

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

**Submitted to APRIL Stakeholder Advisory Committee on May 23, 2023**

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# 1. Stakeholder Advisory Committee

## Observations

### *Message from the Co-Chairs*

This is the 10th report to the Stakeholder Advisory Committee (SAC) from KPMG Performance Registrar Inc. (KPMG PRI) since the 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 and APRIL's overall progress in implementing and maintaining its SFMP 2.0 commitments. These reports provide the SAC with an understanding of APRIL's progress in implementing its commitments and allow us to focus on areas where there remain ongoing challenges.

In late 2022 the SAC initiated a revision of the indicators used to track APRIL's performance. The revised indicators were adopted following an opportunity for stakeholder review and feedback and have been used in this year's assurance process. The revisions to the indicators are intended to better focus reporting on the key aspects of APRIL's performance in delivering on its SFMP 2.0 commitments. Stakeholder feedback on the revised indicators and this report will help to further focus the indicators and report in future years.

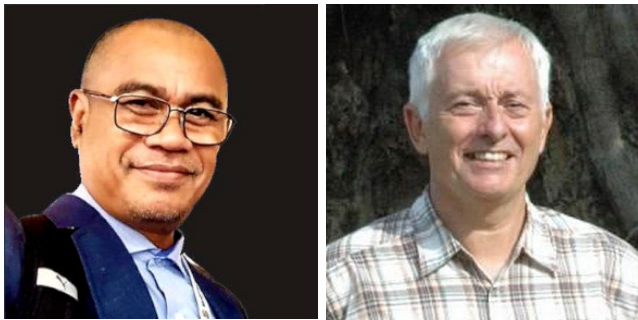
2023 was the first year since the beginning of the COVID-19 pandemic that a field assurance process was able to be completed. The SAC is committed to a more open and stakeholder inclusive assurance process and in that regard, it was important that KPMG PRI were able to visit concessions and meet with community leaders at a number of villages during the assurance process. With the re-establishment of field visits, we were also pleased to welcome local stakeholder observers to participate in the process.

Overall, the results of the assurance process indicate that APRIL continues to make progress in relation to its key SFMP 2.0 commitments. In particular,

- no harvesting of native mixed tropical hardwoods;
- land recovery continues to restrict development to areas that are not forested and were not forested at the time that APRIL's mixed hardwood moratorium was announced in 2015;
- community support and development continues and appears to be increasingly aligned with APRIL's 2030 commitments;
- continued achievement of low levels of fire across APRIL concessions;
- continuing implementation of dispute resolution processes to address land use disputes and bring non-forested land back into production; and
- continuing investment in an improved safety culture through the implementation of the Contractor Safety Management System (CSMS) and increasing the percentage of contractors certified through the CSMS approach year after year.

KPMG PRI drew the attention of the SAC to seven new “opportunities for improvement” in this report as well as two existing “opportunities for improvement” which remain in progress from prior reports. We anticipate APRIL’s timely implementation of the action plans they have identified to address these findings, particularly those action plans from prior years that were not fully implemented in 2022. This process will foster transparency, build trust and drive continuous improvement across both APRIL and its fibre suppliers.

As always, we would like to thank APRIL staff for working alongside KPMG PRI to enable the production of this important report. We would be remiss to not also thank the APRIL suppliers, contractors and other critical personnel who hosted and worked with the KPMG team during the assurance process.



Ida Bagus Putera Parthama & Prof. Jeffrey Sayer  
Co-Chairs  
APRIL Stakeholder Advisory Committee

## 2. Summary and Conclusions

In 2023, KPMG PRI completed a limited assurance engagement over 19 indicators of APRIL Group (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 engaged by the independent Stakeholder Advisory Committee (SAC) of APRIL to undertake a limited assurance engagement over:

- APRIL's progress in implementing action plans related to seven opportunities for improvement identified in our 2022 limited assurance report and two remaining opportunities for improvement related to prior assurance reports; and,
- APRIL's performance under 19 SFMP 2.0 indicators for the period from January 1, 2022 to December 31, 2022 and related conformance with SFMP 2.0.

### The SFMP Performance Indicators

The SFMP 2.0 performance indicators were adopted by the SAC to provide quantitative information on APRIL's progress implementing its commitments under SFMP 2.0.

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. APRIL has developed reporting 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; and,
- Field inspections at two PT. RAPP Sectors, four Supply Partner Concessions, one Open Market Supplier Concession and one Community supplier to assess field conditions for consistency with reported data.

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:

**Performance Indicator Data and Conformance with SFMP 2.0** – 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 included 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;

- we did not identify any non-conformances in the implementation of SFMP 2.0 requirements during the reporting period.
- we identified seven new opportunities for improvement. 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 7 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 7.

**Good Practices** – 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 their SFMP 2.0.

Our findings are also provided on an indicator-by-indicator basis within Section 8 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

# 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.

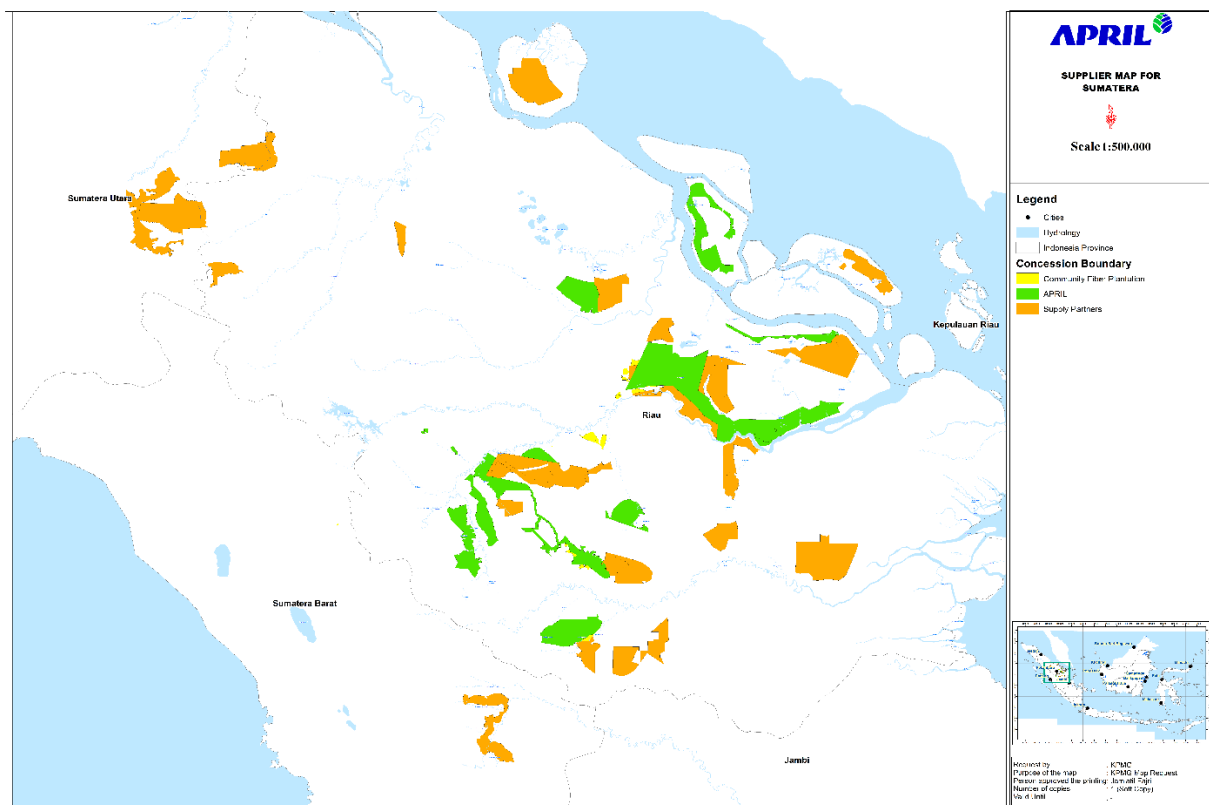
Fiber for the pulp and paper mill is derived from approximately 450,000 hectares of plantations maintained by PT. Riau Andalan Pulp and Paper (PT. RAPP) and Supply Partner concessions located on Sumatra. APRIL Group and its Supply Partner plantations currently supply approximately 85% of the mill's fiber needs, the remainder being met by Open Market Suppliers in Sumatra and Kalimantan.

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](http://www.aprilasia.com).

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 1:1 conservation commitment. The remaining supply sources are smaller scale community forests (which provide approximately 1% of current supply) and Open Market Suppliers, which are larger scale concession managers with which APRIL contracts for log purchases. Open Market Suppliers may sell fiber to third parties and do not contribute to APRIL's 1:1 conservation commitment.

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**







# 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](http://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

[Repository – APRIL Sustainability Dashboard \(aprilasia.com\)](#)

## 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. A full list of all indicators can be found in **Appendix 2**.

**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.

The indicators are refined annually and the current set of 19 indicators was adopted following review by the SAC in its [meeting of December 5-9, 2022](#).

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.

# 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 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.

## Conduct of the Engagement

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

**Engagement Phases**– The engagement was undertaken as follows:

- Planning

Following the Stakeholder Advisory Committee approval of a revised indicator set in December 2022, (the SAC review of the indicators can be found here: [28th SAC meeting Minutes 5 – 9 Dec 2022 – APRIL Sustainability Dashboard \(aprilasia.com\)](#)) KPMG met with the Stakeholder Advisory Committee to describe the proposed assurance approach for 2023.

Subsequently, the proposed approach was finalized by KPMG PRI and submitted to the SAC for approval during a one week planning visit to the Kerinci mill. The planning visit reviewed APRIL's data, selected specific concessions and estates to visit and developed a detailed logistical plan to complete the assurance.

A formal assurance plan with detailed site visit logistics and documentation requirements was shared with APRIL immediately before the initiation of assurance activities.

- Concession field visits – February 2023

Eight field visits were undertaken as described in Table 1 below. In addition, the corporate office at the Kerinci mill site was visited between February 9 to March 2, 2023 to conduct interviews with APRIL staff as well as to undertake document and record review and assessment of chain of custody over wood flows into the mill.

