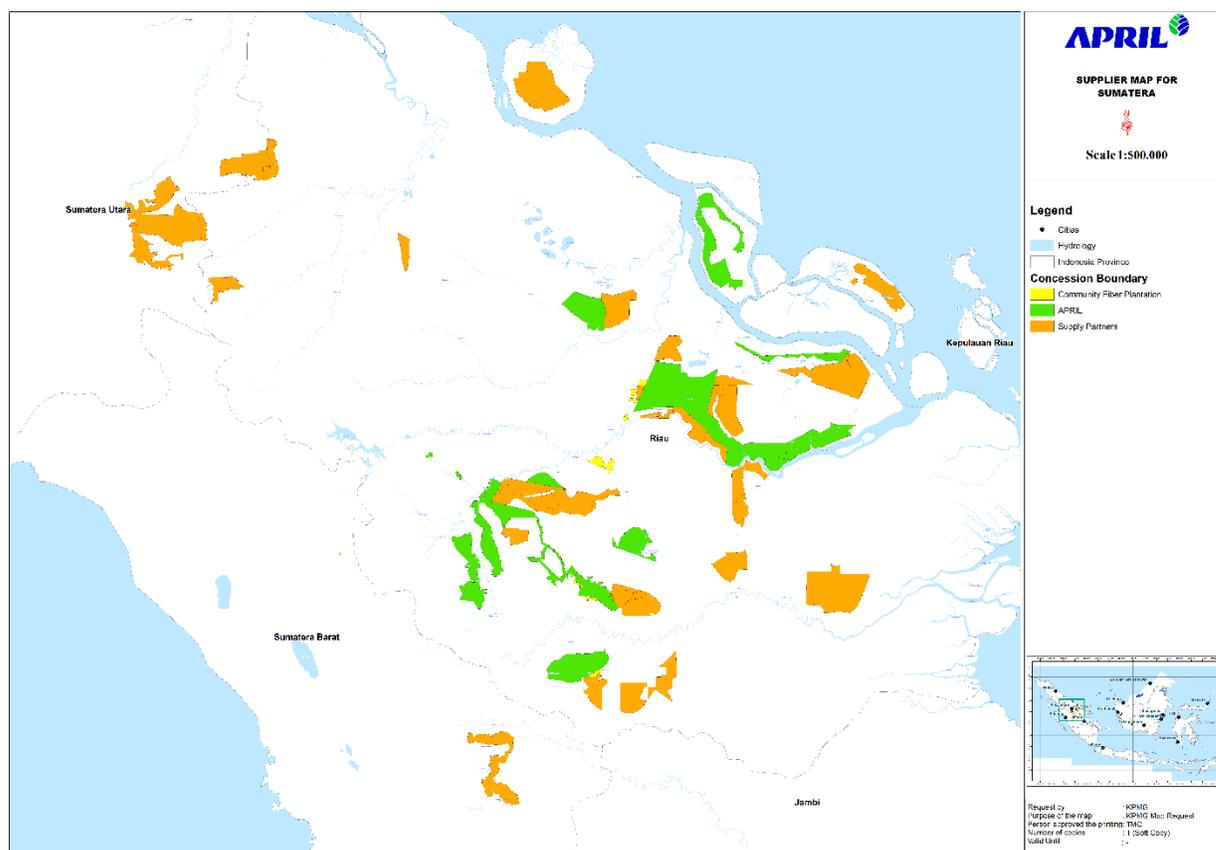
APRIL Group maintains an integrated pulp and paper mill in Pangkalan Kerinci, in Riau Province, Sumatra. The mill is capable of producing 2.8 million tonnes of pulp and 1.15 million tonnes of paper per year.

Fiber for the pulp and paper mill is derived from approximately 450,000 hectares of plantations maintained by PT. Riau Andalan Pulp and Paper (PT. RAPP) as well as Supply Partner¹ concessions located on Sumatra (of which 32 provided deliveries during 2019). APRIL Group and its Supply Partner plantations currently supply approximately 76% of the mill's fiber needs, the remainder being met by Open Market Suppliers² from Sumatra, Kalimantan and Malaysia.

A map showing the general location of PT. RAPP and Supply Partner concessions is provided in Figure 1 below. A map showing the location of Open Market Supplier concessions is provided in Figure 2 on the following page. Further information on APRIL's operations can be found at www.aprilasia.com.

Further information on APRIL, its sustainable forest management commitment and related maps and supplier data are provided on APRIL's sustainability dashboard, located at <http://sustainability.aprilasia.com>.

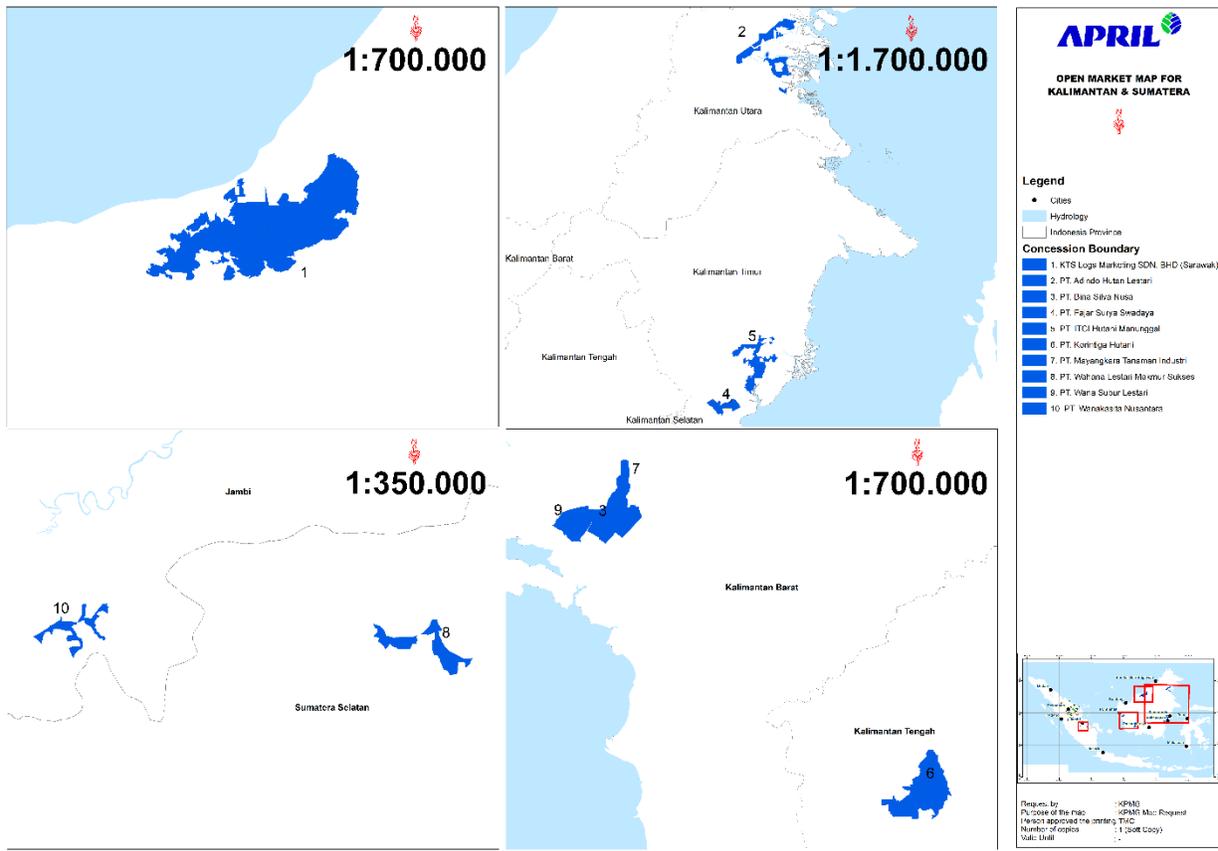
Figure 1 General Location of PT. RAPP and Supply Partners



¹ Supply Partners are those suppliers that have long-term partnerships with APRIL, providing all their plantation fiber to APRIL as well as contributing toward APRIL's to 1:1 conservation commitment.

² Open Market Suppliers are those suppliers APRIL contracts with for open-market log purchases. These suppliers may sell fiber to third parties and do not contribute to APRIL's 1:1 conservation commitment.

Figure 2 General Location of Open Market Suppliers



1. KTS Logs Marketing SDN. BHD (Sarawak)
2. PT. Adindo Hutani Lestari
3. PT. Bina Silva Nusa
4. PT. Fajar Surya Swadaya
5. PT. Itchi Hutani Manuggal

6. PT. Korintiga Hutani
7. PT. Mayangkara Tanaman Industri
8. PT. Wahana Lestari Makmur Sukses
9. PT. Wana Subur Lestari
10. PT. Wanakasita Nusantara

4. SFMP 2.0 and the Development of Performance Indicators

Independent Stakeholder Advisory Committee

Since 2014, APRIL has maintained a Stakeholder Advisory Committee (SAC or Committee) of independent sustainable forestry and social experts. The Committee was created to oversee implementation of APRIL's Sustainable Forest Management Policy.

SFMP 2.0 was announced publicly on June 3, 2015 and is the second iteration of APRIL's Sustainable Forest Management policy. The policy can be found at www.aprilasia.com/en/sustainability/sustainability-policy and in Appendix 1 of this report.

Starting in 2015, the SAC appointed KPMG PRI to undertake public assessments of APRIL's progress on its SFMP 2.0 commitments. KPMG PRI reports its findings directly to the SAC. Historic reports presented to the SAC can be found at <https://sustainability.aprilasia.com/en/sustainable-forestry-management-policy-2-0/>

Minutes of SAC meetings and recommendations made by the SAC can be found at

<http://www.aprilasia.com/en/sustainability/stakeholder-advisory-committee/meeting-updates>

SFMP 2.0 Indicators

Purpose of Indicators – The SFMP 2.0 indicators have been established in order to track implementation of SFMP 2.0 over time.

Indicator Development – Since 2015, APRIL has worked with its independent SAC and external stakeholders to maintain a set of indicators that tracks implementation of key commitments under SFMP 2.0. The indicators were subject to stakeholder consultation with both local and international stakeholders during the development process.

Since the initial development of the indicators in 2016, ongoing refinement and updates to the indicators have been made based on feedback from the SAC and external stakeholders as well as through continuous improvement in data collection and reporting by APRIL and its suppliers.

The indicator set is not expected to remain static for future reporting periods, and will be adjusted over time to reflect:

- The availability of new data that is better suited to monitoring SFMP 2.0 performance;
- Changing areas of interest identified by stakeholders through both APRIL and SAC stakeholder engagement processes;
- Emerging areas of interest identified by APRIL's SAC; and
- Public feedback on the indicators, which are publicly available on APRIL's sustainability dashboard.

As a result of stakeholder feedback, including review of alternative indicator frameworks, the indicators in Figure 3 below were added or amended for calendar 2019.

Figure 3: Revised indicators for calendar 2019 reporting

SFMP 2.0 Indicator changes:		
II.c	<ul style="list-style-type: none"> - Hectares of APRIL and supplier concessions under Ecosystem Restoration Planning Processes - Hectares of APRIL and supplier concessions that have implemented Conservation Forest Management Planning 	Amended to reflect increased focus on Conservation Forest Management Planning
II.d	% of ecosystem restoration area with formal plans for protection and/or restoration objectives	Amended to simplify indicator and focus on key outputs from the ecosystem restoration area that are indicative of progress
IVd.	<p>Overall Carbon Footprint</p> <p>Metrics:</p> <ul style="list-style-type: none"> • Scope 1 Mill GHG emissions (tonnes CO2e) • Mill Biogenic emissions (tonnes CO2e) • Scope 1 land use GHG emissions (tonnes CO2e) • Land use biogenic emissions (tonnes CO2e) 	Amended to one indicator. Previously covered in multiple indicators. No substantive change.
Ve.	<p>Actions arising from multi-stakeholder forums</p> <p>Metrics:</p> <ul style="list-style-type: none"> • # of multi-stakeholder forums by location • # of stakeholder attendees • # of agreed actions arising from forums 	Amended to include actions arising from forums as this will provide a better understanding of the value of the multi-stakeholder forums.
VIc.	Existence of publicly available grievance system	Amended to focus on the public availability of the grievance system rather than the existence of an SOP to address public grievances.
IXb.	% of RAPP and supplier concessions identified and maps publicly available.	Amended to one indicator. Previously covered in multiple indicators. No substantive change.
Xa.	% of concessions not using WHO Class 1a and Class 1b pesticides	Added. This commitment was made in the SFMP 2.0 addenda issued in February 2018.

The full set of indicators used to assess performance for calendar 2019 is provided in Appendix 2 of this report.

5. The Assurance Process

About KPMG Performance Registrar Inc.

KPMG Performance Registrar Inc. (KPMG PRI) is a wholly owned subsidiary of KPMG LLP Canada (the ultimate parent of KPMG PRI), which is the Canadian member firm of KPMG International.

KPMG International is a global network of independent member firms offering audit, tax and advisory services. KPMG member firms can be found in 147 countries and territories. Collectively they employ 219,000 people across a range of disciplines.

KPMG PRI operates as a certification and verification body under the ISO 17021 (management system assurance) and ISO 14065 (GHG assurance) programmes.

KPMG PRI is accredited to conduct certification as follows:

- PEFC chain of custody
- SFI chain of custody
- PEFC Forest Management certification (Canadian Standards Association and Sustainable Forestry Initiative standards)
- ISO 14001 (Environmental Management Systems)
- ISO 9001 (Quality Management Systems)
- ISO 14065 (Greenhouse Gas Verification)

KPMG PRI supports KPMG's Center of Excellence in Forestry in providing field-based assurance over forestry practices. A separate wholly owned subsidiary, KPMG Forest Certification Services Inc. provides FSC forest management and chain of custody certification.

KPMG staff have specific expertise in forestry, biology and social audits and work alongside local Indonesian field teams to provide assurance under SFMP 2.0.

Report Scope

The limited assurance engagement was carried out on the data reported by APRIL under each of the indicators in Appendix 2 for the period between January 1, 2019 and December 31, 2019.

The engagement was carried out in accordance with ISO 17021, which is the global standard most commonly applied to sustainable forest management certification audits.

Conduct of the Engagement

Engagement Phases— The engagement was undertaken in multiple phases as follows:

- Planning visit and stakeholder input on proposed field sample – February 2020

In February 2020, a planning visit was made to the Kerinci mill site to review revisions to SFMP 2.0 indicators with APRIL, confirm readiness for reporting and develop a draft sample of concessions and sectors for field

visits. Subsequently, the draft field sample and proposed assurance approach was shared with the Stakeholder Advisory Committee and posted online for stakeholder consultation.

- Final engagement plan – end of February 2020

A final engagement plan identifying the timelines for the assurance process and the concessions to be visited was provided to the Stakeholder Advisory Committee and APRIL in order to provide adequate time to make logistical arrangements for the visits.

- Concession field visits and on-site procedures at the Kerinci mill site – February 24-28 and March 2-6

Two concession field visits (one supply partner and one open market supplier) were undertaken to check indicator data provided by APRIL. In addition, staff and management interviews and document and record reviews were undertaken at the corporate office at the Kerinci mill site.

Due to developments surrounding COVID-19, the remaining planned six site visits were postponed indefinitely on March 6.

- Remote procedures related to APRIL, Supply Partner and Open Market Supplier field operations – August and September 2020

Remote procedures were developed to cover off the SFMP 2.0 implementation topics originally intended to be addressed by site inspections. These procedures included review of information from APRIL's GIS database, scale information for wood deliveries, satellite imagery, stakeholder engagement records, community development projects and records of the status of claims by local communities. The specific evidence used to assess APRIL's data for each SFMP 2.0 indicator is summarized in the Data and Findings section of this report which also describes areas where data is not yet available to support either indicator reporting or assurance over the indicator.

Figure 4: Scope and Location of Site Visits

The following table lists the site visits conducted by the KPMG team in 2020 and the site visits that were replaced with remote assurance procedures.

