APP presentation of progress on FCP and Sustainability Roadmap Vision 2020

Elim Sritaba, Director, Sustainability, opened the forum with welcome remarks, in which she requested for inputs from stakeholders which are implementable on the ground, bearing in mind existing complexities in Indonesia. Taking stock of APP's achievements in meeting many of the goals set by Vision 2020, it is timely to start the process of developing the next vision, looking towards 2030.

The APP team's Neglasari Martini and Librian Angraeni presented progress made by the FCP since the last SAF held in May 2017 and updated on achievements made vis-à-vis the APP Sustainability Roadmap Vision 2020 respectively.

The FCP progress report update was presented in accordance to the 4 commitment pillars: protecting natural forest, peatland management, social commitments, and global supply chain. Key highlights, both from the presentation and the Q&A session (in italics), were:

- **Integrated Sustainable Forest Management Plans (ISFMP):**ISFMP spatial plans for all of APP's FMUs (38) have been completed in 2016. Spatial plans for 28 suppliers are being revised according to the government's new peatland regulation. *One member of the audience asked for APP's plans to address immediate production disruptions which would be inevitable due to numerous new policies and regulations on peatland introduced by the government. APP acknowledged that there would be production disruptions but stressed that compliance is non-negotiable, and that it is actively engaging the MoEF to ensure business sustainability is factored for, and to work together with the Government on ground verification to improve existing peat map.*The Independent Observer monitoring (IO) on ISFMP has been delayed as a result of the spatial planning revision process (RKU), but expected to start in OKI region, South Sumatra, in November 2017. APP has also started using the forest alert service by Macdonald, Dettwitler and Associates (MDA). Other upcoming initiatives are a pilot for community-based forest security program in 7 villages in Jambi and a community-based SMART patrol to monitor wildlife and detect illegal activities.

- **Fire management:**in 2017, APP has been able to verify 95% of detected hotspots within 24 hours, while verification for the remaining 5% is delayed due to accessibility and connectivity issues. Fire prevention program involving the community, SIGAHKAR, has also been effective in early detection of fire spot. One key challenge is in the area where burning land to clear land is still considered as the customary right of the local people, and as such this delayed the behavioural change within the community. *One audience member suggested that the 24-hour window is too long for peatland fire management, and proposed that APP should focus on measuring success in fire-fighting rather than the rate of hotspot verifications.*

- **Restoration and conservation:**Surveys on vegetation and species composition are conducted in MUBA, OKI and East Kalimantan to feed into the development of new restoration plans inside APP suppliers' concessions. APP is also working with Gadjah Mada University to develop restoration plan in retirement area on peatland, in PT Tripupa Jaya concession in South Sumatra.

- **Peatland management:**Waterflow analysis by Deltares on going based on the second LiDAR mapping. Research is ongoing on 9 alternative species on peatland. The purpose of alternative species research is not only for production but also community, agroforestry and restoration. One key challenge faced is that despite high survival rates, these species grow at much lower rates than acacia. Another limitation is the lack of available quality germplasm and the need for local Mycorrhiza suitable for specific peat species. *On Mycorrhiza, a member of the audience cautioned that better understanding of theirpotential adverse impacts on peat decomposition is needed.* APP welcomed stakeholders to share any relevant information available on the topic.

- **Integrated Forestry and Farming System (IFFS):** As of October 2017, the programme has been implemented in 146 villages (target is to reach 500 villages by 2020), benefitting more than 7,000 households, and ongoing dialogue is occurring with 54 villages to agree on programs and business plans. One of the main focuses of the programme is the transfer of technology on farming and fire-free land clearing to encourage more productive land use to reduce stress for natural forest clearance. One important challenge is lack capacity of village level economic institutions to manage funds and run books. APP is working with local authorities to build capacities, including signing an MoU recently with the Ministry of Village, Underdeveloped Region and Transmigration to establish and strengthen village-level institutions such as village enterprises.