**Table 1: Location of site visits**

Sector / Concession	Ownership	Dates
HR Gunung Melintang	Community Supplier	February 9, 2023
PT. Seraya Sumber Lestari (SSL)	Supply Partner	February 13-17, 2023
PT. Bukit Raya Mudisa	Supply Partner	February 13-17, 2023
PT. Itci Hutani Manunggal	Open Market Supplier	February 13-17, 2023
PT. Selaras Abadi Utama	Supply Partner	February 20-23, 2023
PT. RAPP Meranti East	PT. RAPP	February 20-23, 2023
PT. SRL – Bayas	Supply Partner	February 20-23, 2023
PT. RAPP Teso	PT. RAPP	February 27 – March 2, 2023

- Action planning and acceptance – April 2023

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, were 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.

- Report development and review with the independent Stakeholder Advisory Committee – April/May 2023

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 finalizing the draft report.

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

**Team** – The engagement team consisted of eight professionals as shown in Table 2.

**Table 2: Engagement Team**

Shawn Ellsworth	Professional forester (RPF) and environmental and OHS auditor (EMS and OHS (LA)). Over 25 years forest industry experience and 18 years forest certification experience using PEFC, FSC, SFI and CSA standards. Direct experience conducting regulatory investigations of logging practices as well as advising companies on controls over promotion of sustainable harvest techniques.
Chris Ridley-Thomas	Professional biologist (RPBio) and environmental auditor (EP EMSLA). Over 20 years forest certification experience using PEFC, FSC, SFI and CSA standards. Experience in North America, Eastern Europe, South America, South East Asia. Environmental due diligence experience related to tropical concessions and REDD projects. Direct experience conducting regulatory investigations of logging practices as well as advising companies on controls over elimination of illegal harvest. 8 years of experience with forestry in Indonesia
Bodo Von Schilling	Professional forester (RPF) and environmental auditor (EP EMSLA). Over 28 years experience with forest management and auditing with experience using PEFC, FSC, SFI and CSA standards as well as field testing standards. Previous experience as a forestry investigator working for a Government oversight agency. Experience in North America and South East Asia. Over 40 forest based GHG audits, including REDD type projects.

Michael Buell	Professional forester (RPF). Over 20 years experience in sustainable forest management as well as assessment and implementation of forest carbon offset and ecological projects. Experience with private industry, pension funds, TIMO/REITs, government and First Nations clients on projects spanning North America, South America and Asia. Extensive experience in assessing, developing, and managing forest carbon offset projects, data preparation and modeling to support baselines and project activities, project documentation, forest carbon inventory design and development, field sampling, use of satellite imagery, audit and project management support.
Yudi Iskandarsyah	Forester with a degree in Forestry from the Faculty of Forestry, Bogor Agricultural Institute and a Masters in Environmental Management from Yale School of Forestry and Environmental Studies. Extensive Indonesian experience over 27 years covering sustainable forest management, FSC forest management and controlled wood auditing, HCV and HCS assessment. Previous experience with TNC, including Deputy Program manager of TNC-WWF Alliance to Promote Forest Certification and Combat Illegal logging in Indonesia.
Nawa Irianto	Forester with a degree in Forest Product Technology from the Faculty of Forestry, Bogor Agricultural Institute. Extensive Indonesia / Liberia /Laos experience over more than 20 years covering sustainable forest management, FSC forest management /controlled wood auditing, community and small-scale forestry and biodiversity assessment. Previous experience as head of operations for 4 forest concessions in Indonesia, with TNC as Manager of Improved Forest Management and with TFT as Forest Certification Specialist and East Indonesia Program Manager.
Agus Putera	Forester with a degree in Forestry from the Faculty of Forestry, Bogor Agricultural Institute. Extensive Indonesian experience as well as South and North American experience over 30 years covering sustainable forest management, FSC forest management and controlled wood auditing, verification of legal compliance and wood legality, chain of custody and remote sensing.
Michelle Champion	Environmental professional with a degree in Environmental Sciences, Queens University. Over 5 years of experience in sustainability assurance reporting, social return on investment, and greenhouse gas verification and validation. With experience in pulp and paper manufacturing, forestry, energy, and not-for-profits.
Vivian Vivian	Jakarta based ESG professional with over 3 years of experience in corporate sustainability, internal audit, assurance, project management and research. Holds accounting degree from Petra Christian University. Previous experience on the APRIL engagement providing language support to the assurance team in Kerinci.

**Stakeholder Observers** – The stakeholder observer process was resumed in 2023, following the decline in COVID-19 related risks, to support the transparency of the assurance process. Stakeholders were provided with an opportunity to observe the assurance process in the field in 2023. One observer accompanied KPMG to two concessions and head office interviews to observe the assurance process for a total of eight days. The observer feedback was shared with the Stakeholder Advisory Committee. This feedback informs the planning and approach for future site visits.

## 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:

**Table 3: Format of performance data presented in Section 8.**

INFORMATION PROVIDED BY APRIL	<b>APRIL data for the period from January 1 to December 31, 2022</b>	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	<b>Evidence Reviewed</b>	The key evidence reviewed by KPMG PRI in relation to performance
	<b>Findings</b>	Additional information to provide context to the indicator data and explain the link between the indicator data and SFMP 2.0
	<b>Non-Conformances</b>	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.
	<b>Opportunities for Improvement</b>	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.
	<b>Good Practices</b>	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.
	<b>Observation</b>	Observations are raised in order to draw attention to information important to an understanding of APRIL’s performance. These are not non-conformances and relate to topics where APRIL already has continuous improvement initiatives underway and therefore an “Opportunity for improvement” is not warranted and an action plan is not necessary.

# 7. Status of Prior Year Action Plans

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

Table 4a: Status of action plans related to non-conformances.

There were no open action plans related to non-conformances at the time of this audit.
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Table 4b: Status of action plans related to historic 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	1		1	
II. Forest protection and conservation	1	1		
III. Peatland management				
IV. Continuous reduction of carbon footprint				
V. Proactive support of local communities				
VI. Respect the rights of indigenous peoples and communities	1		1	
VII. Responsible practices in our workplaces	1	1		
VIII. Legal compliance and certification				
IX. Good corporate governance, verification and transparency	2	2		
X. SFMP 2.0 Addenda	3	3		
Data Reporting				
<b>Total</b>	<b>9</b>	<b>7</b>	<b>2</b>	<b>-</b>

## KPMG Comments and Findings

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).

Details of the previous findings can be found in **Appendix 4**. Seven of the nine open action plans have now been closed. The two action plans that remain in progress relate to findings initially issued in 2020 and 2022:

- An opportunity to Improve corporate oversight over APRIL’s grievance process, specifically in relation to grievances filed at individual estates or concessions rather than under APRIL’s corporate process. A revised SOP has been developed to guide this process but has not, to date, been fully implemented.

- An opportunity to update the land recovery SOP to guide retention of residual forest values during land recovery of ex-dispute areas in order to mitigate risk to residual forest values. The revised SOP has yet to be finalized.

# 8. Summary of SFMP 2.0 Indicator Performance

## 1. Long Term Sustainability Indicators

### Indicators Assessed

Two performance indicators on Long Term Sustainability were assessed as follows:

I	Long Term Sustainability
<b>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</b>	
a.	Tonnes of fiber by source (RAPP, OM, SP, Community Forest for peat and mineral)
b.	Ha and % of additional fiber plantation consistent with SFMP requirements

### Indicator Performance

I	Long Term Sustainability
a.	Tonnes of fiber by source (RAPP, OM, SP, Community Forest for peat and mineral)

### APRIL data for the period from January 1, 2022 - December 31, 2022

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

Fiber source	2022 Deliveries		2021 Deliveries	
	(Tonnes)	(%)	(Tonnes)	(%)
<b>Plantation</b>				
PT. RAPP	4,601,446	38.46%	5,055,435	42.89%
Supply Partners	5,554,276	46.42%	4,827,396	40.95%
Open Market Suppliers	1,775,385	14.84%	1,787,322	15.16%
Community Forestry	33,261	0.28%	117,330	1.00%
<b>Sub-Total</b>	<b>11,964,368</b>	<b>100%</b>	<b>11,787,483</b>	<b>100%</b>
<b>Mixed Hardwood (MHW)</b>				
PT. RAPP	-	-	-	-
Supply Partners	-	-	-	-



Open Market Suppliers	-	-	-	-
Community Forestry	-	-	-	-
<b>Sub-Total</b>	-	-	-	-
<b>Total</b>	<b>11,964,368</b>	<b>100%</b>	<b>11,787,483</b>	<b>100%</b>

### Evidence Reviewed

APRIL provided information on deliveries by supplier to the Kerinci mill for 2022. The information was cross-checked against scale delivery data on a sample basis to check the accuracy of amount received, source and plantation status. We also conducted mill (record keeping), wood yard (weigh bridge wood reception procedures for origin, legality checks and weighing) and concession inspections (legality documentation and volume calculations) to confirm that only plantation species were being supplied and the volume and weight figures were consistent with underlying data.

### Findings

This indicator tracks the source of supply for PT. RAPP's Kerinci mill for both legality and accuracy of wood reception data. PT. RAPP and Supply Partner plantations supplied approximately 85% of the total fiber to the Kerinci mill for pulp production and all the fiber supplied was from plantation sources. Most of the Open Market Supplier fiber is sourced from Kalimantan. Consistent with the SFMP 2.0 commitment to not source any mixed hardwood, no mixed hardwood deliveries were noted during the sample period based on our review of delivery documentation and a tour of the woodyard.

### Indicator Performance

<b>I</b>	<b>Long Term Sustainability</b>
b.	Ha and % of additional fiber plantation consistent with SFMP requirements

### APRIL data for the period from January 1, 2022 – December 31, 2022

PT RAPP and Supply Partners	2022 (Ha)		2021 (Ha)	
	PT RAPP	Supply Partners	PT RAPP	Supply Partners
New development of fiber plantation	N/A	N/A	N/A	N/A

### Evidence Reviewed

First rotation plantation (R1) data was provided by the APRIL team, including details on analysis completed to confirm conformance with the SFMP 2.0 standard. Additionally, field inspections were performed on a sample of R1 planting sites across the sampled estates.

### Findings

This is a key SFMP 2.0 indicator to ensure that APRIL's plantation activities conform to its commitments regarding new development.