Sector / Concession	Ownership	Dates
PT. Mayangkara Tanaman Industri West Kalimantan	Open Market Supplier - PT. Mayangkara Tanaman Industri	February 24-28, 2020
Padang Lawas Riau Province, Sumatra	Supply Partner – PT. Sumatera Sylva Lestari	March 2-6, 2020
Meranti Riau Province, Sumatra	PT. RAPP	Alternative remote assurance procedures performed in lieu of site visit.
Pulau Padang Riau Province, Sumatra	PT. RAPP	
Rimba Peranap Indah Riau Province, Sumatra	Supply Partner – PT. Rimba Peranap Indah	
Wananugraha Bima Lestari Riau Province, Sumatra	Supply Partner – PT. Wananugraha Bima Lestari	
SRL VI Bayas Riau Province, Sumatra	Supply Partner – PT. Sumatera Riang Lestari	
PT. KTS Logs Marketing SDN. BHD Malaysia	Open Market Supplier - PT. KTS Logs Marketing SDN. BHD	

- Report development and review with the independent Stakeholder Advisory Committee – September 2020

In the reporting phase, the engagement team reviewed additional documentation supporting indicator performance and gathered explanations to support key assertions in the indicators. Initial conclusions were fact-checked with APRIL prior to completing the draft report.

The draft report was then developed and submitted to the Stakeholder Advisory Committee for comment prior to finalization.

- Action planning and acceptance – September/October 2020

APRIL developed and submitted corrective action plans for the findings identified during the assurance process. These corrective action plans were reviewed by KPMG PRI for adequacy and once determined to be adequate, accepted.

Timely and effective implementation of corrective action plans is the responsibility of APRIL. Future reviews will assess the implementation of these corrective action plans.

Team – The engagement team comprised of six professionals:

- Three KPMG PRI employees experienced in conducting forest certification and assurance over sustainability information, including worker and human rights, community development and greenhouse gas emissions reporting;
- Two local forestry consultants; and,

- One local (KPMG Indonesia) assurance professional.

Stakeholder Observers – Stakeholder observers are typically involved in the field inspections to support transparency of the assurance process, two stakeholder observers were planned to attend the field inspections at one PT. RAPP sector and one Supply Partner concession. However, due to COVID 19, these site visits were not conducted, and the stakeholder observer process was postponed until the time that field assessment of APRIL and supplier operations is able to resume.

6. Approach to Reporting

For each of the performance indicators, information is presented from two sources:

- APRIL's own quantitative data related to the indicator; and,
- KPMG PRI's information on the work undertaken to assess the indicator data and the KPMG PRI findings.

Each performance indicator is presented in the following general format:

INFORMATION PROVIDED BY APRIL	APRIL data for the period from January 1, 2019 to December 31, 2019	The report presents quantitative performance data prepared by APRIL in relation to each of the performance indicators in order to set a performance baseline against which future progress can be gauged
INFORMATION PROVIDED BY KPMG PRI	Evidence Reviewed	The key evidence reviewed by KPMG PRI in relation to performance
	Findings	Additional information to provide context to the indicator data and explain the link between the indicator data and SFMP 2.0
	Non-Conformances	Non-conformances are raised where the indicator data or the lack of indicator data is associated with a breach of the requirements of SFMP 2.0.
	Opportunities for Improvement	Opportunities for improvement are raised where KPMG PRI identifies opportunities for improvement in the scope of the indicator, the indicator data collection and quality control processes, or in the nature of the underlying SFM practices and monitoring undertaken by APRIL in relation to the indicator. In such cases a specific breach of SFMP 2.0 has not been identified.
	Good Practices	Good Practices are identified where KPMG PRI identifies specific practices being undertaken by APRIL or its suppliers that clearly demonstrate the potential of SFMP 2.0 to drive continuous improvement. While our assurance process was not specifically designed to identify and report on Good Practices, we include these practices in our report in order to provide the Stakeholder Advisory Committee with context on APRIL's implementation of the performance indicators.

7. Status of Prior Year Action Plans

APRIL data related to status of open actions for prior non-conformances

SFMP 2.0 Policy Element	# of open action plans from prior years	# of action plans "Closed"	# of action plans "In Progress" to date	# of action plans "In Development" to date
I. Long-term sustainability	N/A	N/A	-	-

APRIL data related to status of actions for prior opportunities for improvement

SFMP 2.0 Policy Element	# of open action plans from prior years	# of action plans "Closed"	# of action plans "In Progress"	# of action plans "In Development"
I. Long-term sustainability	5	4	1	
II. Forest protection and conservation	2	2	-	-
III. Peatland management	N/A	N/A	-	-
IV. Continuous reduction of carbon footprint	N/A	N/A	-	-
V. Proactive support of local communities	1	1	-	-
VI. Respect the rights of indigenous peoples and communities	4	4	-	-
VII. Responsible practices in our workplaces	3	2	1	-
VIII. Legal compliance and certification	N/A	N/A	-	-
IX. Good corporate governance, verification and transparency	3	3	-	-
Data Reporting	1	1	-	-
Total	19	17	2	-

KPMG Comments and Findings

The action plans identified in the table above were developed to address the open non-conformities and open opportunities for improvement identified in KPMG's July 2019 assurance report as well as any opportunities for improvement not closed from prior reports.

The current status of each action plan is rated as either Closed (the required actions to address the issue have been undertaken and the issue is being addressed), In Progress (the required actions are in the process of implementation but are not yet complete) or In Development (the approach to implementing the action plan has not yet been finalized and the issue has not yet been addressed).

Of the 19 open action plans from prior years, 17 were closed in 2020.

The two remaining ongoing action plans related to historic opportunities for improvement related to:

- Opportunity for Improvement #2 from 2018 related to the need for formal processes to ensure that land recovery and planting operations following encroachment and settlement of land claims are limited to areas that are non-forested as defined by HCV and HCS. As of September 2020, an updated SOP has been created to formally address consistency with these SFMP 2.0 commitments. However, the SOP has not yet been finalized or socialized across operations.
- Opportunity for Improvement #9 from 2018 related to isolated safety lapses observed during field inspections. APRIL has chosen to address this issue comprehensively through the development and implementation of a Contractor Safety Management System (CSMS). As of September 2020, the CSMS is in progress. The CSMS process has been finalized and criteria developed for different sizes of contractors and different risk levels which have been derived from SMK3. Templates for contractors to document their processes have been developed. The process was socialized with contractors in December 2019. The next phase involves implementation by contractors and due diligence checks by APRIL but was delayed as a result of the COVID-19 pandemic. Going forward the checks are intended to apply to all contractors on an annual basis.

In addition, in two cases, new action plans are warranted to continue to make progress in address the underlying issues associated with the historic action plans. These are captured in new opportunities for improvement in 2020 as follows:

- The Open Market Supplier due diligence process (now captured in 2020 Opportunity for Improvement #1)
- The mechanisms developed to address grievances raised by local communities at the concession/ Estate level (now captured in 2020 Opportunity for Improvement #2)

8. SFMP 2.0 Indicator Performance - 2019

I. Long Term Sustainability Indicators

Indicators Assessed

Eight Long Term Sustainability performance indicators were assessed as follows:

I	Long Term Sustainability:
Overall objective: By increasing the productivity of our own plantations and those of our suppliers on our existing plantation footprint and eliminating mixed hardwood from natural forest from our supply chain.	
a.	Tonnes and % of fiber supply by region (PT. RAPP, Suppliers, (concessions, community forests))
b.	# of Ha developed by category (Forested, Non-Forested and HCV ¹ /HCS ² and non-HCV/HCS)
c.	# of PT. RAPP and supplier non-compliant new development detected and the % of non-compliances resulting in corrective action
d.	# of tonnes mixed hardwood (MHW) deliveries utilized by the Kerinci mill
e.	% Change in mill fiber consumption capacity
f.	Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS)
g.	Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands
h.	Ha of plantation in outgrower programs (livelihood plantation, Tanaman Kehidupan).

¹ High Conservation Value

² High Carbon Stock

Indicator Performance

I	Long Term Sustainability:
a.	Tonnes and % of fiber supply by region (PT. RAPP, Suppliers, (concessions, community forests))

APRIL data for the period from January 1, 2019 – December 31, 2019

This table shows the breakdown of wood deliveries to the PT. RAPP pulp and paper mill in Kerinci by source.

Wood Source	2019 Deliveries		2018 Deliveries	
	(tonnes)	(%)	(tonnes)	(%)
Plantation				
PT. RAPP	4,420,720	42.37%	3,745,691	35.99%
Supply Partners	3,409,731	32.68%	3,622,958	34.82%
Open Market Suppliers	2,427,644	23.27%	2,988,822	28.72%
Community Forestry	175,262	1.68%	48,740	0.47%
Sub-Total	10,433,357	100%	10,406,211	100%
Mixed Hardwood (MHW)				
PT. RAPP	-	-	-	-
Supply Partners ¹	-	-	-	-
Open Market Suppliers	-	-	-	-
Community Forestry	-	-	-	-
Sub-Total	-	-	-	-
Total	10,433,357	100%	10,406,211	100%

Evidence Reviewed

APRIL provided information on deliveries by supplier to the Kerinci mill for 2019. We cross-checked the information against scale delivery data on a sample basis to check the accuracy of the type of fiber, its weight, the source of supply and its origin from plantations. We also conducted inspections at the Kerinci mill, at Futong port and at PT. RAPP and supplier concessions to conform that only plantation species were being supplied.

Findings

This is a key indicator of APRIL's degree of fiber self-sufficiency from its own and Supply Partner plantations. The data indicates that PT. RAPP and Supply Partner plantations supplied 75% of the total fiber to the Kerinci mill for pulp production and that all of this was plantation fiber. Most of the Open Market Supplier fiber is sourced from Kalimantan and Malaysia. Consistent with SFMP 2.0, no mixed hardwood deliveries were received after December 31, 2015.

I	Long Term Sustainability:
b.	<p># of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).</p> <p>Including the following sub-indicators:</p> <ul style="list-style-type: none"> • 2019 Land recovery (Ha) • Recovered land planted in 2019 (Ha) • Unconfirmed potential land cover change at market suppliers (Ha and % of total identified potential land cover change) • Confirmed potential land cover change at market suppliers (Ha and % of total identified potential land cover change)

APRIL data for Indicator I.b

PT. RAPP and Supply Partners*		2019 (Ha)		2018 (Ha)	
		PT. RAPP	Supply Partners	PT. RAPP	Supply Partners
New Development		0	0	0	0
Initial planting on previously deforested (non-HCV/HCS) land	Mineral Soil	22	48	60	880
	Peatland	595	0	0	0

Initial planting on previously deforested lands is not tracked for Open Market Suppliers. New development is monitored through a land cover change monitoring program with feedback from suppliers and did not identify new development in 2019.

APRIL data for Land Recovery Sub-Indicator

Sub indicator: Land Recovery	2019 (Ha)	2018 (Ha)
PT. RAPP Land Recovery	224	177
Supply Partner Land Recovery	1,391	3,306
Total	1,615	3,483
Recovered land planted	665	940

APRIL data for Open Market Supplier Land Cover Change Sub-Indicator

Sub indicator: Open Market Supplier Land Cover Change	2019 (Ha)	2018 (Ha)
Cumulative Potential Land Cover Change not yet verified by suppliers	0	1,407

Evidence Reviewed

Planting records related to new plantations were reviewed to assess whether the planting was related to areas being newly developed or areas that had been historically developed. For a sample of larger areas, the absence of native forest cover prior to development was checked against aerial imagery.

Field observations of recently recovered areas were undertaken for a sample of sites at the estates/ concessions visited.

Processes for land cover change monitoring and land recovery were reviewed and samples reviewed using satellite imagery or field site visits to confirm the absence of new development.

Findings

This is a key indicator of conformance with SFMP 2.0 commitments restricting new development of forested land after June 2015.

No new development was identified. For APRIL and Supply Partners, 665 hectares of initial planting occurred on non-HCV/HCS land that had previously been cleared. The primary area of new planting in 2019 occurred on peatland and resulted from planting acacia as a replacement for a failed rubber plantation in a livelihood area.

Land recovery operations occurred on areas that were cleared prior to APRIL's SFMP 2.0 commitments. These areas have generally become available as a result of the resolution of land disputes.

In 2019, we did not identify any new development by Open Market Suppliers. However, one Open Market Supplier re-contracted with APRIL during the year despite the absence of land-use data necessary to support effective monitoring (see 2020 Opportunity for Improvement #1 below).

2020 Opportunity for Improvement #1

APRIL's Open Market Supplier due diligence process has expanded over time to capture data necessary to monitor SFMP 2.0 compliance and this process has been implemented with suppliers. However, in 2019, one Open Market Supplier was able to re-contract with APRIL during the year in the absence of land-use data necessary to support effective monitoring and the data that has been provided to demonstrate the absence of new development is of limited value in the absence of an APRIL field visit to verify its accuracy. A field visit has yet to take place.

As a result of Opportunity for Improvement #1 above there was insufficient information for KPMG PRI to draw conclusions regarding the absence of new development for one Open Market Supplier.

In addition, **2018 Opportunity for Improvement #2** remains open. This opportunity relates to the need to formalize processes for land recovery operations to ensure that they are consistent with APRIL's commitments to only develop areas that are non-forested as defined by HCV and HCS assessments. As of September 2020, a revised Land Recovery Analysis SOP has been developed that formally addresses commitments to only develop non-forested land. However, the SOP has yet to be socialized and implemented across operations.

Initial Response to New Development Concerns

Shortly before the planned release of this report, a claim was raised by a third party related to potential new development on the PT. Adindo Hutani Lestari (“Adindo”) concession in Kalimantan, which included an estimate of 7,291 hectares of potential “deforestation” on the concession since the implementation of APRIL’s moratorium on new development in 2015.

An initial review of this information was conducted, using available data, including annual plan (RKT) data for the concession, the concession’s baseline development status at the outset of APRIL’s moratorium, third party and APRIL Land Cover Change (LCC) monitoring data and Global Forest Watch satellite imagery and deforestation data. The available data had varying levels of precision and we did not have the opportunity to ground truth any of the data through field inspections. This data variability has been taken into account in our initial conclusions and recommendation.

The available data indicates that most of the area identified in the claim as being logged in non-compliance with APRIL’s 2015 moratorium was logged prior to the moratorium but had yet to undergo site preparation. We also did not identify evidence that the HCV areas identified for protection in the Tropenbos High Conservation Value (HCV) report for the concession had been subsequently logged.

We did note that one 39 hectare area was logged in contravention of the moratorium. This issue was already identified as a non-conformance in our 2016 report and subsequently subject to rehabilitation. We also noted that an active mining site within the broader concession boundaries had been correctly identified as an area subject to ongoing deforestation but this site is outside of Adindo’s operating area.

Multiple scattered smaller areas on the concession were also flagged in the claim as potential deforestation. Our initial analysis indicates that the overall location and scale of these areas is generally consistent with the level of continuing encroachment activities on the concession identified as encroachment by APRIL’s Land Cover Change (LCC) monitoring program. A previous field visit conducted by KPMG in 2018 to ground truth a sample of these areas confirmed that they were in fact encroachment areas and not new development areas.

Overall, the available evidence did not indicate significant new development by Adindo. As the extent of evidence collected during our assessment was limited, and did not include ground truthing, we have recommended to APRIL’s Stakeholder Advisory Committee that finer scale assessment based on ground truthing be conducted in 2021.

I	Long Term Sustainability:
c.	# of PT. RAPP and supplier non-compliant new development detected and the % of non-compliances resulting in corrective action (e.g., rehabilitation, implementation of agreed corrective actions, removal of supplier).

APRIL data for the period from January 1, 2019 to December 31, 2019

This table shows areas identified as non-compliant development and the proportion of these that has been rehabilitated through planting with native species.

	For the period January 1 – December 31	PT. RAPP	Community Fibre	Supply Partners	Open Market Suppliers
Ha of non-compliant new development detected by APRIL	2019	-	-	-	-
	2018	-	-	14	1,326
Ha of non-compliant development rehabilitated	2019	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	0
% of non-compliances resulting in corrective action (e.g., rehabilitation, implementation of agreed corrective actions, removal of supplier).	2019	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	100%

Evidence Reviewed

Completeness of non-compliant development data was checked against land cover change monitoring data from APRIL's monitoring system and assessment of a sample of new plantations established in 2019.

Findings

In 2019, no non-compliant development was identified by APRIL. The Open Market Supplier responsible for non-compliant new development in 2018 was not re-engaged.

I	Long Term Sustainability:
d.	# of tonnes MHW deliveries utilized by the Kerinci mill after the December 31, 2015 cut-off date.

APRIL data for the period from January 1, 2019 – December 31, 2019

This table shows the Kerinci mill's mixed hardwood (MHW) deliveries.

Wood Sources	MHW Deliveries (Tonnes)	
	January 1- December 31, 2019	January 1- December 31, 2018
PT. RAPP	-	-
Supply Partners	-	-
Open Market Suppliers	-	-
Total	-	-

Evidence Reviewed

Wood delivery reports for the Kerinci mill were tied to reported utilization. The wood delivery reports were tested on a sample basis back to base records from the scales at the Kerinci mill.

Inspections of the Kerinci wood yard, Futong port and a number of estates and concessions did not indicate the presence of mixed hardwood in inventory.

Findings

No evidence was identified of mixed hardwood delivery during 2019.

I	Long Term Sustainability:
e.	% Change in mill fiber consumption capacity.

APRIL data for the period from January 1, 2019 – December 31, 2019

Log Consumption		
2019 (tonnes)	2018 (tonnes)	2017 (tonnes)
10,517,261	10,162,953	10,413,540

Evidence Reviewed

Interviews with management, mill tour, review of Indonesian Government fiber capacity certification and review of log consumption data.

Findings

This indicator was developed to provide transparency over the Kerinci mill's fiber consumption. Although the mill only uses plantation fiber, increases in capacity have the potential to put additional pressure on remaining natural forests until such time as the mill is fiber self-sufficient.

No change in capacity was noted based on review of the mill's Indonesian Government fiber capacity certification. The reported log consumption is below the capacity threshold. Projects noted within the mill focused on efficiency (to improve fiber self-sufficiency) rather than capacity expansion. The newly constructed viscose rayon fiber factory adjacent to the pulp mill provides an alternate use for the pulp generated but does not change the mill's fiber consumption capacity.

I	Long Term Sustainability:
f.	Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS).

APRIL data for the period from January 1, 2019 – December 31, 2019

Land or licenses acquired by APRIL
No new land or licenses were acquired.

Evidence Reviewed

We reviewed a summary of fibre sources to the mill and compared this to existing Supply Partner and Open Market Supplier concession data. The fibre deliveries list was cross-checked against scale data and the type of fibre (plantation or MHW) checked on a sample basis against delivery data.

We also conducted management interviews regarding any license changes or new licenses since June 3, 2015.

Findings

A number of SFMP 2.0 commitments apply to new land or licenses acquired, including specific approaches to the identification of High Conservation Values (HCV) and High Carbon Stock (HCS) prior to development, constraints on the development of forested peatland and a commitment to free prior and informed consent by indigenous peoples and local communities prior to operations being started.

Consistent with prior years, no evidence of new land acquisition or licenses was identified. Interactive maps showing the location of existing concessions from which fiber is sourced are publicly available on APRIL's website at <http://sustainability.aprilasia.com/>.

I	Long Term Sustainability:
g.	Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands.

APRIL data for the period from January 1, 2019 to December 31, 2019

This table shows the number of tonnes of MHW deliveries to the Kerinci mill that were identified as coming from HCV, HCS or forested peatlands logged after June 3, 2015.

Wood Sources	Third party deliveries from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands.	
	2019	2018
PT. RAPP	-	-
Supply Partner	-	-
Open Market Supplier	-	-
TOTAL	-	-

Evidence Reviewed

APRIL provided detailed information on deliveries by supplier to the Kerinci mill for 2019. We cross-checked the information against scale delivery data on a sample basis to check the accuracy of the classification (plantation species or mixed hardwood), weight delivered and the source of the supply. We also conducted inspections of the Kerinci wood yard, Futong port and a number of estates and concessions to determine whether mixed hardwood was present in inventory.

Findings

This commitment focuses on the mixed hardwood (MHW) component of the wood supply. As a result of the moratorium on MHW that was announced on June 3, 2015, all MHW hardwood was eliminated from the continuing fiber supply by December 2015.

Site visits to concessions, chain of custody assessment, site inspection of the mill timber inventory and biomass inventory used for energy did not identify MHW in deliveries.

Delivery reports for the mill and fibre viewed at the mill site and Futong port indicate that deliveries are restricted to plantation species.

I	Long Term Sustainability:
h.	Ha of plantation in outgrower programs

APRIL data for the period from January 1, 2019 – December 31, 2019

Company	Ha of Livelihood Plantation		
	2019	2018	2017
PT. RAPP	4,678	3,908	1,231
Supply Partner	22,386	22,084	13,124
Total	27,064	25,992	14,355

Evidence Reviewed

Plantation areas were checked against APRIL's Landbank.

Findings

Livelihood outgrower programs offer a potential source of plantation fiber that is relatively close to the mill. Expansion of local fiber sourcing can provide economic benefits to local communities and the opportunities for expanding this source of fiber have been discussed with APRIL's independent Stakeholder Advisory Committee. While the number of hectares of plantation in outgrower programs remains relatively small (2%) relative to the overall plantation area, the amount has grown noticeably since 2017.

The larger increases in livelihood plantation were linked to the increase in the overall amount of area allocated to livelihood within concessions and, in one case, the failure of a large livelihood rubber plantation and its replacement with an acacia plantation.

II. Forest Protection and Conservation Indicators

Indicators Assessed

Four Forest Protection and Conservation Performance Indicators were assessed as follows:

II	Forest Protection and Conservation:
<i>Overall objective: To increase the amount of conservation area to at least match that of our plantations and to develop and transition toward landscape based plans for our concessions and our long term supplier concessions to protect ecosystem functions and conserve native biodiversity.</i>	
a.	Hectares and % of conservation and restoration area impacted by fire, development or encroachment
b.	Ratio of conservation area to total plantation area
c.	<ul style="list-style-type: none"> - Hectares of APRIL and supplier concessions under Ecosystem Restoration Planning Processes - Hectares of APRIL and supplier concessions that have implemented Conservation Forest Management Planning
d.	% of ecosystem restoration area with formal plans for protection and/or restoration objectives

Indicator Performance

II	Forest Protection and Conservation:
a.	Hectares and % of conservation and restoration area impacted by fire, development or encroachment

APRIL data for the period from January 1, 2019- December 31, 2019

	Conservation area ¹ as at December 31, 2019 (Ha)	Hectares and % of conservation area loss by cause ²					2018 data	
		Fire (Ha)	Development (Ha)	Encroachment (Ha)	Total (2019)	% (2019)	Total (2018)	% (2018)
PT. RAPP	69,990	1	-	2	3	0.00%	48	0.07%
Supply Partners	145,050	36	-	85	121	0.08%	136	0.09%
Ecosystem Restoration Licenses	150,711 ³	0	-	0	0	0.00%	-	0.00%
Total	365,751	37	-	87	124	0.03%	184	0.05%

¹ Conservation area includes forested and open areas, as well as small amounts of agriculture, and infrastructure and excludes conservation area under land claim.

² Conservation loss reported is only for MHW forest cover.

³ APRIL conducted spatial topology analysis over ecosystem restoration license areas in 2020 and adjusted the area to 150,711 hectares from the previously reported figure of 150,693 ha.

Evidence Reviewed

The hectares of conservation area presented above were agreed to APRIL's "Landbank", the system used by APRIL to track land use changes in PT. RAPP and Supply Partner concessions. The accuracy of the landbank data is sample checked during field inspections of PT. RAPP sectors and Supply Partner concessions and through remote audit procedures using satellite data.

Findings

No new plantation development within conservation area was identified. APRIL did however identify new encroachment activity and associated fire in conservation area during 2019, which is reflected in the data above.

Consistent with 2018, the loss of forested conservation area was minimal overall.

Potential land cover change associated with encroachment is tracked using satellite imagery and verified at the concession/ estate level.

The number of hectares of conservation that are currently forested (as opposed to agriculture, infrastructure, open area, scrub) is not separately disclosed due to the ongoing updating and improvement of data related to historic (pre-2015) encroachment activities and claims that continues to be entered into the Company's "PIMS" system, which has been developed to track the status of encroachment activities and areas subject to land claims. See additional information under Indicator VIb.

We noted that APRIL conducted restoration activities in relation to conservation area that has been encroached or burned. The restoration activities continue to exceed the amount of new encroachment and fire but are not of the scale necessary to address the historic backlog of areas requiring restoration.

2020 Opportunity for Improvement #4

An opportunity remains to develop a broad plan to address the rehabilitation, where possible, of the significant backlog of historic encroachment.

II	Forest Protection and Conservation:
b.	Ratio of conservation area to total plantation area ¹

APRIL data as of December 31, 2019

	Conservation area ¹	Total plantation area	Ratio
PT. RAPP	69,990	207,247	34%
Supply Partners	145,050	236,870	61%
Community Forestry	-	8,241	0%
Ecosystem Restoration Licenses (RER) ²	150,711 ³	-	100%
Total - December 31, 2019	365,751	448,639	82%
Total - December 31, 2018	370,070	445,660	83%

¹Conservation area for the purpose of this indicator excludes 17,943 ha of PT. RAPP and 15,643 ha of Supply Partner conservation area that is under land claim.

² Ecosystem Restoration Licenses are granted by the Indonesian Government for degraded forest areas and allow for the restoration of these sites through the implementation of long-term ecosystem restoration activities. The ecosystem restoration activities are multi-year projects involving collaboration between APRIL, civil society, NGOs and Government.

³ APRIL conducted spatial topology analysis over ecosystem restoration license areas in 2020 and adjusted the area to 150,711 hectares from the previously reported figure of 150,693 ha.

Evidence Reviewed

Recalculation of ratio based on plantation and conservation area data maintained in Landbank.

Findings

This indicator tracks progress on APRIL's commitment to establish conservation areas equal in size to its plantation areas. The ratio currently considers all conservation areas (regardless of quality) except those that are subject to land claim.

Changes in the ratio of conservation area to total plantation area occur as a result of changes in boundary measurements (particularly as a result of adjustments associated with the implementation of the Indonesian Government's FLEG requirements on peatland), as well as changes in the overall amount of land under claim. However, the overall ratio does not vary significantly from year to year. The primary adjustment in 2019 related to changes in classification of existing acacia plantations from conservation to plantation following adjustments to FLEG requirements for conservation on peatland.

Conservation area for the purpose of this indicator includes all conservation area not under land claim rather than as defined in SFMP 2.0, which requires the area to be of appropriate size, shape, connectivity, and representativeness to protect ecosystem functions and to conserve native biodiversity. The Conservation Forest Management Framework described in relation to Indicator IIC is beginning to collect the types of information that would allow for a more refined indicator over time.

II	Forest Protection and Conservation:
c.	<ul style="list-style-type: none"> - Hectares of APRIL and supplier concessions under Ecosystem Restoration Planning Processes - Hectares of APRIL and supplier concessions that have implemented Conservation Forest Management Planning

APRIL data as of December 31, 2019

	# of ecosystem restoration licenses	Hectares under ecosystem restoration planning processes
Kampar Peninsula	4 licenses	130,094 ha
Pulau Padang	1 license	20,616 ha
Total	5 licenses	150,711 ha ¹

	PT. RAPP	Supply Partners
# of concessions that have implemented Conservation Forest Management	<p>11 of 11 concessions</p> <p>69,990 ha of conservation</p>	<p>16 of 32 concessions</p> <p>100,343 ha of conservation</p>

¹ APRIL conducted spatial topology analysis over ecosystem restoration license areas in 2020 and adjusted the area to 150,711 hectares from the previously reported figure of 150,693 ha in the 2019 Sustainability Report.

Evidence Reviewed

Comparison of ecosystem restoration area to license documentation and spatial topology analysis.

There are 15 concessions within the Kampar Peninsula with four ecosystem restoration licenses. There are two concessions within Pulau Padang with one ecosystem restoration license. The reported number of hectares were agreed to Landbank.

Conservation Forest Management Framework implementation status was assessed on a sample basis through review of Conservation Forest Management action plans and mapping for individual estates and concessions.

Findings

In December 2015, APRIL announced its intention to invest up to US\$100 million in Riau Ecosystem Restoration over the next ten years to support its forest restoration and conservation initiatives. Planning activities to date have been primarily focused on ecosystem restoration licenses on the Kampar peninsula. A further plan, for the Pulau Padang ecosystem restoration license, is intended to be developed in the future learning from the finalized model developed for the Kampar peninsula.

APRIL's Conservation Forest Management Framework is a new tool developed by APRIL to build on existing high conservation value (HCV) assessment reports at the concession level and intended to draw all conservation efforts under a consistent framework, including identified threats, root causes, action plans, indicators and monitoring plans. The framework factors in conservation opportunities and threats that lie outside the boundaries of the concession,

leading to outcomes that consider the broader landscape. By 2019, the Conservation Forest Management Framework assessment process had been initiated at all concessions with historic HCV assessment reports.

II	Forest Protection and Conservation:
d.	% of ecosystem restoration area with formal plans for protection and/or restoration objectives

APRIL data as of December 31, 2019

	2019	2018	2017
# of IUCN Red Listed Species identified on Ecosystem Restoration Area	57	55	48
# of species with recovery /protection plans in place.	Still in baseline study		
Ha of Concession with formal plan	Still in baseline study		

Evidence Reviewed

Interview with the Ecosystem Restoration team and review of biodiversity information collected to date for the ecosystem restoration license areas on the Kampar peninsula area.

Findings

To date, the overall approach to species recovery and the number of species-specific recovery plans that can practically be developed remains under development. The initial focus has been on the collection of baseline biodiversity data. Formal plans have yet to be fully developed.

III. Peatland Management Indicators

Indicators Assessed

Two Peatland Management Indicators were assessed as follows:

III	Peatland Management:
<i>Overall objective: Minimize greenhouse gas emissions and impacts on peatland function by halting further development of forested peatland and developing and implementing best practices on peatland that is currently non-forested or has established plantations.</i>	
a.	# of Ha of plantation, conservation, and ecosystem restoration on peatland.
b.	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule

Indicator Performance

III	Peatland management:
a.	# of Ha of plantation, conservation, and ecosystem restoration on peatland

APRIL data as of December 31, 2019

This table shows the ratio of conservation area to plantation area on peatland.

	PT. RAPP	Communit y Fiber Plantation s	Supply Partners	Total (2019)	Total (2018)	Total (2017)
Plantation on peatland (Ha)	108,740	6,540	129,865	245,145	242,465	256,682
Conservation* on peatland (Ha)	44,515	-	99,545	144,060	146,868	146,282
Ecosystem Restoration on peatland (Ha)	150,711 ¹	-	-	150,711 ¹	150,852	150,852
Total conservation and ecosystem restoration (Ha)	195,226	-	99,545	294,771	297,720	297,134
Ratio of conservation and ecosystem restoration to plantation	1.8	-	0.8	1.2	1.2	1.2

* Conservation area includes forested and open areas as well as small amounts of agriculture and infrastructure and excludes conservation area under land claim.

¹APRIL conducted spatial topology analysis over ecosystem restoration license areas in 2020 and adjusted the area to 150,711 hectares from the previously reported figure of 150,693 ha in the 2019 Sustainability Report.

Evidence Reviewed

APRIL data was cross-checked against land use designations in Landbank. Field and remote checks were conducted at the concession level to assess the accuracy of the data supporting conservation area.

Findings

Although minor changes occurred in conservation and plantation area at the individual concession level (e.g. due to boundary adjustments) the overall ratio of conservation area to plantation area for PT. RAPP and supply partners remains relatively stable.