A sample of R1 planting sites was selected to review during field assessments, specifically focusing on conformance with clause I.a. of the SFMP 2.0 standard, which states:

- *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.*

For each R1 planting site, APRIL's planning team conducts a review and analysis to confirm the R1 hectares are correctly categorized, and the location of those hectares is consistent with approved HCS and/or HCV assessments. In those areas where there is not a current HCS assessment, R1 planting sites are assessed for evidence of non-forested status prior to planting and in June 2015.

In 2022, field inspections of R1 sites did not identify evidence of incorrectly categorized sites. As a result, there was no evidence of new development.

While a 6,061ha increase in APRIL plantation area is noted in Indicator IIb (which relates to APRIL's 1:1 plantation to conservation commitment) the increase is primarily due to the expiry of memoranda of understanding with local communities covering livelihood areas developed as pulpwood. Upon expiry, the plantations are now classified as commercial plantation but are not new plantations.

Review of APRIL's progress in addressing **2022 Opportunity for Improvement #1** (which relates to the need to update the Land Recovery SOP to clarify at which scale it is intended to be applied to recovery and the evidence standards for demonstrating non-forested status) determined that APRIL's action plans for updating the SOP remain in progress and consequently **2022 Opportunity for Improvement #1** remains open.

## II. Forest Protection and Conservation Indicators

### Indicators Assessed

Four performance indicators on Forest Protection and Conservation were assessed as follows:

II	Forest Protection and Conservation
<b>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.</b>	
a.	Ha of conservation area damaged (land claim/ no land claim)
b.	Progress toward 1:1 commitment
c.	Ha available for restoration
d.	Ha of restoration in progress

### Indicator Performance

II	Forest Protection and Conservation
a.	Ha of conservation area damaged (land claim/ no land claim)

### APRIL data for the period from January 1, 2022 - December 31, 2022

	Loss of forested conservation by cause (Ha)			
	Areas subject to land claims		Areas not subject to land claims	
	Encroachment	Fire	Encroachment	Fire
PT RAPP	20	0	53	0
Supply Partners	405	0	185	0
Ecosystem Restoration Licenses (RER)	0	0	0	0
<b>2022 Total</b>	<b>425</b>	<b>0</b>	<b>238</b>	<b>0</b>
<b>2021 Total</b>	Not previously reported		106	

### Evidence Reviewed

The hectares of forested conservation loss by cause presented above were derived from APRIL's "Landbank", the system used by APRIL to track land use changes on PT. RAPP and Supply Partner concessions. The accuracy of the landbank data was sample checked during field inspections of PT. RAPP sectors and Supply Partner concessions and through sample-based review of satellite imagery.

The extent of fire and encroachment was assessed through a combination of field inspections, review of APRIL land cover change field inspection findings and review of satellite and aerial imagery.

### Findings

This indicator tracks APRIL's success in maintaining the quality of conservation areas.

In 2022, no new fires were identified in forested conservation areas. However, APRIL did identify new encroachment activity at PT. RAPP and Supply Partner concessions.

Potential land cover change associated with encroachment is tracked using satellite imagery and field verified at the concession/estate level. Consistent with previous years, no fire or encroachment activities occurred in ecosystem restoration (RER) areas in 2022.

We note that APRIL continued to conduct restoration activities in 2022 in relation to conservation areas that have been encroached or burned.

### Indicator Performance

II	<b>Forest Protection and Conservation</b>
b.	Progress toward 1:1 commitment

### APRIL data for the period from January 1, 2022 - December 31, 2022

	Conservation area	Total plantation area	Ratio
PT RAPP	71,379	211,203	34%
Supply Partners	139,142	234,552	59%
Community Forest	-	8,290	0%
Ecosystem Restoration Licenses (RER)	150,711	-	100%
<b>Total - December 31, 2022</b>	<b>361,232</b>	<b>454,045</b>	<b>80%</b>
<b>Total - December 31, 2021<sup>1</sup></b>	<b>360,200</b>	<b>447,984</b>	<b>80%</b>

<sup>1</sup>Conservation area for the purpose of this indicator excludes 11,530 ha of PT. RAPP and 20,592 ha of Supply Partner conservation area that is under land claim.

### Evidence Reviewed

Plantation and conservation hectares were cross-checked against APRIL's Landbank and the ratio recalculated. Accuracy of conservation hectares was sample checked during field inspections.

### 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 due to changes in boundary measurements as well as changes in the overall amount of land under claim and changes in land use categories.

There was an increase of 1,032 hectares in reported conservation between 2021 and 2022, and an increase of 6,061 hectares in total plantation area. The significant increase in plantation hectares in 2022 resulted from the expiry of memoranda of understanding with local communities covering livelihood areas developed as pulpwood. Upon expiry, the plantations reverted to commercial plantation and are now included within the calculation of the ratio.

The existence of areas within conservation that were not fully functional has previously been noted and **2020 Opportunity for Improvement #4** identified the need for APRIL to develop a broad plan to address the rehabilitation, where possible, of the significant backlog of historic encroachment within conservation areas. The action plan to address this opportunity was closed during the current assurance process based on the analysis of restoration opportunities by APRIL and the development of a prioritized restoration plan for 2023 onwards which is reflected in the new indicators IIc. and II d. below.

## Indicator Performance

<b>II</b>	<b>Forest Protection and Conservation</b>
c.	Ha available for restoration

### APRIL data for the period from January 1, 2022 - December 31, 2022

Region	Restoration plan (Ha)						Total planned restoration area (Ha)
	2023	2024	2026	2026	2027	2028	
West	12.06	28.75	30.99	30.97	27.02	27.02	156.82
South	11.85	16.81	16.89	14.79	14.79	14.79	89.93
East	2.00	1.17	1.17	1.17	0	0	5.50
North	1.03	0	0	0	0	0	1.03
Northwest	6.22	3.66	0	0	0	0	9.88
<b>Total</b>	<b>33.17</b>	<b>50.39</b>	<b>49.05</b>	<b>46.93</b>	<b>41.82</b>	<b>41.82</b>	<b>263.16</b>

### Evidence Reviewed

The restoration plan presented above was prepared by APRIL using the company's "PIMS" system, which was developed to track the status of encroachment activities and areas subject to land claims. A breakdown of the data by current land use status was reviewed along with the rationale for prioritization. Field visits to concessions reviewed current and potential restoration areas to gain an understanding of the prioritization logic.

### Findings

Throughout 2022, APRIL undertook efforts to review information from PIMS by region, land type category and claim status. The breakdown for the estates within each region is as follows:

Region	Estates
West	Ukui, Langgam Baru, Teso Timur, Teso Barat, Logas, Nagodang
South	Baserah, Cerenti, Peranap, Sijunjung, Seilanjut, Lubuk Jambi

Region	Estates
East	Meranti, Merbau, Bayas, Tasik Belat, Pelalawan, Tasik
North	Pulau Padang, Serapung, Rangsang, Mandau, Seraya
Northwest	Seikabaro, Garingging, Rupert, Padang Lawas, Pasir Pangaraian, Libo, SBI

Within each region, APRIL reviewed all land categories and chose the following categories as areas where rehabilitation efforts were possible. These include:

- Ex-mining
- Flood area (partial)
- Agriculture (oil/palm/fruit/sago)
- Scrub
- Wilding (wild Acacia)

APRIL investigated sites in these categories to verify if restoration would be viable, and if viable, how many hectares would be available for restoration. Areas with a low chance of rehabilitation success, such as flood areas where no flood management is in place were excluded. Based on this analysis, a 5-year plan was created to rehabilitate 263 hectares of land by 2028.

As APRIL continues to resolve land claims, this restoration plan will be adjusted to include hectares that become recoverable as a result.

This indicator addresses **2020 Opportunity for Improvement #4** which has now been closed by KPMG.

### Indicator Performance

<b>II</b>	<b>Forest Protection and Conservation:</b>
d.	Ha of restoration in progress

### APRIL data for the period from January 1, 2022 - December 31, 2022

	Ha in restoration in 2022
PT RAPP	38.42
Supply Partners	72.88
<b>Total</b>	<b>111.30</b>

### Evidence Reviewed

APRIL prepared a 2022 restoration analysis using data extracted from the APRIL Landbank and land cover change data. KPMG reviewed the data and undertook sample based field assessments of restoration areas during the concession visits.

## Findings

This indicator tracks progress on APRIL's plans for restoration, focusing particularly on the number of hectares where restoration activities have been performed in 2022. These are categorized as "in progress" as the success rate of restoration activities such as tree planting is not 100%. Before areas under rehabilitation are categorized as conservation, APRIL completes follow up activities such as field inspections to ensure further intervention activities are not needed for long term conservation success.

### III. Peatland Management

#### Indicators Assessed

One performance indicator on Peatland Management was assessed as follows:

<b>III</b>	<b>Peatland Management</b>
<b>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</b>	
a.	Percentage of peatland landscape under conservation

#### Indicator Performance

<b>III</b>	<b>Peatland Management</b>
a.	Percentage of peatland landscape under conservation

#### **APRIL data for the period from January 1, 2022 - December 31, 2022**

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

	<b>PT RAPP</b>	<b>Supply Partners</b>	<b>Ecosystem Restoration Licenses (RER)</b>	<b>Community Fiber Suppliers</b>	<b>Total 2022</b>	<b>Total 2021</b>
Plantation on peatland (Ha)	112,901	129,561	-	6,631	249,093	244,271
Conservation on peatland (Ha)*	45,682	98,704	150,711	-	295,097	295,179
% of conservation to plantation	<b>40%</b>	<b>76%</b>	<b>100%</b>	<b>0%</b>	<b>118%</b>	<b>121%</b>

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

#### **Evidence Reviewed**

The above data was cross-checked against APRIL's 2022 Landbank. In addition, several samples of peatland conservation were reviewed in the field to confirm their existence.

#### **Findings**

Overall, the area of peatland conservation remained steady in 2022. The ratio of conservation to plantation dropped slightly as a result, primarily due to the inclusion of additional commercial plantations that had been historically recorded as livelihood plantations.



## IV. Continuous Reduction of Carbon Footprint Indicators

### Indicators Assessed

Two performance indicators on Continuous Reduction of Carbon Footprint were assessed as follows:

<b>IV</b>	<b>Continuous Reduction of Carbon Footprint</b>
<b>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</b>	
a.	Percentage of Kerinci mill energy needs met by renewable energy
b.	Track and report reductions in carbon emissions and increases in carbon sequestration through conservation and ecosystem restoration and continuous improvements in sustainable plantation management practices

### Indicator Performance

<b>IV</b>	<b>Continuous Reduction of Carbon Footprint</b>
a.	Percentage of Kerinci mill energy needs met by renewable energy

### APRIL data for the period from January 1, 2022 – December 31, 2022

Energy Consumption	Mill energy use (TJ)	
	2022	2021
Renewable energy consumption	92,890	91,365
Total energy consumption	113,068	112,023
% of external energy needs met from renewable sources	<b>82%</b>	<b>82%</b>

### Evidence Reviewed

Review of energy calculations and related assumptions. Data sources were reviewed and reported data was agreed to SAP systems, inventory systems and spreadsheets developed for the Kerinci pulp and paper mill. Key calculations were redone on a sample basis.

### Findings

Total energy consumption needs of the mill, as well as biomass energy consumption, remained consistent between 2021 and 2022.

APRIL introduced solar panels starting in 2021, which have increased from 1 MW to 10 MW between 2021 and 2022 periods. This increase in solar panels is in line with APRIL 2030's strategic initiative of installing 20 MW of solar panels

by 2025 (<https://april2030.aprilasia.com/strategic-initiatives/>), and will help APRIL achieve their goal to increase energy from biomass to 90% by 2030.

## Indicator Performance

IV	Continuous Reduction of Carbon Footprint
b.	Track and report reductions in carbon emissions and increases in carbon sequestration through conservation and ecosystem restoration and continuous improvements in sustainable plantation management practices

### Findings

APRIL has been gathering relevant data and working with internal and external subject matter experts to analyze and develop appropriate methodologies for this indicator. Various data collection activities have been completed to date to inform calculation of the carbon impact of restoration activities, which include:

- six years' worth of carbon measurement data using flux towers;
- water table measurement data from strategically located dams;
- tree planting and forest cover maintenance data; and
- canal restoration data.

The required carbon calculations to determine the impact of APRIL's restoration activities are complex. Also, while guidance for calculating the carbon impact of land use activities is in development, it remains in draft. As a result, APRIL will continue to work on the development of a methodology to report the impact of its restoration activities in 2023, aligning where appropriate, with emerging land-use sector guidance.

## V. Proactive Support of Local Communities Indicators

### Indicators Assessed

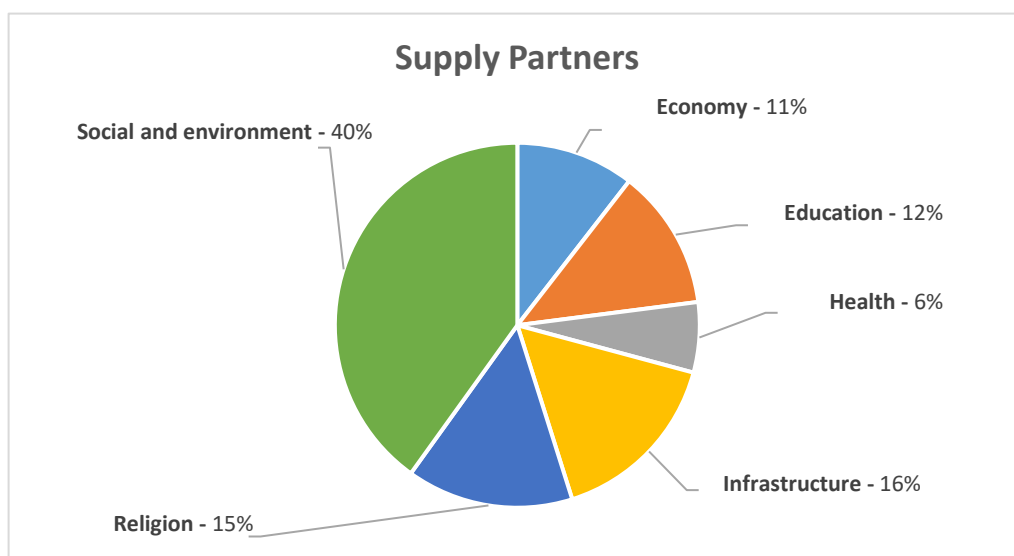
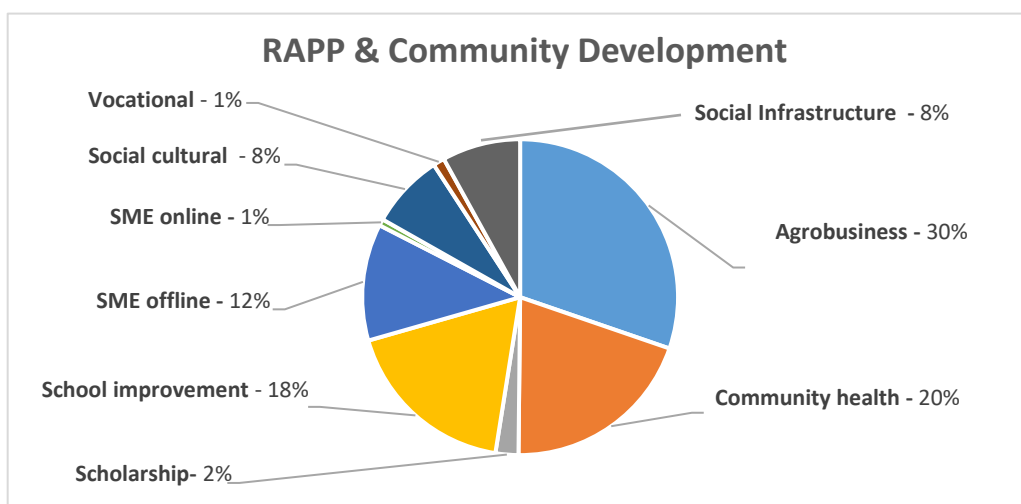
One performance indicator on Proactive Support of Local Communities was assessed as follows:

<b>V</b>	<b>Proactive Support of Local Communities</b>
<b>Overall objective: To continually seek opportunities to consult and align with the interests of communities</b>	
a.	Community Development Projects and sample of investments confirmed with in-field inspection

### APRIL data for the period from January 1, 2022 – December 31, 2022

	PT RAPP	Supply Partners	Total 2022
Total US\$ spent on social projects <sup>1</sup>	\$606,956	\$225,430	\$832,386

<sup>1</sup> Exchange rate 1 US\$ = Rp 14,875.95



## Evidence Reviewed

APRIL provided a breakdown of social infrastructure projects undertaken by PT. RAPP and Supply Partners during 2022. Individual projects were sampled to confirm the nature of the spending and the amount spent and field visits were conducted in 2023 to a sample of communities to assess the implementation of the social spend and receive feedback from the community on its contribution.

## Findings

This indicator looks at the nature of the community development projects funded by APRIL and its Supply Partners in 2022. Community feedback provides qualitative information on the success of the projects and opportunities to make them more effective.

### RAPP categories of spend:

Category of Spend	Activities
Vocational	Specialized training and internships for use of forklifts, operational permits, and vocational teaching facilities.
Social Cultural	Facilities for assisting youth in villages including sports facilities and study facilities.
SME Online	Training for small and medium enterprises for jobs within the RAPP supply chain.
SME Offline	Training for small and medium enterprises in areas such as sewing and batik, tailor, packaging, and welding.
School Improvement	School development and training for teachers, and materials for construction improvements such as repairs for schools and fences.
Scholarship	Scholarships for high school and undergraduate levels.
Social Infrastructure	Materials and construction assistance for mosques, public facilities such sports fields and courts, and cleaning of canals and roadsides.
Agribusiness	Training for improved yields, agriculture facility improvements, seeds, and other farming equipment.
Community Health	Equipment and training for community members including parent management training counselling, youth nutrition, and medical examinations.

### Supply Partner categories of spend:

Category of Spend	Activities
Social and environmental	Programs for home fire disasters, flood relief, and natural disasters, and funding for youth facilities and activities including sports equipment.
Religion	Materials and construction assistance for churches and mosques, orphan assistance, religious ceremonies and activities, and prayer room facilities.
Economy	Training and equipment for various activities such as cultivating animals and farmland, village SMEs, and agricultural and fishing equipment.
Education	Scholastic facilities, school supplies, and educator training.

Health	Equipment and training for public health center vaccinations, nutritional assistance, and stunting prevention.
Infrastructure	Materials and assistance for road repairs, bridges, village office renovations, supplies and equipment.

Observation: The use of different spend categories by PT. RAPP and Supply Partners makes analysis of community development activities across APRIL more complex. Use of consistent spend categories would allow for more efficient analysis of progress in directing funds to address key community development needs.

KPMG met with village representatives for a sample of villages at each of the PT. RAPP and Supply Partner sites visited. The focus of the discussions was to build an understanding of the nature of the process for requesting funding, confirming the use of the funds and gathering feedback from the village representatives on whether the support had met its intended needs. APRIL’s 2030 initiative includes a number of goals related to inclusive progress which has led to some evolution in the areas of spend. In 2021, we had noted cases where this new spend had not been particularly effective (either as a result of village requests that were not well designed, or as a result of partial fulfilment of requests that led to provided support being unused). In 2022, we sought to expand our sample to check that the spend was successful in addressing identified needs.

The results of our interviews in 2022 were consistently positive, with village representatives able to show how the funding had been used and that it was meeting their identified need. The results also indicated the long-term nature of the commitments being made by APRIL. For example, a school historically funded by PT. RAPP had its roof replaced during 2022. Also, a small business historically supported by RAPP continued to receive ongoing support to weather an unexpected challenge in 2022.

Local communities described the process of requesting funding for specific projects, and while they did not have a clear picture in advance of the type of projects APRIL was keen to support the process did appear to meet their expectations. Over time, the nature of projects funded does appear to have evolved to align with APRIL’s 2030 targets, for instance including greater levels of support for food supplements and monitoring for babies to support a national stunting program.