III	Peatland management:
b.	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule

APRIL data for the period from January 1, 2019 to December 31, 2019

	2019 IPEWG Recommendations (Meeting #11-13)	2018 IPEWG Recommendations (Meeting #9-10)	2017 IPEWG Recommendations (Meeting #5-8)
Total Recommendations	5	2	17
Number of Recommendations Addressed	2- complete 3 - in progress	2 - in progress	13 - complete 4 - in progress

Evidence Reviewed

IPEWG Meeting Summary Reports and Meeting Minutes for the year were reviewed (Meeting #11-13) to ensure all recommendations were captured. KPMG PRI confirmed the status of a sample of current and prior year recommendations through review of various types of evidence, including presentation materials, results of studies and analyses performed.

Findings

In 2019, IPEWG published a report for management summarizing its progress in the four years since its formation in 2016

Three of five new (2019) recommendations remain in progress as a result of delays in stakeholder engagement activities due to COVID-19.

Two recommendations from 2018 remain in progress. The first recommendation relates to APRIL developing an overarching plan with strategies for establishing native species in restoration areas at scale. The second recommendation relates to customizing the Plantation Simulator to forecast a series of scenarios for reducing peatland emissions, for which a draft paper has been prepared but field trials to verify impacts have yet to be completed.

Four recommendations from 2017 remain in progress relating to research collaboration with government, national universities and engaging NGOs on fire suppression in peatlands, wetlands breeding and high water table trials. The recommendations previously on hold from 2017 relate to the use of LIDAR, where APRIL has identified a better value alternative data acquisition strategy in the short term and therefore are considered completed.

IV. Continuous Reduction of Carbon Footprint Indicators

Indicators Assessed

Two Continuous Reduction of Carbon Footprint Indicators were assessed as follows:

IV	Continuous reduction of carbon footprint:
<i>Overall objective: Reduce the lifecycle GHG emissions footprint of our products by increasing mill energy efficiency and use of renewable fuel sources and establishing an accurate baseline for land based emissions from which to initiate emission reductions.</i>	
a.	% of mill energy consumption by energy source.
b.	Overall carbon footprint

Indicator Performance

IV	Continuous reduction of carbon footprint:
a.	% of mill energy needs met by energy source.

APRIL data for the period from January 1, 2019 – December 31, 2019

Energy Consumption	Mill energy use (TJ)	
	2019	2018
Fossil fuel energy consumption	20,963	17,090
Biomass energy consumption	78,702	71,670
Total energy consumption	99,665	88,760
% of external energy needs met from biomass	79%	81%
% of external energy needs met from fossil fuel	21%	19%

Evidence Reviewed

Review of energy calculations and assessment of the plausibility of assumptions. Data sources were reviewed and observed and reported data was agreed to SAP systems, inventory systems and spreadsheets developed for the Kerinci pulp and paper mill as applicable.

Findings

Total energy needs of the mill increased in 2019 as a result of switching to more dissolving pulp production. This increase was primarily achieved through additional biomass use, which increased by 10% in 2019. However, the energy produced from fossil fuels also made up 35% of the increase in total energy consumption, primarily through additional coal consumption.

IV	Continuous reduction of carbon footprint:
b.	Overall Carbon Footprint 2019

APRIL data for the period from January 1 – December 31

Emissions Source	2019	2018
Mill Scope 1 GHG Emissions	2,094,481*	1,650,893
Mill Biogenic Emissions	7,756,438	7,117,901
Fiber operations Scope 1 GHG emissions	In Progress - Draft	In Progress - Draft
Land use biogenic emissions	In Progress - Draft	In Progress - Draft

** Reported emissions are based on Scope 1 (fossil fuel) emissions for the mill site and exclude biogenic (CO₂) emissions from the burning of biomass. Scope 2 (energy indirect) emissions are not relevant as APRIL does not procure electricity, heat or steam for the mill site. Scope 3 (other indirect) emissions are not calculated.*

Evidence Reviewed

KPMG PRI reviewed APRIL's GHG Emissions methodology. The completeness of emissions sources was assessed via a mill site tour. The appropriateness of emission factors and assumptions were assessed through review of the GHG calculation for accuracy and consistency with third-party sources and methodologies. Data sources were reviewed and observed and reported figures were agreed to internal accounting systems, inventory systems and pulp and paper production tracking systems as applicable.

Findings

Mill GHG emissions and emissions intensity all increased in 2019 with an overall increase in Scope 1 emissions of 27% resulting from increased use of coal to meet increased energy demand for the production of dissolving pulp, which is used to feed the new Asia Pacific Rayon plant beside the pulp mill complex.

Mill biogenic emissions are the carbon dioxide component of emissions associated with the use of biomass (primarily bark and black liquor) as an energy source. Energy sourced from biomass increased by approximately 10% in 2019.

APRIL continued to make progress toward the ability to report land use emissions in 2019, with the development of a methodology and planned verification of emissions estimates in 2020.

V. Proactive Support of Local Communities Indicators

Indicators Assessed

Eight performance indicators on Proactive Support of Local Communities were assessed as follows:

V	Proactive support of local communities:
Overall objective: To continually seek opportunities to consult and align with the interests of communities.	
a.	<ul style="list-style-type: none"> - Total \$ spent on social infrastructure projects. - KMs of road built. - # of social infrastructure projects completed. - # of social infrastructure projects for which materials were provided
b.	Contribution to local GDP
c.	# of education scholarships provided
d.	# of SMEs contracted by APRIL and suppliers
e.	Actions arising from multi-stakeholder forums
f.	# of villages in fire free village program
g.	# of farmers trained to cultivate farmland
h.	# of farmer groups supported with agricultural material

Indicator Performance

V	Proactive support of local communities:
a.	<ul style="list-style-type: none"> - Total \$ spent on social infrastructure projects - KMs of road built - # of social infrastructure projects completed - # of social infrastructure projects for which materials were provided

APRIL data for the period from January 1, 2019 – December 31, 2019

Social Infrastructure Projects	PT. RAPP	Supply Partners	Total 2019	Total 2018	Total 2017
Total \$ spent on social infrastructure projects	\$201,827	\$78,173	\$280,000	\$288,540	\$141,769
KMs of road built	0 km			0 km	3.5 km
# of social infrastructure projects completed	9	6	15	15	27
# of social infrastructure projects for which materials were provided	126	21	147	616	112
# of infrastructure projects for which equipment were provided	28	218	246		262

Evidence Reviewed

APRIL provided a breakdown of social infrastructure projects undertaken by PT. RAPP and Supply Partners. On a sample basis, we traced the information back to proof of project completion through signed agreements with the local village, evidence of payment or physical inspection of the projects.

Findings

Social infrastructure projects include the building of schools, mosques, village centers, sports arena, community halls, roads and related facilities and materials to support the social, cultural, religious and other activities and needs of local communities. The projects are supported by signed contracts acknowledging completion with the heads of villages in which the projects were completed.

Materials provided include materials to complete the construction of projects (e.g. cement) and equipment, which includes computer equipment, school furniture and sports equipment. Total dollar spent includes the above as well as sponsorship of community events.

Overall activity levels remain similar in 2019 to 2018.

Good Practice

In prior years we have noted an opportunity to align community development initiatives across supply partners in order to achieve greater impact. With the development of APRIL's 2030 targets in relation to the UN Sustainable Development Goals, it is expected that community development initiatives will become more closely aligned across suppliers and more closely driven by regional development needs.

V	Proactive support of local communities:
b.	Contribution to local GDP

APRIL data for the period from January 1, 2019- December 31, 2019

	Contribution to local GDP
APRIL Group Riau Complex	A GDP Report study conducted by University of Indonesia (LPEM FEB UI) was published in July 2019.

Evidence Reviewed

Review of the report prepared for Royal Golden Eagle Group by the Institute of Economic and Social Research – Faculty of Economics and Business, University of Indonesia.

Findings

This indicator is intended to provide a high-level view of regional economic progress for Riau province, where the Kerinci mill site and most of APRIL's fiber supply are located.

The objective of the study was to analyze the macroeconomic and fiscal impacts of APRIL's presence in the Regency of Pelalawan, Riau Province. The study was conducted for the period of 2015-2018. Specifically, the objectives of the study were to:

- Analyze APRIL's contribution in creating output, value added (Gross Regional Domestic Product/GRDP), household income, and employment opportunity in the area of Riau province, Pelalawan, Siak, Kuantan Singingi, and other regencies/cities within Riau province.
- Analyze fiscal contribution (fiscal revenue) of APRIL paid to central, provincial, producing regency, and non-producing regencies/cities governments.
- Analyze the impact of community development (CD) programs conducted by APRIL

The report estimates APRIL's contribution as 4.99% of Riau province's GDP. The overall contribution to GDP from 1999-2018 is an increasing trend although the relative contribution to GDP began to decline from 2008-2018.

V	Proactive support of local communities:
c.	# of education scholarships provided

APRIL data for the period as of December 31, 2019

# of education scholarships provided	PT. RAPP	Supply Partners	Total
# of SMA (high school) Scholarships Provided	300	1	301
# of Talent Pool Scholarships Provided	9	-	9
# of University Scholarships Provided (beside Talent Pool)	120	-	120
Total Scholarships Provided (2019)	429	1	430
Total Scholarships Provided (2018)			417
Total Scholarships Provided (2017)			431

Evidence Reviewed

APRIL provided a breakdown of all scholarships granted by PT. RAPP and Supply Partners valid as of December 31, 2019. On a sample basis, we traced the information back to scholarship agreements signed by both the company representative and the student.

Findings

The 3 types of scholarship provided were:

- SMA (high school) scholarships which provide monetary support to students completing their high school diploma;
- Talent Pool scholarships which provide monetary support to students completing university programs and include a job with APRIL upon graduation; and,
- University scholarships which provide monetary support to students completing university programs but do not lead to a position with the company.

The number of scholarships provided has remained relatively stable over the last 3 years.

V	Proactive support of local communities:
d.	# of SMEs contracted by APRIL and suppliers.

APRIL data for the period from January 1, 2019 - December 31, 2019

Wood Sources	# of SMEs contracted
PT. RAPP	225
Supply Partners	97
Total (2019)	322
Total (2018)	333
Total (2017)	242

Evidence Reviewed

APRIL provided a listing of all Small and Medium Enterprise (SME) organizations contracted by PT. RAPP and Supply Partners during the period. On a sample basis, we traced the information back to signed contracts or purchase orders for services and goods purchased by PT. RAPP and signed by both the Company and the SME.

Findings

Small and Medium Enterprises (SMEs) are suppliers to APRIL owned by individuals from local communities and in business through support from APRIL. The SME Program aims to provide opportunities for individuals within local communities to engage with APRIL through commercial activities that support the company's operations and includes up front capital and training. Areas of contracted work include supplying nursery growing media, harvesting, pallet making and transportation. The number of SMEs contracted in 2019 remains similar to 2018 and significantly higher than 2017.

V	Proactive support of local communities:
e.	Actions arising from multi-stakeholder forums <ul style="list-style-type: none"> - # of multi stakeholder forums by location - # of stakeholder attendees. - # of agreed upon actions arising from fora

APRIL data for the period from January 1, 2019 - December 31, 2019

PT. RAPP Location (Area)	Number of forums	Number of Attendees	# of agreed upon actions arising from fora
Baserah	9	348	Data not available
Buatan	4	116	
Cerenti	11	216	
Futong	3	85	
Langgam	7	116	
Logas	10	203	
Mandau	4	56	
Meranti	1	23	
Mill	5	127	
Pelalawan	6	118	
Pulau Padang	6	146	
Teso	8	158	
Ukui	2	31	
Total (2019)	76	1,743	
Total (2018)	76	1,227	
Total (2017)	79	1,666	

Evidence Reviewed

APRIL provided a listing of all community stakeholder meetings held by PT. RAPP during the period. On a sample basis, we traced the information back to a meeting summary and an attendance list.

Findings

This indicator is intended to provide transparency on the level of APRIL's activity in conducting multi-stakeholder forums where local communities can raise requests and concerns as well as the number of agreed actions arising from these forums.

For the current reporting period, APRIL requested an update to this indicator to capture more useful information on the number of agreed actions arising from stakeholder forums. While this makes for a more robust indicator, APRIL did not yet have the data gathering processes in place in 2019 to report on this new portion of the indicator in this year's report.

V	Proactive support of local communities:
f.	# of villages in fire free village program

APRIL data as at December 31, 2019

	Fire Free Village Program	Fire Resilient Communities
Number of Villages (2019)	9	9
Number of Villages (2018)	9	18
Number of Villages (2017)	18	9

Evidence Reviewed

An APRIL developed listing of villages enrolled in the Fire Free Village Program (FFVP) during the period was cross-checked on a sample basis to FFVP agreements signed between APRIL and community representatives. On a sample basis, we also inquired as to which villages received rewards.

Findings

This indicator tracks APRIL's success in expanding its FFVP to local villages located on or near APRIL and supplier concessions.

In July 2015, APRIL initiated the FFVP that worked with local villages and provided both training and financial incentives to those villages who were prepared to eliminate fire as a land-clearing tool. The initial program was carried out at villages associated with PT. RAPP plantations and conservation operations and was considered a success in terms of its ability to reduce instances of fire on adjacent areas.

There are three stages to the program for supporting communities in eliminating fire as a tool for land clearance and preparation. The three stages are:

- Fire Aware Community (FAC) - is the preliminary socialization and engagement conducted with villages before entering FFVP. Engagement events are hosted at village markets and schools.
- Fire Free Village Program (FFVP) - focuses on educating, equipping, supporting and rewarding villages that eliminate fire. Villages with no fires receive a set award while villages with under two hectares of fires receive a partial award; and,
- Fire Resilient Community (FRC) – villages that have graduated from the FFVP and are no longer eligible for rewards but continue to have ongoing engagement with APRIL. As of 2019, there are nine villages that have now moved into the FRC stage.

In 2019, three FFVP villages in the program received their full reward and five villages received half of their reward.

V	Proactive support of local communities:
g.	# of farmers trained to cultivate land
h.	# of farmer groups supported with agricultural materials

APRIL data for the period from January 1, 2019 - December 31, 2019

	PT. RAPP	SUPPLY PARTNERS	Total (2019)	Total (2018)	Total (2017)
# of farmers trained to cultivate farmland	236	0	236	202	167
# of farmers groups supported with agricultural materials	26	19	45	79	66

Evidence Reviewed

APRIL provided a listing of all farmer training sessions held by PT. RAPP during the period. On a sample basis, we traced the information back to the signed attendance list.

APRIL also provided a breakdown of farmer groups supported with agricultural materials by PT. RAPP and Supply Partners. On a sample basis, we traced the information back to signed agreements with the farmer group as evidence that they received materials.

Findings

Formal training takes place in the town of Kerinci and hands-on training is provided in the individual villages of the associated farmer group. Training provided to farmers focuses on Integrated Farming Systems (IFS) which aims to improve the skills of community farmers through agricultural initiatives such as horticulture, plantation, animal husbandry, fishing and paddy planting development. APRIL Group facilitates training, facilitation and on-going technical support to farmers.

Farming materials provided related to fertilizer, pesticide, seeds, fishing nets and cattle farming equipment.

VI. Respect the Rights of Indigenous Peoples and Communities Indicators

Indicators Assessed

Four performance indicators were assessed addressing commitments to “Respect the Rights of Indigenous Peoples and Communities” as follows:

VI	Respect the Rights of Indigenous Peoples and Communities:
<i>Overall objective: To demonstrate respect for the rights of indigenous peoples and rural communities throughout operations.</i>	
a.	# and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities
b.	Ha of APRIL and supplier concessions currently inactive due to unresolved land disputes
c.	Existence of publicly available grievance system
d.	% of grievances resolved in accordance with the grievance SOP

Indicator Performance

VI	Respect the Rights of Indigenous Peoples and Communities:
a.	# and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities

APRIL data for the period from January 1, 2019 - December 31, 2019

and % of new operations with formal agreements
No new operations were initiated.