We noted that APRIL collects a considerable amount of data post-funding to assess the effectiveness of the projects funded. This monitoring program is currently being upgraded but does provide insight into the value created by various initiatives. In one example, community agriculture training to improve the yield of a hot pepper farm in a village resulted in the community doubling their yield and selling on average \$40,000 USD of peppers per month. The continuing improvement of this program is expected to provide significant insight into the effectiveness of APRIL’s community development spending initiatives on a go forward basis.

Observation: road infrastructure is an important requirement for community economic development. Current infrastructure can be very limited and permanent improvement costs can be significant. APRIL has historically supported road maintenance activities to improve access, but these activities do not have a permanent impact. There is an opportunity to investigate alternative funding mechanisms for current and future funding to support permanent infrastructure improvements which would help provide more economic opportunities by improving the flow of goods, services, and trade in the communities in and around RAPP and Supply Partner concessions.

**Good Practice**

Overall, Community Development activities observed showed a long-term commitment to development as several projects have been supported for multiple years with follow through to ensure continued effectiveness.

## VI. Respect the Rights of Indigenous Peoples and Communities

### Indicators Assessed

Two performance indicators on Respect the Rights of Indigenous Peoples and Communities were assessed as follows:

<b>VI</b>	<b>Respect the Rights of Indigenous Peoples and Communities</b>
<b>Overall objective: To demonstrate respect for the rights of indigenous peoples and rural communities throughout operations</b>	
a.	Ha of dispute area resolved and net change in area requiring resolution (including FPIC)
b.	Number of cases entered and resolved through the Corporate Grievance Mechanism

### Indicator Performance

<b>VI</b>	<b>Respect the Rights of Indigenous Peoples and Communities</b>
a.	Ha of dispute area resolved and net change in area requiring resolution (including FPIC)

### **APRIL data for the period from January 1, 2022 – December 31, 2022**

	Ha requiring resolution		Net change in area requiring resolution	Change in inoperable area
	2022	2021	2022	2022
<b>PT RAPP</b>	24,300	22,688	1,613	(4,359)
<b>Supply Partners</b>	18,142	72,206	(54,064)	52,220
<b>Total</b>	42,442	94,894	(52,451)	47,861

### **Evidence Reviewed**

Data provided above was cross-checked against APRIL landbank data. Field visits conducted in 2023 included samples of new and resolved dispute areas to confirm the resolution of the disputes and the accuracy of the areas noted.

### **Findings**

The indicator tracks hectares of dispute area resolved and net change in area requiring resolution.

Building on a pilot program developed with PT. RAPP, APRIL Supply Partners adjusted the number of hectares requiring resolution in 2022 to exclude areas currently deemed unrecoverable (e.g., areas where there is already significant infrastructure or a village), which are now recorded as inoperable area.

After accounting for transfers between “Ha requiring resolution” and “inoperable area”, there was a net reduction of 4,590 hectares in the area requiring resolution, reflecting ongoing efforts by APRIL to resolve the significant backlog of areas requiring dispute resolution.

## Indicator Performance

<b>VI</b>	<b>Respect the Rights of Indigenous Peoples and Communities</b>
b.	Number of cases entered and resolved through the Corporate Grievance Mechanism

### APRIL data for the period from January 1, 2022 - December 31, 2022

	<b>PT RAPP</b>	<b>Supply Partner</b>
<b>Number of formal Grievances received</b>	14	3
<b>Number of formal Grievances resolved</b>	12	3
<b>Number of formal Grievances still on progress to be resolved</b>	2	0

### Evidence Reviewed

The PT RAPP and Supply Partner's 2022 grievance master file and individual grievances were reviewed on a sample basis. Interviews were conducted regarding the grievance process and grievance SOPs with RAPP and Supply Partners. APRIL also supplied a grievance flowchart that describes the overall grievance workflow procedure for RAPP and Supply Partners.

### Findings

In 2022, there were fourteen grievances recorded by PT RAPP, thirteen of which were from villagers and one of which was from an APRIL employee. Twelve of the grievances had been settled during the same year and the remaining two grievances were still in progress as of March 1, 2023. The types of grievances received and determined to be valid related to:

- APRIL's internal recruitment process;
- dust from roads;
- excess vehicle speed in village areas;
- an APRIL maintenance activity for company boundaries;
- damage to one of the villagers' business signage by an APRIL company vehicle;
- clarification on the community-based forest management area and the livelihood area;
- parking of an APRIL company vehicle on the side of an access road;
- road damage due to APRIL's log transportation;
- realization of the infrastructure program for villagers, and
- damage to villagers' rubber plants.

Review of a sample of closed grievances within PT RAPP in 2022 noted that APRIL closed the grievances following the issuance of a closure letter to the complainant and in the absence of a subsequent appeal within 5 days. There were no recorded PT RAPP grievance closure appeals in 2022.

In 2022, Supply Partners received 3 valid grievances that related to:

- a broken dam which caused flood;
- a dusty road and a damaged electrical transmission line; and,
- a damaged road.



KPMG reviewed a grievance sample regarding a complaint about dusty road conditions and a damaged electrical transmission line. It was noted that the grievance action plans were executed 2 days after the grievance was first raised. The grievance was closed after action plans were completed. KPMG interviewed the griever who stated they were satisfied with the resolution.

Information from the representatives of the Supply Partner and PT RAPP revealed that the valid grievances were all recorded and actioned. A review of additional requests received and determined by APRIL not to be valid grievances did not identify any requests that would be considered a grievance.

Progress on **2020 Opportunity for Improvement #2** (which relates to the lack of management visibility over the type and extent of grievances at supply partner concessions was reviewed): RAPP sites implemented the revised grievance SOP in 2022 leading to central recording of RAPP grievances. Supply Partner sites have implemented a revised grievance process also. However, while this leads to centralization of supply partner grievances it does not, to date, lead to APRIL having improved visibility over the nature and extent and handling of supply partner grievances. As a result, **2020 Opportunity for Improvement #2** remains open and in progress.

## VII. Responsible Practices in Our Work Places Indicators

### Indicators Assessed

Two Responsible Practices in Our Workplaces Indicators were assessed as follows:

VII	Responsible Practices in Our Workplaces Indicators
<b>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</b>	
a.	# of fatalities
b.	% of contractor workforce currently approved under APRIL Contractor Safety Management System standards

### Indicator Performance

VII	Responsible Practices in Our Workplaces Indicators
a.	# of fatalities

### APRIL data for the period from January 1, 2022 – December 31, 2022

	PT RAPP - Mill	PT RAPP – Fiber	Supply Partners	Open Market Suppliers
# of fatalities (2022)	1	2	4	Not available
# of fatalities (2021)	2	3	2	
# of fatalities (2020)	1	0	2	

### Evidence Reviewed

PT RAPP's health and safety standard operating procedure and 2022 incident data reports were reviewed. Incident reports were also reviewed on a sample basis. Interviews and record review at the concession level were undertaken on a sample basis to identify whether all fatalities had been reported.

### Findings

This indicator tracks work fatalities for PT RAPP's mill site, fiber operations, and Supply Partners. At the current time, fatalities data does not include Open Market Suppliers.

Fatalities are formally tracked and investigated for all workers, including contractors, across PT RAPP and Supply Partner locations. In each of the fatality accident reports produced, there is a detailed description of the accident as well as action plans to prevent further accidents from recurring. Fatalities in PT RAPP's fiber operations in 2022 were related to traffic incidents and being struck by heavy equipment or wood. It was noted that currently PT RAPP does not maintain a consolidated monitoring document to track all the action plans developed for injuries occurring during 2022.

Overall, fatalities persisted and remained consistent between 2021 and 2022. KPMG noted that a Contractor Safety Management System (CSMS) is still underway for the contractors to further address injury prevention. Despite the number of fatalities, we noted that APRIL continued to ensure all PT RAPP estates and Supply Partners have the government mandated OHS certification and that OHS training was performed for employees.

### **2023 Opportunity for Improvement #1**

An opportunity for improvement exists for APRIL to continue to work on strengthening its safety culture to support the investments it has already made in improved safety processes. Several observations related to safety were noted including:

- At SSL evidence of smoking in locations designated as 'No Smoking' at a temporary camp (evidence provided post site visit showing improvements in the field); No field refueling procedures were in place at the time of the assessment; and one extinguisher was not inspected and not showing as charged.
- At Teso despite a truck inspection program being in place trucks were observed with tire treads and sidewalls in poor condition. We also noted that inspection forms are not capturing images of what has been inspected.
- Currently APRIL does not have a systematic program or process to ensure that findings from safety incidents or audits are communicated across all RAPP and Supply Partner operations to support enhanced safety awareness and act as part of a preventative safety strategy.
- At Bayas it was observed that a recent 'first aid' incident had not been reported. Given that there are over 1200 workers at SRL with only three reported incidents in 2022, this rate appears extremely low considering total exposure hours. This figure and the noted unreported incident raises a question as to whether incidents are routinely being not reported.

### **2023 Opportunity for Improvement #2**

While investigations are being conducted for safety incidents that do not involve fatalities (i.e., LTI, MA, etc.), action plans are being logged in separate tracking documents. There is no consolidated tracking system to track all action items that would allow systematic closure across all operations and the ability to analyze trends and identify areas for improvement (e.g., targeted safety training).

## Indicator Performance

VII	Responsible Practices in Our Workplaces Indicators
b.	% of contractor workforce currently approved under APRIL Contractor Safety Management System standards.

### APRIL data for the period from January 1, 2022 - December 31, 2022

	2022	2021
# of contractor workforce approved under APRIL's CSMS	113	98
Total contractors	175	Not previously reviewed
% of contractor workforce approved under APRIL's CSMS	65%	Not previously reviewed

### Evidence Reviewed

The data above was cross-referenced against the listing of Contractor Safety Management System (CSMS) compliance. Samples of data supporting the fulfillment of CSMS compliance requirements by contractors were reviewed. Field interviews confirmed CSMS training on a sample basis.

### Findings

This indicator tracks the coverage of CSMS certifications across APRIL. This compliance standard was created and put in place by APRIL to ensure all contractors working for APRIL are equipped and protected against health and safety hazards.

To improve corporate safety practices, APRIL developed the CSMS standard to support contractor safety improvements and ensure the same standard is being met by all contractors working on APRIL concessions. There are three CSMS levels: basic, intermediary, and advanced which are determined by the APRIL safety team based on the risk severity of work being performed, and the number of staff within the contracting company.

To become CSMS certified, contracting companies must pass two audits performed by the APRIL safety team; a desktop audit which is conducted to confirm that safety SOPs and documentation meet the CSMS standard, and a field audit to confirm SOPs are being implemented by contracting staff. A contractor is CSMS certified only after they pass both the desktop and field audit. Each time a new contractor is added or there is any desktop or field audit, the safety team will immediately record the changes into the CSMS master file.

In 2022, the percentage of the contractor workforce approved under APRIL's CSMS was 65%. There has also been an increase in the percentage of contractors passing CSMS field audits by 15% in 2022, reflecting progress in continuous health and safety improvements.

### 2023 Opportunity for Improvement #3

The CSMS database does not currently track the date that audits of contractors were completed. This is particularly important in cases of "pass with note" as these categorizations are changed to "pass" when missing supporting evidence is provided, and no updated report is required, therefore it is difficult to determine when contractors become fully certified.

#### **2023 Opportunity for Improvement #4**

Parts of the Meranti mainline are sinking and there were numerous potholes and flooded areas observed creating very poor driving conditions. The current state of the mainline is creating safety and operational issues. Since it is expected to take up to 4 years to complete required road upgrades further action may be required to reduce safety risks.

## VIII. Legal Compliance and Certification Indicators

### Indicators Assessed

Two performance indicators on Legal Compliance and Certification were assessed as follows:

<b>VIII</b>	<b>Legal Compliance and Certification Indicators</b>
<b>Overall objective: To go beyond legal compliance toward achieving sustainable forest management</b>	
a.	Ha of concession burned
b.	% of fiber supplied with SFM certification & legality certification

### Indicator Performance

<b>VIII</b>	<b>Legal Compliance and Certification Indicators</b>
a.	Ha of concession burned

### **APRIL data for the period from January 1, 2022 – December 31, 2022**

	<b># of instances caused by APRIL/supplier</b>	<b>Ha burned</b>	<b># of instances caused by third parties</b>	<b>Ha burned</b>	<b>Total Ha burned</b>
<b>Total (2022)</b>	0	0	2	5	<b>5</b>
<b>Total (2021)</b>	0	0	4	7	<b>7</b>
<b>Total (2020)</b>	0	0	7	73	<b>73</b>

### **Evidence Reviewed**

An APRIL-developed listing of fires in 2022 on PT RAPP and Supply Partner concessions was reviewed and cross-checked to fire incident reports to police and government. Land cover change was sampled to assess completeness of the fire listing and investigated during field visits to access accuracy of information reported about fire incidents.

Due to external questions being raised regarding historic fire reporting, KPMG expanded testing procedures regarding this indicator for this year. In addition, APRIL is currently undertaking re-analysis of some historic fire data to determine if new data can improve reporting accuracy. Using Global Forest Watch remote sensing data, April provided a spatial analysis of detected fire data for the RAPP concessions sampled in 2023 to support the area of cession burned in 2022.

### **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. It should be noted that at the current time, fire data does not include Open Market Suppliers. KPMG visited one open market supplier as part of field assessments where no operational fires were identified in 2022.

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 Supply Partner concessions remained at a low level during the reporting period, declining to 5 ha in 2022 from 7 ha in 2021 and 73 ha in 2020.

It was noted in 2022 the 2 fire incidents reported were suspected due to land clearing and accidental bushfire by the surrounding villagers.

Using Global Forest Watch remote sensing data, April provided a spatial analysis of detected fire data for the RAPP concessions sampled in 2023 to support the area of cession burned in 2022.

### Opportunity for Improvement #7

Evolving satellite detection technology, higher quality resolution and increased public access to multiple data sources mean that APRIL tree cover loss as a result of fire and community clearing is readily detectable, although with widely varying degrees of accuracy, analysis methodology and interpretation of the data. As a result, there is an opportunity for APRIL to ensure that its tree cover loss monitoring processes are aligned with these improving data sources and technology and to identify collaboration options with global data platforms to support continuing improvement in the analysis and interpretation of the data.

### Good Practice

PT. RAPP and Supply partners continue to achieve very low levels of loss to fire.

## Indicator Performance

VIII	<b>Legal Compliance and Certification</b>
b.	% of fiber supplied with Sustainable Forest Management (SFM) certification & legality certification

### APRIL data for the period from January 1, 2022 - December 31, 2022

SFM and legality	Type of certificate and legality	Percentage of fiber supplied with SFM and legality
SFM and legality*	PEFC IFCC (international) and PHPL (national)	99.52%
Legality only (VLK/DKP)	VLK or DKP	0.48%
<b>Total</b>		<b>100%</b>

<sup>1</sup>Roundwood only

### Evidence Reviewed

The data above was cross-checked against APRIL's list of certificates for all locations for PT RAPP, Supply Partners and Open Market Suppliers. Samples of selected certificates were reviewed to assess their validity and confirmed during site visits.

### 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 of APRIL's supply sources had at least one form of legality certification.

### 2023 Opportunity for Improvement #5

Several previous findings have remained open beyond the planned internal closure date and progress on closing out findings is slower than committed to in approved action plans.

This was found both in internal action plans, and action plans from external audits, including SAU action plans for 2022 PEFC forest management and government sustainable forest management audits.

As a result, there is an opportunity for improvement to improve the timeliness of action plan implementation to ensure committed timelines are met and continuous improvement initiatives are delivered on.



# IX. Good Corporate Governance, Verification and Transparency

## Indicators

### Indicators Assessed

One performance indicator on Good Corporate Governance, Verification and Transparency indicator was assessed as follows:

<b>IX</b>	<b>Good Corporate Governance, Verification and Transparency</b>
<b>Overall objective: To implement best practices in corporate governance and transparency</b>	
a.	% of Open Market suppliers meeting minimum supplier standards based on annual due diligence inspections

### APRIL data for the period from January 1, 2022 – December 31, 2022

	Fiber Suppliers	Community Forest Suppliers	Chip Suppliers	Total
Open Market suppliers meeting minimum supplier standards	8	2	2	<b>12</b>
Total Open Market suppliers	8	2	3	<b>13</b>
% of Open Market suppliers meeting minimum supplier standards	100%	100%	66%	<b>92%</b>

### Evidence Reviewed

KPMG reviewed APRIL's SFMP 2.0 Compliance SOP, supplier due diligence reports, and the database of Open Market Suppliers, Community Forest Suppliers and Chip Suppliers.

### 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. A compliance SOP guides the due diligence procedures and was updated in 2021 to better align with PEFC standards.

Under the Open Market Supplier due diligence process, there is a requirement for initial new supplier due diligence, that includes a retrospective analysis of post-June 2015 clearing, as well as an ongoing annual audit requirement for Open Market Supplier compliance to SFMP 2.0. If the supplier does not meet the criteria, the supplier will not be contracted by PT RAPP.

The due diligence is conducted by APRIL before the contract signing or whenever the contract is renewed (usually annually) to ensure that the suppliers' standards are on par with APRIL.

### **2023 Opportunity for Improvement #6**

In 2022, APRIL began adding chip suppliers to their Open Market (“OM”) supplier list, including a trial for an OM chip supplier in Vietnam. The current SFMP 2.0 Compliance due diligence SOP was developed considering log suppliers and does not address the specific complexities and different risks associated with overseas chip suppliers.

In addition, APRIL contracted with a new trial chip supplier in Vietnam that did not meet APRIL’s minimum standards during the initial due diligence process. Not all requirements of the current SFMP 2.0 Due Diligence SOP for accepting fiber were met as a field visit was not conducted prior to signing the contract. While no non-compliances were identified with SFMP 2.0, the level of documentation and field inspection data gathered was insufficient for the current SFMP 2.0 due diligence requirements. APRIL has indicated that since 2022, an action plan has been agreed with the supplier to meet the APRIL standards, including PEFC chain of custody certification requirements and requirements for an APRIL field inspection.

## X. SFMP 2.0 Addenda

### Indicators Assessed

Two performance indicators were assessed in relation to the SFMP 2.0 addenda as follows:

X	Addenda to SFMP 2.0
<b>Overall objective: To address Sustainable Forest Management Topics of increasing importance since the development of SFMP 2.0 in 2015</b>	
a.	Ha of GMO planted (including trials)
b.	Number and status of plans for priority Rare, Threatened and Endangered species (not started, in development, approval, implementation)

### Indicator Performance

X	Addenda to SFMP 2.0
a.	Ha of GMO planted (including trials)

### **APRIL data for the period from January 1, 2022 - December 31, 2022**

	<b>% of plantation footprint where GMOs are planted or used</b>
PT. RAPP	0%
Supply Partners	0%

### **Evidence Reviewed**

KPMG reviewed APRIL'S GMO Use Policy, as well as PEFC audit results for PT RAPP's fiber supply (PEFC does not allow GMOs in the supply chain). KPMG also enquired regarding GMO use during concession field visits.

### **Findings**

No evidence of GMO use or trials was observed throughout field work or throughout interviews performed in head office. All employees' questions about GMOs indicated that they are not being planted in APRIL's area as it is prohibited both by Indonesian regulations and APRIL's GMO use policy. The GMO use policy also stipulates no trials are permitted by APRIL.

Additionally, APRIL's PEFC chain of custody certification audit results did not identify any GMOs in the supply chain for the Kerinci mill.

## Indicator Performance

<b>X</b>	<b>Addenda to SFMP 2.0</b>
b.	Number and status of plans for priority Rare, Threatened and Endangered species (not started, in development, approval, implementation)

### Restorasi Ekosistem Riau (RER) data for the period from January 1, 2022 - December 31, 2022

Local name	Scientific name	English name	IUCN	Status of Plan
Biuku	<i>Orlitia borneensis</i>	Malaysian giant turtle	CR	In development
Gajah Sumatera	<i>Elephas maximus sumatranus</i>	Sumatran elephant	CR	In development
Harimau Sumatera	<i>Panthera tigris sumatrae</i>	Sumatran tiger	CR	In development
Trenggiling	<i>Manis javanica</i>	Sunda pangolin	CR	In development
Kucing Tandang	<i>Prionailurus planiceps</i>	Flat-headed cat	EN	In development
Kukang	<i>Nycticebus coucang</i>	Sunda slow loris	EN	In development
Tapir	<i>Tapirus indicus</i>	Malayan tapir	EN	In development
Musang Air	<i>Cynogale bennettii</i>	Otter civet	EN	In development
Bangau Bluwok	<i>Mycteria cinerea</i>	Milky stork	EN	In development
Itik Rimba	<i>Asarcornis scutulata</i>	White-winged duck	EN	In development

### Evidence Reviewed

KPMG reviewed APRIL's management plan for conservation and management of priority biodiversity for Restorasi Ekosistem Riau (RER).