Evidence Reviewed

Review of Landbank, fiber supply delivery information and interviews with management in relation to new operations.

Findings

This is a critical indicator of APRIL's commitment to the principle of free, prior and informed consent by indigenous peoples and rural communities to the development of any new operations.

No operations were identified on new concessions. As a result, there were no new agreements to report under this indicator.

VI	Respect the Rights of Indigenous Peoples and Communities:
b.	Ha of APRIL and supplier concessions currently inactive due to unresolved land disputes

APRIL data for Indicator VIb

Reporting Year	PT. RAPP		Supply Partners		Total
	Ha inactive	# of claimants	Ha inactive	# of claimants	Ha inactive
2019	28,249	608	74,704	320	102,953
2018	31,979	611	73,223	306	105,202
2017	31,915	593	72,163	287	104,078

Evidence Reviewed

We assessed changes in the overall level of claims since 2018, investigating significant changes. Media review was conducted to assess the completeness of claims. For resolved claims, evidence supporting the resolution of the claim (such as an MOU with the claimant) was reviewed.

Findings

The scale of new claims in 2019 remains very low (5 hectares) relative to the scale of new claims in 2018 (2,145 hectares). The number and scale of claims resolved in 2019 exceeds that for new claims. However, there remains a significant backlog of historic claims to be addressed.

The primary reason for the significant reduction in PT. RAPP claim area in 2019 is the transfer of 3,567 hectares of active claim area to “inoperable” status as part of a pilot project, reflecting the low likelihood of the area being recovered.

The net increase in claim area and claimants amongst supply partners results from the continuing process of recording historic claims in the claims database. This process was mostly complete for PT. RAPP in 2018 but remains ongoing for supply partners and led to net adjustments to historic data of 2,867 hectares in 2019.

Overall, APRIL is making progress in more accurately recording claims and the claims resolved exceed new claims on an annual basis. However, a significant backlog of claims remains.

VI	Respect the Rights of Indigenous Peoples and Communities:
c.	Existence of publicly available grievance system

APRIL data as at December 31, 2019

	PT. RAPP	Supply Partners	Open Market Suppliers
Established SOP for addressing grievances	Yes, a formal process is in place to manage grievances received during the reporting period.	Yes, processes exist in relation to grievances and are managed by the individual companies using their own SOPs.	Based on review of open market supplier due diligence checklists, only one open market supplier does not have a public SOP for grievances
Existence of publicly available grievance system	APRIL's formal grievance process is available to the public on their Sustainability Dashboard. Grievances received related to PT. RAPP or supplier operations follow this process. Supply Partner and Open Market Suppliers' own grievance systems are not publicly available.		
Status of grievance process implementation	APRIL's grievance system has been consistently socialized with management, staff and communities across PT. RAPP sectors and Supply Partner operations		Where grievance systems exist, they have not been consistently socialized with management, staff and communities

Evidence Reviewed

Review of APRIL's grievance procedures and a sample of individual company standard operating procedures for grievances. Assessment of tracking processes for both APRIL grievances and grievances submitted and dealt with at the estate/concession level.

Findings

PT. RAPP developed a publicly available grievance SOP during 2015-2016 which became available on-line as of August 30, 2016. The SOP specifies processes for responding to and resolving grievances that include:

- Duties and responsibilities of the Grievance Processing Unit (GPU) at APRIL, including the appointment of a Grievance Coordinator to manage the ongoing implementation of the Grievance Resolution SOP and coordinate progress and actions.
- The creation of a Grievance Committee to make management decisions in relation to grievances.
- Accessibility for lodging a grievance, including email, phone, mail or online.
- A set workflow for handling complaints and grievances, including timelines and an appeal process.

In addition to the publicly available grievance system, community development teams in individual sectors and concessions continue to include the management of local community concerns raised directly with the community development team as part of their day to day activities. APRIL has formalized this offline grievance system to allow for grievances to be addressed at the local level based on stakeholder feedback. These grievances are tracked in

sector / concession level grievance logbooks and are able to be monitored through APRIL's internal audit process, PT. RAPP and Supply Partner management reviews.

Updates have recently been made to grievance tracking processes at PT. RAPP Estates and monthly reporting by estates to Kerinci on the status of offline grievances is due to be implemented for 2020. A similar process has not yet been formalized for supply partners.

2020 Opportunity for Improvement #2

Processes have been implemented across both P.T. RAPP and Supply Partners to capture and address site level ("offline") grievances raised by communities.

Management has established mechanisms so that it has visibility into the type and extent of grievances occurring on P.T. RAPP Estates. However, a similar level of management visibility over the type and extent of grievances at supply partner concessions has yet to be established.

VI	Respect the Rights of Indigenous Peoples and Communities:
d.	% of grievances resolved in accordance with the grievance standard operating procedure (SOP)

APRIL data

	PT. RAPP			SUPPLY PARTNERS and OPEN MARKET SUPPLIERS*		
	2019	2018	2017	2019	2018	2017
Unresolved grievances at the beginning of the year	1	2	n/a	0	0	0
Grievances received during the year	0	4	8	0	0	0
Grievances resolved in accordance with the grievance SOP	0	5	6	0	0	0
Grievances in progress at the end of the year	1	1	2	0	0	0
% of grievances resolved	0%	83%	75%	n/a	n/a	n/a

*Data for Supply Partners and Open Market Suppliers relates only to grievances received directly by APRIL in relation to these suppliers. APRIL does not have data on the number of grievances received or resolved under individual supplier grievance systems.

Evidence Reviewed

Evidence supporting the timing of responses to grievances raised by third parties was reviewed, along with evidence of the process followed to achieve resolution.

Findings

These indicators address PT. RAPP and supplier responsiveness to grievances raised by local communities and the implementation of the grievance SOP.

There was one open public grievance carried forward from 2018. This investigation was not finalized in 2019 but was finalized by February 2020. A written report was sent to the claimant but has not been accepted yet. Review of the process undertaken by APRIL indicated that it was consistent with the grievance SOP.

There remains limited uptake by third parties of the public grievance process. At the local level, our historic discussions with local village representatives indicated a preference for addressing local level grievances with the local community development team. This has led to formalization of APRIL's "offline" grievance process managed at the sector/estate level. For the sample of grievances and requests submitted through this "offline" method we found that processes were implemented to address the requests made.

Media review indicates that there remain historic grievances with local communities that are not captured through these processes. While the grievance process was designed to address new grievances, it may also be a useful tool to address longer running grievances that are not being resolved at the sector / concession level.

VII. Responsible Practices in Our Work Places Indicators

Indicators Assessed

Four Responsible Practices in Our Work Places Performance Indicators were assessed as follows:

VII	Responsible Practices in Our Work Places:
<i>Overall objective: To provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance.</i>	
a.	# of fatalities (mill, PT. RAPP fiber, suppliers)
b.	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification
d.	Number of males and females in permanent and part-time positions

Indicator Performance

VII	Responsible Practices in Our Work Places:
a.	# of fatalities (mill, PT. RAPP fiber, suppliers)

APRIL data for the period from January 1, 2019 - December 31, 2019

	PT. RAPP - Mill	PT. RAPP – Fiber	Supply Partner	Open Market Suppliers
# of fatalities (2019)	1	2	2	Not available
# of fatalities (2018)	0	3	4	
# of fatalities (2017)	0	1	0	

Evidence Reviewed

Review of the health & safety standard operating procedure and 2019 incident database and incident reports. In addition, completeness of fatality data was assessed through a combination of site interviews and media review.

Findings

This indicator tracks work fatalities for the mill site, fiber operations and Supply Partners.

Fatalities are formally tracked and investigated for all workers, including contractors, across PT. RAPP and Supply Partner locations.

VII	Responsible Practices in Our Work Places:
b.	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors

APRIL data as at December 31, 2019

	Description of grievance mechanism in place
PT. RAPP employees	<p>A formal employee grievance standard operating procedure (SOP) is in place for raising grievances through directly raising issues with supervisors, with human resources or via Union representatives.</p> <p>In addition, there is a confidential email and phone number in place to raise issues.</p>
PT. RAPP contractor employees	<p>There is a regulated grievance mechanism in place for contractor companies. All contractor companies are required by local manpower law to create a “Company regulation” which states how HR matters (including grievances) are managed.</p> <p>For larger contractor companies who have a union in place, as required by law, they will have Collective Labor Agreement and an associated Employee Handbook with a more detailed grievance mechanism.</p> <p>PT. RAPP has a requirement in all contractor agreements for the contractor company to follow Indonesian regulations, including those related to manpower, labor and collective bargaining.</p> <p>There is also a universal confidential email and phone number in place for contractor employees to raise issues.</p>
Supply Partner employees	A regulated grievance process exists for all Supply Partners which includes conveyance of any grievance to supervisors, then to union representatives (if the employee is a union member), then to the local manpower agency as specified in their Employee Handbook (CLA).
Supply Partner contractors	A regulated grievance mechanism is required by law as specified above for PT. RAPP contractor employees.
Open Market Supplier employees	A regulated grievance processes exists for Open Market Suppliers.
Open Market Supplier contractor employees	A regulated grievance mechanism is required by law as specified above for PT. RAPP contractor employees.

Evidence Reviewed

Interviews with April staff on activities undertaken in 2019 to socialize employer and contractor grievance processes amongst PT. RAPP and suppliers, interviews at small sample of concessions and review of open market supplier due diligence findings related to grievance processes.

Findings

This indicator tracks the existence of a grievance resolution mechanism for employee and contractor workers consistent with APRIL’s commitments to responsible practices in the workplace that include respect for the

International Labor Organization's (ILO) principles, freedom of association, anti-discrimination and anti-harassment provisions.

APRIL obtains copies and ensures appropriate content of Employee Handbooks for all Supply Partners and also obtains copies of the Company Regulation for all contractor companies operating on PT. RAPP sectors as part of its standard contractor monitoring process. In addition, the existence of grievance processes is checked for Open Market Suppliers during the due diligence process. However, in the case of one Open Market Supplier, this information has not been made available (See indicator IXe related to Open Market Supplier due diligence processes for more information).

In 2019, consistent with action plans related to Opportunities for Improvement in historic KPMG reports, the HR team undertook a number of initiatives to raise awareness of the grievance processes, including clarifying and simplifying the grievance process and putting this process into a poster format that has been circulated to estates. Socialization of the updated process occurred with supply partner and PT. RAPP representatives in November 2019 and the information was presented at the annual contractor meeting for PT. RAPP and Supply Partners in December 2019.

VII	Responsible Practices in Our Work Places:
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification

This table tracks the percentage of operations that have completed some form of occupational health and safety certification by December 31, 2019:

	% of Operations Covered by OHS Certification		
	2019	2018	2017
PT. RAPP	100%	100%	83%
Supply Partners	81%	56%	17%
Open Market Suppliers	30%	30%	40%

Evidence Reviewed

APRIL provided a listing of Occupational Health and Safety (OHS) certifications for PT. RAPP, Supply Partners and Open Market Suppliers. Operations with either OHSAS 18001 certification or SMK3 Certification (in Indonesia) are considered as meeting this indicator.

We agreed new SMK3 certifications received to certificates or audit reports from Surveyor Indonesia demonstrating certification was completed in 2019.

Findings

This indicator tracks the extent to which a formal third-party certified health and safety management system is in place to address APRIL’s commitment to ensure the health and safety of workers is protected and that workers are equipped for protection against occupational health and safety hazards.

SMK3 certification is required by local law for all Indonesian companies who are either assessed as “high-risk” by the Ministry of Labor or for companies with greater than 100 workers. As of December 31, 2019, PT. RAPP had completed SMK3 certifications for all sectors. 26 out of 32 Supply Partners had completed SMK3 certifications and 3 of the continuing Open Market Suppliers at December 31, 2019 had completed SMK3 or OHSAS 18001 certification. We did note that among Open Market Suppliers, one of the suppliers that does not yet have SMK3 certification has yet to establish a timeline for certification.

In addition, to achieving corporate certification, PT. RAPP has developed a Contractor Safety Management System (CSMS) to support contractor safety improvements. PT. RAPP contractors have committed to implement the CSMS and initial implementation is occurring with a number of larger contractors.

2020 Opportunity for Improvement #3

While APRIL has invested significant effort in safety management systems and awareness that address both employee and contractor performance, there remains an opportunity to continue to build a safety culture that prioritizes safety as a mindset as a key supplement to safety through conformance to procedures.

One example of the need for a focus on safety culture observed during a field visit involved unsafe working practices at an active supply partner harvesting site. While the supply partner had achieved SMK3 certification and was following its written procedures, the workers on the site did not identify or address what should have been a very clear and significant safety concern.

In addition, **2018 Opportunity for Improvement #9** relating to isolated safety lapses amongst contractor operations remains in progress. APRIL has chosen to address this issue comprehensively through the development and implementation of a Contractor Safety Management System (CSMS). As of September 2020, the CSMS is in progress. The CSMS process has been finalized and criteria developed for different sizes of contractors and different risk levels which have been derived from SMK3. Templates for contractors to document their processes have been developed. The process was socialized with contractors in December 2019. The next phase involves implementation by contractors and due diligence checks by APRIL but was delayed as a result of the COVID-19 pandemic. Going forward the checks are intended to apply to all contractors on an annual basis

VII	Responsible Practices in Our Work Places:
d.	# of males and females in permanent and part-time positions

As at December 31, 2019

	Male		Female		Total
	Employees ¹	Contractors	Employees ¹	Contractors	
Mill	2910	6892	317	707	10,825
Fibre	3045	9510	416	3002	15,973
Supply Partner	1599	5966	109	1488	9,162
Percentage Female (2019)	17%				
Percentage Female (2018)	22%				
Percentage Female (2017)	21%				

¹ APRIL employees include both permanent and short-term employees.

Evidence Reviewed

APRIL provided a listing of all employees and contractors for the PT. RAPP mill, PT. RAPP fibre operations and Supply Partners. We inquired with the Human Resources Department as to how employment data is maintained by mill, fibre and Supply Partners and confirmed the accuracy of the data provided on a sample basis by reference to HR system, contracts and/or ID cards.

Findings

While the 2019 data indicates a decline in the percentage of female workers, this is actually a reflection of better data rather than a decline in the percentage of females. In prior years, some of the data for contractor operations was estimated. For the 2019 data, APRIL completed processes to gather actual data from contractors and updated the percentage of female workers accordingly. The initiative to improve the underlying data arose out of a previous KPMG Opportunity for Improvement related to the use of estimated data for some contractors.

VIII. Legal Compliance and Certification Indicators

Indicators Assessed

Three Legal Compliance and Certification Performance Indicators were assessed as follows:

VIII	Legal Compliance and Certification:
<i>Overall objective: To go beyond legal compliance toward achieving sustainable forest management.</i>	
a.	# of Instances of fire on concessions by cause (APRIL or supplier initiated, or third party initiated)
b.	% of fiber covered by legality certification
c.	# of legal sanctions received and resulting actions

Indicator Performance

VIII	Legal Compliance and Certification:
a.	# of instances of fire on concessions by cause (APRIL initiated, supplier initiated, or third party initiated)

APRIL data for the period from January 1, 2019 - December 31, 2019

	# of instances caused by APRIL or supplier	# of instances caused by third parties
a. PT. RAPP	0	2
b. Supply Partner	0	8
Total (2019)	0	10
Total (2018)	0	37
Total (2017)	0	36¹

¹in addition to 36 instances of fires caused by suppliers in 2017, partial Open Market Supplier data was available in 2017 indicating an additional 34 fires caused by third parties. This data was not available for subsequent years.

Evidence Reviewed

An APRIL developed listing of fires during the period on PT. RAPP and Supply Partner concessions was cross-checked on a sample basis to fire incident reports and, in some cases, field inspections. Land cover change data was sampled to assess the completeness of the fire listing.

Findings

Fire management is a critical element of APRIL's compliance commitments. This indicator tracks the number of instances of fire that occur on APRIL and supplier concessions and the associated cause of the fires.