### Findings

This indicator tracks the status of plans for priority Rare, Threatened and Endangered (RTE) species identified by APRIL. In 2022, the scope of this indicator is specific to RER. The priority RTE species identified by APRIL were determined by identifying species in the geographic scope that were listed as critical endangered or endangered within IUCN. For each identified species, APRIL has begun management plans by completing focus group discussions with management teams to agree upon focus areas and necessary steps to prepare an effective management strategy for each species. The outcome of these discussions led to the start of studies being completed on what data APRIL has and what data will be needed.

APRIL is now in the process of completing assessments of villages near the geographic scope of the management plans to gain understanding and input from communities on conservation and protection of biodiversity. Next steps include further data analysis and workshops to create standard methodologies for implementation of plans and to provide training to management. APRIL noted that plans are expected to be completed by end of 2023.

Expansion of this indicator to cover RTE species on PT RAPP and Supply Partner concessions is expected in the future.

*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 Framework<sup>1</sup>.

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);

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<sup>1</sup> 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 hardwoods<sup>2</sup>. Mixed hardwoods harvested before 15 May 2015 will be utilized by APRIL's mill before end December 2015;
- h. Any residual fiber 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 fiber 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 peatlands<sup>3</sup>. 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 areas<sup>4</sup>.

## **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;

<sup>2</sup> 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.

<sup>3</sup> Plantation land acquisitions will be reviewed by the SAC.

<sup>4</sup> 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.

### 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.

### 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).

### 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*

<b>I</b>	<b>Long Term Sustainability:</b>
<b><i>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.</i></b>	
a.	Tonnes and % of fiber supply by region (PT. RAPP, Suppliers (concessions, community forests, outgrower programs)
b.	# of Ha developed by category (Forested, Non-Forested and HCV <sup>1</sup> /HCS <sup>2</sup> and non-HCV/HCS)
<b>II</b>	<b>Forest Protection and Conservation:</b>
<b><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></b>	
a.	Ha of conservation area damaged (land claim/ no land claim)
b.	Progress toward 1:1 commitment
c.	Ha available for restoration
d.	Ha of restoration in progress
<b>III</b>	<b>Peatland Management:</b>
<b><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></b>	
a.	Percentage of peatland landscape under conservation
<b>IV</b>	<b>Continuous reduction of carbon footprint:</b>
<b><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></b>	
a.	Percentage of Kerinci mill energy needs met by renewable energy
b.	Track and report reductions in carbon emissions and increases in carbon sequestration through conservation and ecosystem restoration and continuous improvements in sustainable plantation management practices

<b>V</b>	<b>Proactive support of local communities:</b>
<i>Overall objective: To continually seek opportunities to consult and align with the interests of communities.</i>	
a.	Community Development Projects and sample of investments confirmed with in-field inspection
<b>VI</b>	<b>Respect the Rights of Indigenous Peoples and Communities:</b>
<i>Overall objective: To demonstrate respect for the rights of indigenous peoples and rural communities throughout operations.</i>	
a.	Ha of dispute area resolved and net change in area requiring resolution (including FPIC)
b.	Number of cases entered and resolved through the Corporate Grievance Mechanism
<b>VII</b>	<b>Responsible Practices in Our Work Places:</b>
<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
b.	% of contractor workforce currently approved under APRIL Contractor Safety Management System standards.
<b>VIII</b>	<b>Legal Compliance and Certification:</b>
<i>Overall objective: To go beyond legal compliance toward achieving sustainable forest management.</i>	
a.	Ha of concession burned
b.	% of fiber supplied with Sustainable Forest Management (SFM) certification & legality certification
<b>IX</b>	<b>Good Corporate Governance, Verification and Transparency:</b>
<i>Overall objective: To implement best practices in corporate governance and transparency.</i>	
a.	% of Open Market suppliers meeting minimum supplier standards based on annual due diligence inspections
<b>X</b>	<b>Addenda to SFMP 2.0:</b>
<i>Overall objective: To address Sustainable Forest Management Topics of increasing importance since the development of SFMP 2.0 in 2015.</i>	
a.	Ha of GMO planted (including trials)
b.	Number and status of plans for priority Rare, Threatened and Endangered species (Not started, in development, approval, implementation)

## Appendix 3: Action Plans for New Opportunities for Improvement

APRIL SFM Policy 2.0 Implementation –Action Plans for Opportunities for Improvement		
April 25, 2023		
Indicator VII.a	# of Fatalities	
<b>2023 Opportunity for Improvement #1</b>	<p>An opportunity for improvement exists for APRIL to continue to work on strengthening its safety culture to support the investments it has already made in improved safety processes. Several observations related to safety were noted including:</p> <ul style="list-style-type: none"> <li>- At SSL evidence of smoking in locations designated as ‘No Smoking’ at a temporary camp (evidence provided post site visit showing improvements in the field); No field refueling procedures were in place at the time of the assessment; and one extinguisher was not inspected and not showing as charged.</li> <li>- At Teso despite a truck inspection program being in place trucks were observed with tire treads and sidewalls in poor condition. We also noted that inspection forms are not capturing images of what has been inspected.</li> <li>- Currently APRIL does not have a systematic program or process to ensure that findings from safety incidents or audits are communicated across all RAPP and Supply Partner operations to support enhanced safety awareness and act as part of a preventative safety strategy.</li> <li>- At Bayas it was observed that a recent ‘first aid’ incident had not been reported. Given that there are over 1200 workers at SRL with only three reported incidents in 2022, this rate appears extremely low considering total exposure hours. This figure and the noted unreported incident raises a question as to whether incidents are routinely being not reported.</li> </ul>	
<b>APRIL Action Plan</b>	APRIL will continue the awareness training, audit and inspection to ensure consistent implementation of the current SOP and programs as well as improving the system.	Timeframe: December 2023

<b>KPMG PRI Review of action plan</b>	Accepted, April 27, 2023	
<b>Indicator VII.a</b>	<b># of fatalities</b>	
<b>2023 Opportunity for Improvement #2</b>	While investigations are being conducted for safety incidents that do not involve fatalities (i.e., LTI, MA, etc.), action plans are being logged in separate tracking documents. There is no consolidated tracking system to track all action items that would allow systematic closure across all operations and the ability to analyze trends and identify areas for improvement (e.g., targeted safety training).	
<b>APRIL Action Plan</b>	APRIL will consolidate the database and tracking system for all action plans coming out from incident investigation.	Timeframe: June 2023
<b>KPMG PRI Review of action plan</b>	Accepted, April 27, 2023	
<b>Indicator VII.a</b>	<b>% of contractor workforce currently approved under APRIL Contractor Safety Management System standards.</b>	
<b>2023 Opportunity for Improvement #3</b>	The CSMS database does not currently track the date that audits of contractors were completed. This is particularly important in cases of “pass with note” as these categorizations are changed to “pass” when missing supporting evidence is provided, and no updated report is required, therefore it is difficult to determine when contractors become fully certified.	
<b>APRIL Action Plan</b>	APRIL will upgrade the CSMS Database to include information of date of audits and date of approved certifications.	Timeframe: June 2023
<b>KPMG PRI Review of action plan</b>	Accepted, April 27, 2023	
<b>Indicator VII.a</b>	<b>% of contractor workforce currently approved under APRIL Contractor Safety Management System standards.</b>	
<b>2023 Opportunity for Improvement #4</b>	Parts of the Meranti mainline is sinking and there were numerous potholes and flooded areas observed creating very poor driving conditions. The current state of the mainline is creating safety and operational issues. Since it is expected to take up to 4 years to complete required road upgrades further action may be required to reduce safety risks.	

<b>APRIL Action Plan</b>	APRIL will conduct further analysis and come out with some action to reduce the safety risks.	Timeframe: September 2023
<b>KPMG PRI Review of action plan</b>	Accepted, April 27, 2023	
<b>Indicator VIII.b</b>	<b>% of fiber supplied with Sustainable Forest Management (SFM) certification &amp; legality certification</b>	
<b>2023 Opportunity for Improvement #5</b>	<p>Several previous findings have remained open beyond the planned internal closure date and progress on closing out findings is slower than committed to in approved action plans.</p> <p>This was found both in internal action plans, and action plans from external audits, including SAU action plans for 2022 PEFC forest management and government sustainable forest management audits.</p> <p>As a result, there is an opportunity for improvement to improve the timeliness of action plan implementation to ensure committed timelines are met and continuous improvement initiatives are delivered on.</p>	
<b>APRIL Action Plan</b>	APRIL will strengthen the internal commitments to close out the internal and external action plans as per the agreed timeline.	Timeframe: September 2023
<b>KPMG PRI Review of action plan</b>	Accepted, April 27, 2023	
<b>Indicator IX.a</b>	<b>% of Open Market suppliers meeting minimum supplier standards based on annual due diligence inspections</b>	
<b>2023 Opportunity for Improvement #6</b>	<p>In 2022, APRIL began adding chip suppliers to their Open Market (“OM”) supplier list, including a trial for an OM chip supplier in Vietnam. The current SFMP 2.0 Compliance due diligence SOP was developed considering log suppliers and does not address the specific complexities and different risks associated with overseas chip suppliers.</p> <p>In addition, APRIL contracted with a new trial chip supplier in Vietnam that did not meet APRIL’s minimum standards during the initial due diligence process. Not all requirements of the current SFMP 2.0 Due Diligence SOP for accepting fiber were met as a field visit was not conducted prior to signing the contract. While no non-compliances were identified with SFMP 2.0, the level of documentation and field inspection data gathered was insufficient for the current SFMP 2.0 due diligence requirements.</p>	