APRIL maintains an active fire suppression program to address instances of fire on concessions. As a result of the fire suppression program the total hectares lost to fire on PT. RAPP and its long-term supplier concessions remained at a low level during the reporting period, being limited to 139 hectares.

It should be noted that at the current time, fire data does not include Open Market Suppliers and is therefore incomplete.

Good Practice

APRIL has had significant success in maintaining low levels of fire on its concessions.

VIII	Legal Compliance and Certification:
b.	% of fiber covered by legality certification

APRIL data as at December 31, 2019

Supplier	Percentage of Kerinci mill fiber inputs between January 1, 2019 - December 31, 2019	Legality Certification	Types of certification ¹
PT. RAPP	42.37%	Yes	PHPL, IFCC and VLK
Supply Partners	32.68%	Yes	PHPL and IFCC
Open Market Supplier	23.27%	Yes	PHPL, IFCC, VLK or FSC Controlled Wood
Community Fiber Plantations	1.68%	Yes	DKP IFCC

¹Indonesian wood legality certifications and FSC Controlled Wood (for supply from Malaysia).

Evidence Reviewed

Recalculation of the percentage of fiber input from each supply source based on 2019 fiber input data.

Sample based checking of legality certifications for individual suppliers.

Findings

The indicator tracks the existence of third-party compliance mechanisms for checking wood legality requirements for APRIL's fiber supply.

Consistent with the prior year, all APRIL's supply sources had at least one form of legality certification. This was primarily Indonesian wood legality certification, with a small proportion (1.39%) of fiber supply being sourced from Malaysia and carrying FSC controlled wood certification.

VIII	Legal Compliance and Certification:
c.	# of legal sanctions received and resulting actions

APRIL and Supply Partner data as at December 31, 2019

No.	Date Issued	Govt Agency	Legal Entity	Issue	Operational Status	Sanction Status
#1	1-Jun-17	MOEF	PT RAPP	Government Regulation on Utilization of Hazardous Waste No. 101/2041 Article 54 para 2a and 3c - stop sludge burning at Kerinci mill	Mill has suspended burning of sludge since 2017.	Historic - Open
#2	Oct-17	MOEF	PT. RAPP	No. SK. 5305 / Menlhk-PHLHK / PPSA / GKM.0 /10/2017 (Pelalawan) - temporarily stop operational activity	Remedial work completed. Sanction lifted as of September 2019.	Historic - Closed
#3	Dec-17	MOEF	PT. SRL	No. SK. 6908 / Menlhk-PHLHK / PPSA / GKM.0 / 12/2017 (Blk IV) - temporarily stop operational activity	New RKU approved 2 February 2018.	Historic - Open
#4	12-Jul-19	MOEF	PT. RAPP	SK 6267/Menlhk-PHLHK/PPSA/GKM.0/7/2019 (12 Juli 2019) - managing hazardous waste at Kerinci mill	Action plan completed to address sanction and under review.	Current - Open

Evidence Reviewed

We reviewed sanctions documentation received by the company and evidence of actions taken.

KPMG also performed a media review to determine the completeness of reported sanctions.

Findings

Items #1, #2 and #3 above have been addressed operationally, although, only item #2 has been officially closed.

Item #4 relates to an inspection by representatives from the local authority which identified non-compliances related to PT RAPP's monitoring of air emissions and solid waste management. This resulted in an administrative sanction. PT RAPP worked with the local authority to develop corrective action plans in accordance with relevant environmental regulation and standards and regularly reported on progress to the authorities.

IX. Good Corporate Governance, Verification and Transparency Indicators

Indicators Assessed

Four Good Corporate Governance, Verification and Transparency Performance Indicators were assessed as follows:

IX	Good Corporate Governance, Verification and Transparency:
<i>Overall objective: To implement best practices in corporate governance and transparency.</i>	
a.	Total area and HCV/HCS area by concession publicly available
b.	% of RAPP and supplier concessions identified and maps publicly available.
c.	Status of SAC Recommendations
d.	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery

Indicator Performance

IX	Good Corporate Governance, Verification and Transparency:
a.	Total area and HCV/HCS area by concession publicly available.

APRIL data as at December 31, 2019

Supplier	# of HCV Reports Publicly Available
PT. RAPP	11 of 11
Supply Partners	16 of 32
Open Market Supplier	7 of 9 continuing suppliers

** Located on the APRIL sustainability portal.*

Evidence Reviewed

Comparison of HCV report data available on APRIL's sustainability portal with the current supplier list.

Findings

This indicator tracks the public availability of HCV information by concession/sector.

The information on HCV area by concession is based on existing HCV reports that pre-date the SFMP 2.0 commitment to use HCV Resource Network licensed assessors for all HCV reports.

All PT. RAPP sectors have HCV information available. For sectors established prior to the HCV process, draft HCV information is presented. The draft information is being used as an input to landscape level plans currently being developed for each sector rather than to support the development of a new HCV report.

Supply Partner HCV reports are available where completed. Supply partners that do not have an HCV report developed their concessions prior to APRIL's HCV commitment.

Of the two Open Market Suppliers with no public access to an HCV report, one has a report developed under the Malaysian Government's land use planning process that addresses equivalent information and the other has no new development planned.

IX	Good Corporate Governance, Verification and Transparency:
b.	% of RAPP, Supply Partner and Open Market Supplier concession maps publicly available.

APRIL data for the period from January 1, 2019 – December 31, 2019

Indicator	Status
Publicly available supplier list	A supplier list has been published on the APRIL Sustainability Dashboard
% of concession maps publicly available	Supply Partners: 100% Open Market Suppliers: 100%

Evidence Reviewed

Comparison of suppliers that delivered wood in 2019 to the supplier list and concession maps available on the APRIL Sustainability Dashboard.

The information on the Sustainability Dashboard was accessed on the following website:
<https://sustainability.aprilasia.com/en/april-fiber-supply-source/>.

Findings

These indicators track the public availability of information identifying APRIL's suppliers as well as availability of APRIL and supplier concession location maps.

A supplier list has been published on the APRIL Sustainability Dashboard. Current suppliers were noted as being included within the listing.

An Interactive map tool on the APRIL Sustainability Dashboard includes all RAPP sectors and a further 32 Supply Partners (100%) at the time of the review. There was a total of ten Open Market Suppliers that delivered to APRIL during the year but the website updates monthly to only have the maps for current suppliers. At the time of reporting, nine Open Market Suppliers have maps available for review, consistent with current supply sources.

The APRIL Sustainability Dashboard also includes an interactive map of concessions that provides their general locations.

IX	Good Corporate Governance, Verification and Transparency:
c.	Status of Stakeholder Advisory Committee (SAC) Recommendations

APRIL data for Indicator IXc.

The table below is the implementation status of SAC recommendations as of December 31, 2018 and December 31, 2019. These recommendations were raised during the 17 SAC meetings that took place between March 21, 2014 and December 31, 2019.

	As of December 31, 2019	As of December 31, 2018
Status of Recommendations	#	#
Cumulative number of recommendations and Guidance comments to date	197	153
Implemented	(77)	(70)
Consolidated	(29)	(23)
Guidance only	(56)	(35)
No Longer Applicable	(7)	(7)
Remaining number of recommendations	28 11 in development 17 in progress	18 5 in development 13 in progress

Evidence Reviewed

APRIL maintains a list of the Stakeholder Advisory Committee (SAC) recommendations from each of the 17 SAC meetings to date in which all recommendations are assigned a timeline for completion, a priority level and a status as of December 31, 2019. KPMG PRI reviewed the status of actions taken and compared this to available data and our knowledge of the implementation status based on the work performed during our assurance engagement.

Findings

The SAC is an independent committee of forestry and social experts and was established in January 2014 in order to oversee the implementation of APRIL Group's Sustainable Forest Management Policy (SFMP). The SAC provides recommendations and inputs related to SFMP 2.0 implementation which are reported in the SAC Meeting Reports available online on APRIL's sustainability dashboard (<http://sustainability.aprilasia.com/category/sac-meeting-reports/12>).

As of December 31, 2019, there have been a total of 141 actionable recommendations or sub-recommendations. During 2019, the SAC met three times and generated 44 new recommendations and guidance comments. The seven recommendations categorized as "No Longer Applicable" are primarily related to cost constraints associated with the recommended action or no longer apply due to changes in APRIL's regulatory and operational environment. These recommendations will be re-visited and updated by the SAC at future meetings.

IX	Good Corporate Governance, Verification and Transparency:
d.	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery

APRIL data for the period from January 1, 2019 – December 31, 2019

	2019	2018	2017
% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery	N/A no new suppliers	100%	75%

Evidence Reviewed

Review of APRIL’s SFMP 2.0 Compliance SOP, supplier due diligence reports, new supplier contract sign-offs and supplier delivery data by month.

Findings

APRIL’s SFMP 2.0 Compliance SOP was initiated in November 2016, began socialization with Open Market Suppliers in March and April 2017 and was approved in May 2017. Following approval, consequent changes to supplier contractual requirements were made in June 2017 and the data collection process was initiated for Open Market Suppliers.

As there were no new suppliers in 2019, no new due diligence processes were required. However, field inspection at one Open Market Supplier in 2020 identified weaknesses in the completion of the due diligence process. Additionally, one existing supplier that had not provided adequate data to support monitoring historically was able to re-contract in 2019 in the absence of sufficient data to support effective monitoring. Due diligence data from APRIL’s Open Market Supplier due diligence system indicates continuing significant gaps in the due diligence data provided by this open market supplier.

Under the Open Market Supplier due diligence process, there is a requirement for annual audits of Open Market Suppliers. This process was expected to be implemented in 2020 but has been delayed as a result of the COVID-19 pandemic.

2020 Opportunity for Improvement #1

APRIL’s Open Market Supplier due diligence process has expanded over time to capture data necessary to monitor SFMP 2.0 compliance and this process has been implemented with suppliers. However, in 2019, one Open Market Supplier was able to re-contract with APRIL during the year in the absence of land-use data necessary to support effective monitoring and the data that has been provided to demonstrate the absence of new development is of limited value in the absence of an APRIL field visit to verify its accuracy. A field visit has yet to take place.

2020 Opportunity for Improvement #5

Field inspections and interviews of open market supplier due diligence processes identified weaknesses in the completion of these processes, which did not identify the following weaknesses at one Open Market Supplier that are expected to be captured by the due diligence process as follows:

- the existence of active land disputes.
- the fact that the labor complaint SOP had not been communicated to contractors.

X. SFMP 2.0 Addenda

Indicators Assessed

One Performance Indicators was assessed in relation to the SFMP 2.0 addenda as follows:

X	Addenda to SFMP 2.0:
<i>Overall objective: To address Sustainable Forest Management Topics of increasing importance since the development of SFMP 2.0 in 2015.</i>	
a.	% of concessions not using WHO Class 1a or 1b pesticides

Indicator Performance

X	Addenda to SFMP 2.0:
a.	% of concessions not using WHO Class 1a or 1b pesticides

APRIL data for the period from January 1, 2019 – December 31, 2019

	2019	
	PT. RAPP	Supply Partners
% of concessions not using WHO Class 1a or 1b pesticides	100%	100%

Evidence Reviewed

Review of pesticide manifests for a sample of concessions and Estates as well as field inspection of a sample concession to compare the pesticide manifest to the chemicals stored on site.

Findings

This is a new indicator for 2019 based on a commitment made in the SFMP 2.0 addenda issued in February 2018.

World Health Organization (WHO) Class 1a and 1b pesticides are those pesticides classified as extremely hazardous or highly hazardous based on their toxicity. No evidence was identified of these chemicals being in use on concessions / estates in 2019 based on our sample of sites.

Appendix 1: SFMP 2.0



APRIL Group's Sustainable Forest Management Policy 2.0

3 June 2015

APRIL Group (APRIL) is committed to sustainable development in all locations where we operate by implementing best practices in social, environmental and economic spheres as guided by our business philosophy that whatever we do must be "Good for the Country, Good for the Community, and Good for the Company".

We commit to eliminating deforestation from our supply chain and to protecting the forest and peatland landscapes in which we operate and to supporting best practice forest management in all countries where we source wood. We commit to respecting human rights and environmental aspects throughout our wood supply chains. Our goal is to be a good and responsible neighbor in the local, national and global community.

APRIL's Sustainable Forest Management Policy (SFMP) 2.0 was developed with inputs from APRIL's Stakeholder Advisory Committee (SAC) and key stakeholders from civil society. This Policy is an evolution of APRIL's SFMP 1.0, launched on 28 January 2014. This Policy incorporates the Royal Golden Eagle (RGE) Sustainability Framework¹.

The commitments made in this document apply entirely and exclusively to APRIL, which is an independently managed company with operations in Indonesia. It also covers all current and future wood suppliers to APRIL as well as any future acquisitions or partnerships.

I. Long Term Sustainability:

APRIL's objective is to establish sustainable plantations that supply wood to its mill, provide employment opportunities and economic wellbeing for the community. APRIL and its suppliers will take a landscape approach to conservation of forest, peatland and other important environmental and social values.

- a. Effective immediately, APRIL and its suppliers will only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments;
- b. APRIL and its suppliers will actively protect HCV and HCS areas;
- c. APRIL and its suppliers will follow the HCS Approach as prescribed by the HCS Approach Steering Group;
- d. APRIL and its suppliers will use HCV Resource Network (HCVRN) licensed assessors; if such assessors are unavailable, APRIL will refer to SAC for recommendations of HCV assessors;
- e. To achieve the above, APRIL will seek partnership with relevant stakeholders (NGO, government, companies, local communities and conservation experts) in protecting and managing forests within the landscape where APRIL operates;
- f. APRIL will practice integrated conservation and forest management which incorporates findings from HCV, HCS, social assessments, and on peatland areas, inputs from the Peat Expert Working Group (PEWG);

¹ Refer to Royal Golden Eagle's website at <http://rgei.com/sustainability/sustainability-framework>

- g. By 15 May 2015, APRIL and its suppliers halted all harvesting of mixed hardwoods². Mixed hardwoods harvested before 15 May 2015 will be utilized by APRIL's mill before end December 2015;
- h. Any residual fibre cleared from non-forested land, as defined by HCV and HCS as scrub land, will be utilized by APRIL's mill;
- i. APRIL will not establish a new pulp mill and/or a new pulp line until it achieves plantation fibre self-sufficiency.
- j. APRIL will not acquire any new land, or forestry licenses; or receive wood from land licensed to third parties, where after 3 June 2015 the seller has knowingly cleared HCV or HCS forests or forested peatlands³. This shall not apply to acquisition of land or licences for the purposes of restoration or conservation activities under clause II.d of this Policy.

II. Forest Protection and Conservation:

APRIL enforced a moratorium on natural forest clearance pending the outcome of High Conservation Values (HCV) and High Carbon Stock (HCS) assessments by 15 May 2015. This moratorium also applies to all third-party wood suppliers to APRIL.

- a. APRIL and its suppliers support the conservation and ecosystem restoration of natural forests, and forested peatlands, and other ecologically, hydrologically and culturally important areas where APRIL operates;
- b. APRIL and its Long-Term Supply Partners currently protect and manage more than 250,000 hectares of conservation areas and 70,000 hectares of ecosystem restoration areas;
- c. APRIL will undertake landscape scale assessments and apply a landscape approach to optimize forest conservation and other land uses;
- d. APRIL will establish conservation areas equal in size to APRIL's plantation areas⁴.

III. Peatland Management:

APRIL will implement best practices on peatland management which support the Government of Indonesia's target to reduce greenhouse gas emissions, and maintain other conservation values.

- a. No new development by APRIL and its suppliers on forested peatland;
- b. A Peat Expert Working Group (PEWG) will be established to provide inputs and recommendations to APRIL on:
 - Best management practices to be implemented in existing plantations on peatland;
 - Actions required to ensure conservation of forested peatland and critical peatland landscape;
 - Development options for non-forested peatland;
- c. The recommendations from PEWG will enable APRIL to implement international best practice for tropical peatland to protect areas of forested peatland and to reduce GHG emissions;
- d. Pending input from PEWG:
 - No canals will be constructed where new plantation development is taking place on peatland;

² Under the *de minimis* rule, small isolated areas within existing plantation concessions could be harvested only if they are not classified as HCV or HCS through the assessment process.

³ Plantation land acquisitions will be reviewed by the SAC.

⁴ The conservation areas will be of appropriate size, shape, connectivity, and representativeness to protect ecosystem functions and to conserve native biodiversity.



- Fire/flood prevention measures and maintenance of existing canals will continue in established plantation areas.

IV. Continuous Reduction of Carbon Footprint:

APRIL commits to continuous reduction of its carbon footprint.

- APRIL will continuously improve its material and energy efficiency throughout the supply chain, and optimize utilization of renewable energy;
- APRIL will increase its carbon sequestration through conservation and ecosystem restoration and continuous improvements in sustainable plantation management practices;
- APRIL will track its carbon emissions and report progress on reducing its overall carbon footprint.

V. Proactive Support of Local Communities:

APRIL will continually seek opportunities to consult and align with the interests of communities and create shared value through:

- Strengthened efforts in alleviating poverty in rural communities around APRIL's areas of operation, through creation of jobs, providing better access to quality education, community empowerment, and enhancement of rural livelihood;
- Pro-active Corporate Social Responsibility (CSR) activities especially village entrepreneurship incubations and farming systems;
- Inclusion of smallholders/Small Medium Enterprises (SME) into APRIL's supply chains, where appropriate;
- Engaging stakeholders through regular multi stakeholder forums and focus groups to obtain inputs on social issues and develop a monitoring and reporting system.

VI. Respect the Rights of Indigenous Peoples and Communities:

APRIL respects the rights of indigenous peoples and rural communities and commits to the following:

- Respect the Universal Declaration of Human Rights, national laws and ratified international treaties, on human rights and indigenous people;
- Respect of the tenure rights of indigenous peoples and rural communities;
- Respect of the rights of indigenous peoples and communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operate on lands where they hold legal, communal or customary rights prior to commencing any new operations;
- No tolerance for the use of violence, intimidation or bribery;
- To ensure that relevant international best practices in FPIC are followed, APRIL will actively engage with stakeholders, including communities, government, customers and civil society at the local, national and international levels;
- Resolution of complaints and conflicts through mutually agreed, open, transparent and consultative processes that respect customary rights;
- To develop Standard Operating Procedures (SOP) and maintain processes for the responsible handling of the list of all complaints from communities and other relevant stakeholders. These processes will be developed, updated, improved, monitored and reported to the SAC and other relevant stakeholders.



VII. Responsible Practices in Our Work Places:

APRIL commits to provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance, by ensuring specifically that:

- a. International Labour Organization's Declaration on Fundamental Principles and Rights at Work is respected;
- b. Recruitment best practices are in place, meeting all legal requirements and cultural practices, including proactive recruitment of qualified workforce from local community;
- c. Freedom of association is respected;
- d. Diversity within its workforce is respected;
- e. If provided as part of employment package, accommodation is safe and hygienic;
- f. The health and safety of workers is protected. APRIL shall equip workers to protect them from exposure to occupational health and safety hazards;
- g. No tolerance is given for child labour, forced labour or bonded labour;
- h. No tolerance is given for discrimination, harassment and abuse in any form.

VIII. Legal Compliance and Certification:

APRIL goes beyond legal compliance toward achieving Sustainable Forest Management (SFM).

- a. APRIL reaffirms its commitment to comply with all prevailing laws and regulations, and requires all its wood suppliers to do so;
- b. APRIL participates in global SFM certification schemes and encourages its wood suppliers to do the same;
- c. APRIL currently has and will continue to maintain timber legality assurance certification;
- d. APRIL has strict "No Burn" policy and will follow the National legal requirement addressing impact of fires. APRIL will continue to support fire prevention and fire fighting efforts across the landscapes in which it operates;
- e. APRIL has a robust Chain of Custody (CoC) tracking system and mill wood sourcing monitoring system to ensure all the wood is traceable back to source.

IX. Good Corporate Governance, Verification and Transparency:

APRIL commits to best practices in good corporate governance and transparency.

- a. APRIL will maintain a Stakeholder Advisory Committee (SAC), established in 2014, to ensure transparency and implementation of this SFMP including appointment of an independent verification auditor;
- b. APRIL will establish a transparent, responsive grievance mechanism with input from stakeholders that is readily accessible to stakeholders and will respond to grievances in a timely and transparent way;
- c. APRIL will provide regular progress update on the implementation of APRIL's SFMP to key stakeholders;
- d. APRIL will work collaboratively with Government, industry associations and other stakeholders to support sustainable development including national and local regulatory reform to improve spatial planning, incentivize forest conservation, support role out of "One Map" initiative by the Indonesian Government and promote the utilization of degraded lands.



Addenda to SFMP 2.0

a. Invasive Species Policy

APRIL and its suppliers commit to regular monitoring to identify any spontaneous regeneration, unusual mortality, diseases, insect outbreaks or other adverse ecological impacts. There are clear operational procedures defining effective management actions to control invasive species from sites in which they may regenerate.

Invasive Species Policy

b. Genetically Modified Organism Use Policy

APRIL declares that no GMOs are used or are present in license areas or areas where research takes place under the company's direct or indirect responsibility.

Genetically Modified Organism Use Policy

c. Pesticides and Other Hazardous Materials Use Policy

APRIL is committed to not using any restricted materials as listed in Annex 3 of the IFCC Standard 2013, the World Health Organisation Type Ia or Ib (2013), the Stockholm Convention (2016) and the Rotterdam Convention (2015).

Pesticides and Other Hazardous Materials Use Policy

d. Commitment to Protect Species of Conservation Concern

APRIL and its suppliers commit to protecting rare, threatened and endangered species and their habitats that are present within operational areas using the best information available. This includes reference to the IUCN Red List, Indonesian Regulation and relevant International Conventions ratified by the Republic of Indonesia including CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) and the Convention on Wetlands

Appendix 2: Summary of Indicators

I	Long Term Sustainability:
Overall objective: <i>By increasing the productivity of our own plantations and those of our suppliers on our existing plantation footprint and eliminating mixed hardwood from natural forest from our supply chain.</i>	
a.	Tonnes and % of fiber supply by region (PT. RAPP, Suppliers, (concessions, community forests)
b.	# of Ha developed by category (Forested, Non-Forested and HCV ¹ /HCS ² and non-HCV/HCS)
c.	# of PT. RAPP and supplier non-compliant new development detected and the % of non-compliances resulting in corrective action
d.	# of tonnes mixed hardwood (MHW) deliveries utilized by the Kerinci mill
e.	% Change in mill fiber consumption capacity
f.	Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS)
g.	Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands
h.	Ha of plantation in outgrower programs
II	Forest Protection and Conservation:
Overall objective: <i>To increase the amount of conservation area to at least match that of our plantations and to develop and transition toward landscape based plans for our concessions and our long term supplier concessions to protect ecosystem functions and conserve native biodiversity.</i>	
a.	Hectares and % of conservation and restoration area impacted by fire, development or encroachment
b.	Ratio of conservation area to total plantation area
c.	<ul style="list-style-type: none"> - Hectares of APRIL and supplier concessions under Ecosystem Restoration Planning Processes - Hectares of APRIL and supplier concessions that have implemented Conservation Forest Management Planning
d.	% of ecosystem restoration area with formal plans for protection and/or restoration objectives

III	Peatland Management:
<i>Overall objective: Minimize greenhouse gas emissions and impacts on peatland function by halting further development of forested peatland and developing and implementing best practices on peatland that is currently non-forested or has established plantations.</i>	
a.	# of Ha of plantation, conservation, and ecosystem restoration on peatland.
b.	# and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule
IV	Continuous reduction of carbon footprint:
<i>Overall objective: Reduce the lifecycle GHG emissions footprint of our products by increasing mill energy efficiency and use of renewable fuel sources and establishing an accurate baseline for land based emissions from which to initiate emission reductions.</i>	
a.	% of mill energy needs met by energy source.
b.	Overall carbon footprint

V	Proactive support of local communities:
<i>Overall objective: To continually seek opportunities to consult and align with the interests of communities.</i>	
a.	<ul style="list-style-type: none"> - Total \$ spent on social infrastructure projects. - KMs of road built. - # of social infrastructure projects completed. - # of social infrastructure projects for which materials were provided
b.	Contribution to local GDP
c.	# of education scholarships provided
d.	# of SMEs contracted by APRIL and suppliers
e.	Actions arising from multi-stakeholder forums
f.	# of villages in fire free village program
g.	# of farmers trained to cultivate farmland
h.	# of farmer groups supported with agricultural materials

VI	Respect the Rights of Indigenous Peoples and Communities:
<i>Overall objective: To demonstrate respect for the rights of indigenous peoples and rural communities throughout operations.</i>	
a.	# and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities
b.	Ha of APRIL and supplier concessions currently inactive due to unresolved land disputes
c.	Existence of publicly available grievance system
d.	% of grievances resolved in accordance with the grievance SOP
VII	Responsible Practices in Our Work Places:
<i>Overall objective: To provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance.</i>	
a.	# of fatalities (mill, PT. RAPP fiber, suppliers)
b.	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors
c.	% of PT. RAPP, supplier and contractor operations covered by OHS certification
d.	Number of males and females in permanent and part-time positions

VIII	Legal Compliance and Certification:
<i>Overall objective: To go beyond legal compliance toward achieving sustainable forest management.</i>	
a.	# of Instances of fire on concessions by cause (APRIL or supplier initiated, or third party initiated)
b.	% of fiber covered by legality certification
c.	# of legal sanctions received and resulting actions
IX	Good Corporate Governance, Verification and Transparency:
<i>Overall objective: To implement best practices in corporate governance and transparency.</i>	
a.	Total area and HCV/HCS area by concession publicly available
b.	% of RAPP and supplier concessions identified and maps publicly available.
c.	Status of SAC Recommendations
d.	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery
X	Addenda to SFMP 2.0:
<i>Overall objective: To address Sustainable Forest Management Topics of increasing importance since the development of SFMP 2.0 in 2015.</i>	
a.	% of concessions not using WHO Class 1a or 1b pesticides

Appendix 3: Action Plans for New Opportunities for Improvement

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement September 2020		
Indicator I.b	# of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).	
2020 Opportunity for Improvement #1	APRIL’s Open Market Supplier due diligence process has expanded over time to capture data necessary to monitor SFMP 2.0 compliance and this process has been implemented with a number of suppliers. However, in 2019, one Open Market Supplier continues to lag in responding to information requests and allowing timely access for APRIL to complete monitoring. This supplier was able to re-contract with APRIL during the year in the continuing absence of data necessary to support effective monitoring and the data that has been provided to demonstrate the absence of new development is insufficient in the absence of an APRIL field visit, which has yet to take place.	
APRIL action plan	<p>Action:</p> <ol style="list-style-type: none"> 1. APRIL will roll out its new Due Diligence Form and Mechanism to all of its existing and new potential Suppliers, therefore APRIL will be able to check and revise the score and risk of its Suppliers. 2. APRIL will schedule a field verification to all of its existing Open Market Suppliers to test the feedback given by the Suppliers in regards to Land Cover Change Monitoring and also to check on the ground the information required by APRIL’s Due Diligence Form. 	Timeframe: July 2021
KPMG PRI Review of action plan	Accepted November 2020	

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement September 2020		
Indicator VI.f	% of grievances resolved in accordance with the grievance standard operating procedure (SOP)	
2020 Opportunity for Improvement #2	<p>Processes have been implemented across both P.T. RAPP and Supply Partners to capture and address site level (“offline”) grievances raised by communities.</p> <p>Management has established mechanisms so that it has visibility into the type and extent of grievances occurring on P.T. RAPP Estates. However, a similar level of management visibility over the type and extent of grievances at supply partner concessions has yet to be established.</p>	
APRIL action plan	Action: APRIL will share the SOP with Supply Partners and work to establish the same or similar mechanism to increase the visibility into the type and extent of grievances occurring.	Timeframe: July 2021
KPMG PRI Review of action plan	Accepted November 2020	

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement September 2020			
Indicator VII.c	% of PT. RAPP, supplier and contractor operations covered by OHS certification		
2020 Opportunity for Improvement #3	<p>While APRIL has invested significant effort in safety management systems and awareness that address both employee and contractor performance, there remains an opportunity to continue to build a safety culture that prioritizes safety as a mindset as a key supplement to safety through conformance to procedures.</p> <p>One example of the need for a focus on safety culture observed during a field visit involved unsafe working practices at an active supply partner harvesting site. While the supply partner had achieved SMK3 certification and was following its written procedures, the workers on the site did not identify or address what should have been a very clear and significant safety concern.</p>		
APRIL action plan	<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">Action: APRIL will develop a field based safety assessment and clear safety guidance from management on suppliers and contractors failing to meet the standard.</td> <td style="width: 30%;">Timeframe: March 2021</td> </tr> </table>	Action: APRIL will develop a field based safety assessment and clear safety guidance from management on suppliers and contractors failing to meet the standard.	Timeframe: March 2021
Action: APRIL will develop a field based safety assessment and clear safety guidance from management on suppliers and contractors failing to meet the standard.	Timeframe: March 2021		
KPMG PRI Review of action plan	Accepted November 2020		

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement September 2020	
Indicator II.a	Hectares and % of conservation and restoration area impacted by fire, development or encroachment
2020 Opportunity for Improvement #4	An opportunity remains to develop a broad plan to address the rehabilitation, where possible, of the significant backlog of historic encroachment.
APRIL action plan	Action: APRIL will commit to developing a time bound rehabilitation plan for all operational areas. Timeframe: March 2021
KPMG PRI Review of action plan	Accepted November 2020

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement September 2020		
Indicator IX.d	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery	
2020 Opportunity for Improvement #5	Field inspections and interviews of open market supplier due diligence processes identified weaknesses in the completion of these processes, which did not identify the following weaknesses at one Open Market Supplier that are expected to be captured by the due diligence process as follows: <ul style="list-style-type: none"> • the existence of active land disputes. • the fact that the labor complaint SOP had not been communicated to contractors. 	
APRIL action plan	Action: 1. APRIL will roll out its new Due Diligence Form and Mechanism to all of its existing and new potential Suppliers, therefor APRIL will be able to check and revise the score and risk of its Suppliers. 2. APRIL will schedule a field verification to all of its existing Open Market Suppliers to sample feedback given by the Suppliers in regards to Land Cover Change Monitoring and also to check on the ground the information required by APRIL’s Due Diligence Form.	Timeframe: July 2021
KPMG PRI Review of action plan	Accepted November 2020	

Appendix 4: Update on action plans for historic non-conformances

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement July 2019	
Indicator I.c	# of PT. RAPP and supplier non-compliant new development detected and the % of non-compliances resulting in corrective action (e.g., rehabilitation, implementation of agreed corrective actions, removal of supplier).
Non-Conformance #1 2019	During 2018, an Open Market Supplier undertook new development in the absence of an HCV and HCS assessment. No mixed hardwood was received from the supplier and acacia deliveries were stopped prior to the end of the year. There is no longer an active supply contract with this supplier.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • The Open Market Supplier no longer had a contract as of December 2018 • All other Open Market Suppliers were informed about the reasons for this cancelation during their visit to Kerinci and were reminded of the importance of compliance to SFMP 2.0
Status as of 2020	<p>Closed - No further deliveries occurred in 2019 from the Open Market Supplier.</p> <p>There has been active communication with Open Market Suppliers related to new development expectations and the associated Land Cover Change monitoring processes.</p>

Appendix 5: Update on action plans for historic opportunities for improvement

APRIL SFM Policy 2.0 Implementation – Final Action Plans for Opportunities for Improvement July 2019	
Indicator I.b	# of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).
Original Opportunity for Improvement: <ul style="list-style-type: none"> • #1 2019 • #1 2018 	Topic: Increasing amounts of potential Land Cover Change (LCC) amongst Open Market Suppliers that had not been verified to determine compliance with APRIL’s policies regarding new development.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • Open Market Supplier sessions were held in Kerinci to reiterate the importance of the LCC monitoring program. • Monitoring procedures were updated to increase the threshold for LCC monitoring from 1 ha to 5 ha, eliminating reporting requirements for small areas that are low risk for industrial logging activities. • Development of a joint field verification capacity to support Open Market Suppliers in verifying LCC points identified by APRIL’s monitoring. Collection of data from all Open Market Suppliers for historic (2017 and 2018) and ongoing collection of 2019 data.
Status as of 2020	Closed – The actions undertaken by APRIL address the majority of the underlying root cause. Based on actions to date a new opportunity for improvement has been raised focused on additional actions required to address Open Market Supplier LCC.
Updated opportunity for improvement based on actions to date (OFI #1 2020)	APRIL’s Open Market Supplier due diligence process has expanded over time to capture data necessary to monitor SFMP 2.0 compliance and this process has been implemented with a number of suppliers. However, in 2019, one Open Market Supplier continues to lag in responding to information requests and allowing timely access for APRIL to complete monitoring. This supplier was able to re-contract with APRIL during the year in the continuing absence of data necessary to support effective monitoring and the data that has been provided to demonstrate the absence of new development is insufficient in the absence of an APRIL field visit, which has yet to take place.