<b>APRIL Action Plan</b>	APRIL will revise its SFMP 2.0 Compliance SOP to add the procedures and requirements for Chip Suppliers and ensure the implementation of the revised SOP.	Timeframe: December 2023
<b>KPMG PRI Review of action plan</b>	Accepted, April 27, 2023	
<b>Indicator VIII.a</b>	<b>Ha of concession burned.</b>	
<b>2023 Opportunity for Improvement #7</b>	Evolving satellite detection technology, higher quality resolution and increased public access to multiple data sources mean that APRIL tree cover loss as a result of fire and community clearing is readily detectable, although with widely varying degrees of accuracy, analysis methodology and interpretation of the data. As a result, there is an opportunity for APRIL to ensure that its tree cover loss monitoring processes are aligned with these improving data sources and technology and to identify collaboration options with global data platforms to support continuing improvement in the analysis and interpretation of the data.	
<b>APRIL Action Plan</b>	APRIL will align its tree cover loss monitoring processes with the improving data sources and technology and to identify collaboration options with global data platforms to support continuing improvement in the analysis and interpretation of the data.	Timeframe: September 2023
<b>KPMG PRI Review of action plan</b>		

*Appendix 4: Update on Action Plans for Historic Opportunities for Improvement*

**APRIL SFM Policy 2.0 Implementation – Action Plans for Previous Opportunities for Improvement - March 3, 2023  
2022**

<b>Indicator I.b</b>	<b># of Ha developed by category (Forested, Non-Forested and HCV*/HCS** and non-HCV/HCS).</b>	
<b>2022 Opportunity for Improvement #1</b>	<p>APRIL SFMP 2.0 has a clear commitment to HCS assessment ahead of development activities. Recognizing that HCS has evolved significantly since the SFMP 2.0 commitments were made and that HCS assessment takes significant time, in the interim APRIL have developed a land recovery SOP to guide retention of residual forest values during land recovery of ex-dispute areas in order to mitigate risk to residual forest values. Our assessment found that while this SOP is being implemented:</p> <ul style="list-style-type: none"> <li>the SOP is designed for small scale land recovery. As the areas recovered increase in scale, there is a need to re-evaluate the SOP and particularly, to clarify where the scale of recovery requires HCS assessment.</li> <li>For existing land recovery operations there is an opportunity to clarify standards for the quality of photographic evidence required to support the current, and historic, deforested status of the land that is necessary for the land to be eligible for development.</li> </ul>	
<b>APRIL action plan</b>	APRIL will review the Land Recovery Analysis SOP, clarifying the scale, perhaps also adding more additional steps and look at the opportunities to improve the quality of photos/images.	Timeframe: September 2022
<b>Summary of completed APRIL actions</b>	The Land recovery SOP is not yet updated. A flow chart of the proposed process has been developed and remains draft but further work is required to ensure full alignment with SFMP 2.0 commitments.	
<b>Current Status as of March 2023</b>	This OFI remains <b>OPEN</b> and is in progress.	
<b>Indicator IX.d</b>	<b>% of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery</b>	
<b>2022 Opportunity for Improvement #2</b>	Publication of the IPEWG minutes is an important demonstration of APRIL’s approach to implementing best management practices on peatland. However, the IPEWG has not published formal minutes for any meetings since mid-2020 reducing transparency in relation to this important process. The proposed publication of a progress Report later in 2022 that is intended to cover recent IPEWG activities is expected to help improve transparency to the process.	
<b>APRIL action plan</b>	IPEWG’s 2021 Progress Report is planned to be published later this year which will consolidate all key discussion from 2021 IPEWG Meetings, and APRIL will look at publication of IPEWG 2022 Minutes of Meeting as well.	Timeframe: December 2022
<b>Summary of completed APRIL actions</b>	There was one IPEWG meeting in 2022, which is posted. There were 3 2021 meetings, minutes for which are now posted.	

<b>Current Status as of March 2023</b>	This OFI is <b>CLOSED</b> .	
<b>Indicator X.a</b>	% of concessions not using World Health Organization (“WHO”) Class 1a or 1b pesticides	
<b>2022 Opportunity for Improvement #3</b>	Inspection of the Chemical inventory at one Open Market Supplier site found the list of chemicals in storage was incomplete and that a number of the Material Safety Data Sheets (MSDS) on site were missing or out of date.	
<b>APRIL action plan</b>	APRIL will review and strengthen the verifiers in checklist to include some level of due diligence on Suppliers’ Chemical List and MSDS.	Timeframe: July 2022
<b>Summary of completed APRIL actions</b>	<p>Bulletin IMS Fiber 2022 was issued, providing reminders to RAPP and supply suppliers on APRIL’s requirements for maintenance of MSDS</p> <p>Awareness training for representatives of all (RAPP and Supply partner) estates in October, 2022. Representatives then carried out the training locally.</p> <p>Open Market Due diligence form Section B Compliance Monitoring Information was updated in December 2022 to covers chemical use and maintenance of MSDS and has been used for desktop analysis since then (there have not been any field visits to open market suppliers since the date of the change but field visits will also assess this topic)</p>	
<b>Current Status as of March 2023</b>	This OFI is <b>CLOSED</b> .	
<b>Indicator X.b</b>	% of estates and concessions with invasive species identification and management programs.	
<b>2022 Opportunity for Improvement #4</b>	Field inspections identified weaknesses in the implementation of commitments related to invasive species at one supply partner estate where an SOP was in place for managing invasive species but had not to date been implemented.	
<b>APRIL action plan</b>	APRIL will strengthen the socialization and conduct re-fresh training about the procedure to manage Invasive Species.	Timeframe: September 2022
<b>Summary of completed APRIL actions</b>	<p>Bulletin Conservation Management was issued covering invasive species management and practices for addressing invasive species at different scales and ages.</p> <p>Awareness training for representatives of all (RAPP and Supply partner) estates was conducted in October 2022 Representatives then carried out the training locally.</p>	

<b>Current Status as of March 2023</b>	This OFI is <b>CLOSED</b> .	
<b>Indicator X.d</b>	# of species of concern identified on ecosystem restoration areas and concession areas.	
<b>2022 Opportunity for Improvement #5</b>	Overall, field assessments indicate that there is signage in place at estates to remind workers and contractors of species of concern and expectations for reporting sightings. However, in an isolated case, worker and contractor interviews did not indicate an awareness of reporting expectations at one supplier concession.	
<b>APRIL action plan</b>	APRIL will strengthen the socialization and conduct re-fresh training about the requirement to report on the species of concern.	Timeframe: September 2022
<b>Summary of completed APRIL actions</b>	Bulletin Conservation Management was issued overing expectations regarding sightings and wildlife encounters. Awareness training for representatives of all (RAPP and Supply partner) estates was conducted in October, 2022. Representatives then carried out the training locally.	
<b>Current Status as of March 2023</b>	This OFI is <b>CLOSED</b> .	
<b>Indicator IX.a</b>	Status of Stakeholder Advisory Committee (SAC) Recommendations	
<b>2022 Opportunity for Improvement #6</b>	While APRIL's independent Stakeholder Advisory Committee remains active, neither the APRIL website nor the APRIL Sustainability Dashboard contain a complete set of meeting minutes reducing transparency in relation to this important process.	
<b>APRIL action plan</b>	APRIL will make sure that the complete set of 2021 and 2022 SAC minutes of meetings is published.	Timeframe: December 2022
<b>Summary of completed APRIL actions</b>	The APRIL Sustainability Dashboard SAC Meeting Reports Section has been updated and now shows 4 sets of minutes for 2022 and 5 sets of minutes for 2021.	
<b>Current Status as of March 2023</b>	This OFI is <b>CLOSED</b> .	
<b>Indicator VII.c</b>	% of PT. RAPP, supplier and contractor operations covered by OHS certification	
<b>2022 Opportunity for Improvement #7</b>	Field inspections identified an opportunity to include temporary housing within RAPP inspection requirements. RAPP currently has a formal inspection process and checklist for permanent and semi-permanent housing that addresses safety and sanitation considerations. However, there is no process to address temporary worker housing which, based on one site visited, did not meet basic standards.	

<b>APRIL action plan</b>	APRIL will develop inspection checklist requirements for temporary housing.	Timeframe: December 2022
<b>Summary of completed APRIL actions</b>	A detailed Checklist was developed and approved (Izin Pemasangan/Bongkar Camp Lapangan) in December 2022 that covers areas of concern. Socialization of the new requirements to Estates occurred in October 2022. Implementation of the new requirements by individual estates is being checked through APRIL’s internal audit program.	
<b>Current Status as of March 2023</b>	This OFI is <b>CLOSED</b> .	
<b>APRIL SFM Policy 2.0 Implementation – Update On Action Plans For Previous Opportunities For Improvement 2020</b>		
<b>Indicator VI.f</b>	<b>% of grievances resolved in accordance with the grievance standard operating procedure (SOP)</b>	
<b>2020 Opportunity for Improvement #2</b>	<p>Grievance 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>	
<b>Summary of completed APRIL actions</b>	<p>A revised grievance mechanism has been approved that is more streamlined and includes centralized oversight over site level (“offline”) grievances raised by communities which are to be reported on a weekly basis. Additional methods to register grievance have been formalized, including a hotline. This revised mechanism has not yet been implemented.</p> <p>RAPP sites implemented the revised grievance SOP in 2022 leading to central recording of RAPP grievances.</p> <p>Supply Partner sites have implemented a revised grievance process also. However, while this leads to centralization of supply partner grievances it does not, to date, lead to APRIL having improved visibility over the nature and extent and handling of supply partner grievances.</p>	
<b>Current Status as of March 2023</b>	This OFI remains <b>OPEN</b> and is in progress.	

<b>Indicator II.a</b>	<b>Hectares and % of conservation and restoration area impacted by fire, development or encroachment</b>
<b>2020 Opportunity for Improvement #4</b>	An opportunity remains to develop a broad plan to address the rehabilitation, where possible, of the significant backlog of historic encroachment.
<b>Summary of completed APRIL actions</b>	APRIL has completed analysis of its baseline of sites available for restoration, focusing on area that is within conservation and not under land claim. This area has now been analyzed and restoration priorities determined.
<b>Current Status as of March 2023</b>	This OFI is <b>CLOSED</b> .