Indicator IX.e	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery
Original Opportunity for Improvement: <ul style="list-style-type: none"> • #2 2019 • #12 2018 	Topic: Weaknesses in the implementation of the Open Market Supplier due diligence process, particularly in relation to the assessment of land cover change between June 15, 2015 and the initial date of contracting with the supplier.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • Procedures have been developed for completing retrospective analysis of post June 15, 2015 land cover change for new suppliers. • Due diligence checklists have been updated to effectively capture the topic of new development in the period between June 15, 2015 and the date of contracting. • New suppliers now require a field visit prior to verify due diligence data in advance of their first wood delivery and this approach has been maintained throughout 2018 and 2019. • Retrospective analysis has been completed for all suppliers and field verifications undertaken with 4 suppliers to pilot the process for investigating the cause of LCC. • Ongoing due diligence field visits will incorporate the finalization of remaining due diligence related to the causes of LCC between June 15, 2015 and the date of contracting.
Status as of 2020	Closed – Processes are now in place and being applied to assess new Open Market Suppliers at the time contracting to determine if new development occurred post June 15, 2015. The same process is being applied retroactively to existing suppliers and will continue to be implemented in 2020 for the remaining suppliers.

Indicator I.b Indicator VI.b	Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS) HA of APRIL and supplier concessions currently inactive due to unresolved land disputes
Original Opportunity for Improvement: <ul style="list-style-type: none"> • #3 2019 • #5 2018 	Topic: Field inspection of both RAPP and Supply Partner concessions identified weaknesses in the accuracy of land cover designations, the accurate verification of data in relation to the cause of land cover changes and the accuracy of data related to encroachment areas.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • Re-socialization of SFMP2.o requirements with P.T. RAPP and Supply Partner social management staff • Land Cover Project 2019 was implemented to address a number of issues related to Land Classification, definition, baseline data and process • Revision and standardization of the feedback process from Sector Staff for all Land Cover Change Points. The process has been revised to change the way that land cover designations are categorized, and designation carried out at the Estate level. • Include monitoring of consistency of Land Cover and Land Use information in the Internal Audit Process (as per updated Job Description 2019)
Status as of 2020	Closed. Actions have led to significant improvements in data accuracy through 2019. This is expected to be an ongoing continuous improvement process in future years.

Indicator VI.f	% of grievances resolved in accordance with the grievance standard operating procedure (SOP)
Original Opportunity for Improvement: <ul style="list-style-type: none"> • #4 2019 • #5 2019 • #6 2018 • #7 2018 	Topic: Weaknesses in the consistent implementation of the dispute resolution SOP, conflict resolution SOP and grievance resolution SOP in particular amongst supply partners.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • Socialization of expectations with estate managers and SGR team members • Grievance training for P.T. RAPP and Supply Partner estate sectors • Deployment of an offline grievance system to allow for grievances to be addressed at the local level (consistent with stakeholder feedback) • Updates have been made to grievance tracking processes at P.T. RAPP Estates and monthly reporting by estates to Kerinci on the status of offline grievances is due to be implemented for 2020. • Performance monitoring of grievance process implementation through the internal audit process. • The internal audit criteria include criteria to monitor offline grievance processes. • P.T. RAPP and Supply Partner management reviews and assesses the issues that arise from the internal audits. P.T. RAPP also attends the supply partner management review process.
Status as of 2020	Closed – The actions undertaken by APRIL address the majority of the underlying root cause. Based on actions to date a new opportunity for improvement has been raised focused on additional actions required to address management oversight of grievances.
Updated opportunity for improvement based on actions to date (OFI #2 2020)	<p>Processes have been implemented across both P.T. RAPP and Supply Partners to capture and address site level (“offline”) grievances raised by communities.</p> <p>Management has established mechanisms so that it has visibility into the type and extent of grievances occurring on P.T. RAPP Estates. However, a similar level of management visibility over the type and extent of grievances at supply partner concessions has yet to be established.</p>

Indicator IX.e	% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery
Opportunity for Improvement #6 2019	There is an opportunity for APRIL to support Open Market Supplier continuous improvement processes through sharing of operational procedures and knowledge related to items such as safety and fire preparedness.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • APRIL held an Open Market Supplier session in Kerinci which was attended by 8 of the 10 Open Market Suppliers and covered both SMK# and fire preparedness. Offers were extended to conduct further information sessions at supplier sites and a budget developed for this. • APRIL sent technical staff to one Open Market Supplier to provide information on safety programs.
Status as of 2020	Closed – APRIL held an Open Market Supplier session in Kerinci which was attended by 8 of the 10 Open Market Suppliers and covered both SMK# and fire preparedness. Offers were extended to conduct further information sessions at supplier sites and a budget developed for this.

Indicator II.a	Hectares and % of conservation and restoration area impacted by fire, development or encroachment
Opportunity for Improvement #7 2019	At one Supply Partner, field inspection of a land recovery and planting operation on a previous oil palm encroachment site identified that planting of acacia had occurred within the riparian zone of a small tributary, which was also been rutted during operations. The area was not identified as a riparian area and was not treated in accordance with the applicable Standard Operating Procedures for recovery in riparian zones.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • Changed compartment I010 status to become riparian zone in PIMS and marked the riparian zone with a sign board in the field. • Re-socialization of the two relevant procedures (Riparian Zone Designation and Enrichment Procedure in Ex-Dispute Area)
Status as of 2020	Closed. Corrective actions have been completed and additional socialization of the required procedures has taken place.

APRIL SFM Policy 2.0 Implementation – Continuing Opportunities for Improvement Raised in Prior Reports

Performance Indicator Data Reporting Limitations	
Opportunity for Improvement #2 2016	<p>APRIL Indicator performance reporting lacks data for short-term suppliers totaling 21% of current plantation fiber supply for the following indicators:</p> <ul style="list-style-type: none"> I.b. # of Ha developed by category III.a # of Ha plantation, conservation and ecosystem restoration on peatland III.c Total Ha developed on peatland VI.b Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts VI.f Established Standard Operating Procedure (SOP) for addressing grievances VI.g # of land conflicts outstanding as of June 30, 2016 VII.a # of fatalities VII.b Grievance mechanism in place for labor concerns raised by APRIL or supplier employees and contractors. VIII.a # of instances of fire on concessions by cause IX.a Total area and HCV/HCS area by concession publicly available
Summary of completed APRIL actions	<ul style="list-style-type: none"> • Development of a formal Supplier due diligence and monitoring program to collect Open Market Supplier data • Implementation of remote sensing monitoring program focused on land cover change and follow-up with Open Market Suppliers to determine if new development occurred. • Development of processes for field verification of potential land cover change • Development and update of due diligence processes for collecting supplier data for all required information categories with separate expectations for initial due diligence (upon contracting with the supplier) and ongoing due diligence for continuing suppliers. • Information requests and supplier visits have been undertaken.

	<ul style="list-style-type: none"> • Open Market Supplier sessions in Kerinci to reiterate the importance of SFMP 2.0 monitoring data that were attended by all suppliers. • The Open Market Supplier due diligence process and related information requirements have been updated to capture all remaining information not historically captured. Most of the information is to be captured as part of the initial due diligence process and ongoing annual monitoring. Sensitive information related to fires and fatalities will be collected as part of ongoing annual monitoring only. • The revised process has been tested with 3 suppliers and will be rolled out to remaining suppliers as part of ongoing implementation during 2020.
Status as of 2020	Closed – The actions undertaken by APRIL address the data expectations from suppliers. Based on actions to date a new opportunity for improvement has been raised focused on additional actions required to achieve consistent implementation of Open Market Supplier data reporting.
Updated opportunity for improvement based on actions to date (OFI #1 2020)	APRIL’s Open Market Supplier due diligence process has expanded over time to capture data necessary to monitor SFMP 2.0 compliance and this process has been implemented with suppliers. However, in 2019, one Open Market Supplier was able to re-contract with APRIL during the year in the absence of land-use data necessary to support effective monitoring and the data that has been provided to demonstrate the absence of new development is of limited value in the absence of an APRIL field visit to verify its accuracy. A field visit has yet to take place.

Indicator V.b	Contribution to local GDP.
Opportunity for Improvement #8 2016	APRIL has not yet determined how best to monitor its contribution to local GDP on an ongoing basis.
Summary of completed APRIL actions	The Institute for Economic and Social Research at the University of Indonesia completed a local GDP Analysis Report which has been reviewed by the independent Stakeholder Advisory Committee.
Status as of 2020	Closed – A final report has been completed providing GDP data up to 2015-2018.

Indicator VII.c	% of PT. RAPP, supplier and contractor operations covered by OHS certification
Original Opportunity for Improvement <ul style="list-style-type: none"> • #20 2016 • #9 2018 	APRIL did not have processes in place to identify contractor companies required to achieve SMK3 certification and field inspections noted isolated safety related observations.
Summary of completed APRIL actions	<ul style="list-style-type: none"> • Designation of P.T. RAPP contractors by number of 100 staff • Designation of contractors by risk category based on the nature of work undertaken. • Development of a Contractor Safety Management Program (CSMS) to which contractors can be internally certified, including different criteria for different contractor work types and number of staff. • Development of a CSMS Standard Operating Procedure covering document review and field verification processes for contractor CSMS compliance as well as templates for contractors to document their procedures. • The CSMS has been finalized and contractors have committed to comply. Initial implementation is occurring with a number of larger contractors in early 2020. The CSMS extends beyond the larger high risk contractors to also include smaller contractors and lower risk activities for which modified criteria have been developed with input from key stakeholders (including government) based on SMK3.
Status as of 2020	Closed – the CSMS has been finalized and contractors have committed to comply. Initial implementation is occurring with a number of larger contractors. Ongoing implementation (and re-certification every 2 years) will continue under this system into the future.

Indicator I.b	# of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).
Opportunity for Improvement #2 2018	Land recovery and planting operations following encroachment and settlement of land claims is required to be limited to areas that are non-forested as defined by HCV and HCS. Very little HCS information is currently available for supplier concessions and on some older supplier concessions developed prior to the HCV process being established there is also no HCV information. While the sites being recovered generally have low value from both an HCV and HCS perspective and have residual timber below the HCS threshold for residual patches there is an opportunity for APRIL to develop and consistently implement a process to clearly identify and document the existing site values and their potential to support either HCV or HCS objectives prior to undertaking recovery operations.
Summary of completed APRIL actions	Development of a Land Recovery SOP to guide land recovery actions
Status as of 2020	In Progress – An updated SOP has been created to formally address consistency with SFMP 2.0 commitments to only develop non-forested areas as defined by HCV and HCS. The SOP has not yet been finalized or socialized across operations.

Indicator II.a	Hectares and % of conservation and restoration area impacted by fire, development or encroachment
<p>Opportunity for Improvement #3 2018</p>	<p>Review of PT. RAPP data related to rehabilitation of encroached areas with indigenous species indicated that the area rehabilitated is reasonable compared to the amount of new encroachment.</p> <p>However, there remains a significant amount of historic encroachment that has yet to be rehabilitated and the scale of current rehabilitation activities will not significantly impact the area subject to historic encroachment.</p> <p>It is noted that Conservation Land use Management Plans are in the process of development for PT. RAPP sectors that will identify priority areas for conservation. As a result, there is an opportunity for improvement for PT. RAPP to use the Conservation Land use Management Plan process to help prioritize the rehabilitation of previously encroached areas and focus on rehabilitation of areas where the conservation benefit will be the greatest.</p>
<p>Summary of completed APRIL actions</p>	<p>PT. RAPP has compared areas of land recovery between 2015 and 2018 and the areas mapped as priority patches for protection through the conservation land use management planning process.</p> <p>Identification of priority areas for rehabilitation often does not align with priority patches as the priority patches are generally in conservation areas where natural regeneration is preferred.</p> <p>Priority rehabilitation areas were identified in 2019 with planting of 50% of priority areas scheduled for 2020. This planting was undertaken in 2020.</p>
<p>Status as of 2020</p>	<p>Closed – the Conservation Land use Management Plans are being leveraged to identify priority planting areas.</p>
<p>Updated opportunity for improvement based on actions to date (OFI #4 2020)</p>	<p>An opportunity remains to develop a broad plan to address the rehabilitation, where possible, of the significant backlog of historic encroachment.</p>

Indicator VII. b	Grievance resolution mechanism in place for labor concerns raised by APRIL or supplier employees and contractors
Opportunity for Improvement #8 2018	Interviews with workers and a contractor supervisor at one PT. RAPP sector indicated limited awareness of the existence of formal grievance processes for workers.
Summary of completed APRIL actions	<p>Refresher training was provided on the grievance system and associated legal requirements for all RAPP sector and Supply Partner managers</p> <p>An updated and simplified complaint process was developed and socialized with P.T. RAPP and Supply Partners and contractors. A poster version was developed and circulated to provide easier access and more visibility to workers.</p> <p>The process is now covered by the internal audit program which can be used to monitor effectiveness.</p>
Status as of 2020	<p>Closed. The complaint process has been clarified and simplified and put into a poster format that has been circulated to estates. Socialization of the updated process occurred with supply partner and PT. RAPP representatives in November 2019 and the information was presented at the annual contractor meeting for PT. RAPP and Supply Partners in December 2019.</p> <p>The grievance process is covered in the ongoing internal audit process.</p>

Indicator VII. c	% of PT. RAPP, supplier and contractor operations covered by OHS certification
Opportunity for Improvement #9 2018	<p>During field inspections at PT. RAPP and three Supply Partners, isolated safety concerns were observed as follows:</p> <p>Ineffective personal protective equipment (PPE) in use by staff and contractors, which included and included unprotected lower shin for a chainsaw operator and non-functional safety whistles on lifejackets;</p> <p>Missing fire extinguishers were noted at a planting contractor camp that had fuel storage.</p> <p>One contractor field camp was constructed too close to surrounding forest and did not have a separated kitchen and sleeping quarters as required by the Supply Partner's SOP.</p> <p>One SME contractor interviewed was unaware of mandatory health and safety meetings and there is no monitoring to ensure that all contractors attend these meetings.</p>
Summary of completed APRIL actions	<p>Road trip to all PT. RAPP sectors to provide refresher training on legal requirements (including safety).</p> <p>Development and roll-out of a contractor safety management system (CSMS)</p>
Status as of 2020	<p>In progress pending completion of 2020 CSMS due diligence checks. The CSMS process has been finalized and criteria developed for different size of contractors and different risk levels which have been derived from SMK3. Templates for contractors to document their processes have been developed. The process was socialized with contractors in December 2019. The next phase involves implementation by contractors and due diligence checks by APRIL but was delayed as a result of the COVID-19 pandemic. Going forward the checks are intended to apply to all contractors on an annual basis.</p>