- **Social conflict resolution:** 43 percent of conflicts have been resolved as of October 2017. The lack of progress since April 2017 is due to the remaining conflicts being more complicated, thus more time-consuming. Regional Working Group in Riau, Jambi, and South Sumatra are developed with participation from NGOs, academics, local government representatives and community. Adhoc team is set up from within the forum to verify, monitor, and facilitate the conflict resolution measures to reach agreement. Adhoc teams will report back to the forum on progress made and challenges faced. These platforms tend to develop a new trend of cooperation and partnership between local stakeholders, including local NGOs.
- **New suppliers:** APP approved 3 new FMUs and 1 community forest into its supply chain between May and October 2017. APP has also created a separate supplier approval process for one-time suppliers, but emphasized that this mechanism will not be abused as further supplies from the one-time suppliers would be subjected to the complete process for full-time long-term suppliers.
- **Belantara Foundation**: APP announced the appointment of Sri Mariati as the new ED (a full-time permanent position), and introduced upcoming initiatives of the foundation, including development of catalogue for 5 commodities – coffee, cacao, rubber, coconut and palm oil, in 10 critical landscapes to diversify economic opportunities for the local community.
- **FCP Monitoring Dashboard**: APP has taken on board feedback from stakeholders and redesigned the dashboard to be more user-friendly. The dashboard is in demo version at present, with soft launch of the desktop version expected in December 2017 and the mobile version coming online mid-2018.

The APP Sustainability Roadmap Vision 2020 update

Librian Angraeni briefly refreshed the audience about APP Sustainability Roadmap Vision 2020, emphasizing that FCP is part of the Vision which is not only a target for raw material sustainability but also includes other aspects of APP's operations, such as water management and employee welfare. APP has attained or is on track to achieve many of the goals set by Vision 2020, such as the forestry goals and various mills' sustainable operation targets.

Highlights of achievement:
- 10% reduction in energy intensity by 2020 based on 2012 baseline: energy intensity decreased 7% in 2016 compared to 2012, which means it is on track to be achieved by 2020.
- 10% reduction in water intensity by 2020, based on 2013 baseline: water intensity decreased 15% in 2016 compared to 2013, already exceeding the target.

Two areas where APP is behind its targets:
- 10% reduction in carbon intensity by 2020 in mills: carbon intensity has only decreased by 2.4% in 2016. Challenge stems from APP's reliance on biomass - supply of which is unpredictable - as source for renewable energy, which constitutes 47% of energy source for production of APP's paper products.
- Zero employee and contractor fatalities, major fire incidents, and traffic incidents on site: One main obstacle is to increase awareness of the importance of safety practices within our contractors operations. APP is pressing on to improve the situation with safety programmes and is implementing the CSMS (Contractor Safety Management System) to improve safety practices of contractors.

Breakout sessions

Jon Woodhead of DNVGL explained that the objective of the breakout sessions was to collect inputs on scopes of issues to be covered in the new Vision 2030, and NOT to have detailed discussions on targets (which will be put on the table in 2018 where inputs will be sought from stakeholders) as APP is still at the exploratory stage in developing its Vision 2030.The new Vision would integrate Sustainable Development Goals, global/national level legislations and goals. Central to Vision 2030 is the concept of Sustainable and Responsible Business, which will be achieved via 4 themes: forest, peatlands, production and products, and people. Addressing climate change is the cross-cutting theme.

Two breakout sessions of 20 minutes each were conducted. Guidelines for discussions during the breakout sessions were the following:

- Comments on the headline goals proposed for each theme, specifically on whether they address the most critical issue within the timeframe.
- Validate or amend the list of issues identified within each theme.
- Flag any missing issues.
- Asses terminologies used and proposed adjustment when necessary.

1. Forests

Proposed headline goal: Achieve landscape-scale sustainable forest management, protection and restoration across APP and suppliers' operations.

Proposed key issues: fibre sourcing; reforestation, conservation, and diversity; forest fire – prevention and control.

Feedback from stakeholders:

- APP should be clear on definitions of terms used:
  - Restoration/reforestation/rehabilitation: These terminologies have different significance. What does APP mean when using them? For example, would restoration entail returning to the natural state before APP's presence in an area, and involve restoration of the whole ecosystem, i.e. return of wildlife? With definitions clearly set out, APP would then need to distinguish the areas intended for each type of interventions, such as whether an area is meant for restoration or rehabilitation.
  - Biodiversity: The definition of biodiversity requires a broader identification of wildlife, beyond flagship species such as tigers and elephants. APP should be held accountable for decreased population of species and has to set targets in recovering affected wildlife population. Ideally the target should be to recover original population prior to APP operation. Wildlife should be recognized as a central contributor to the wealth of the forest and therefore more attention should be given to wildlife conservation. APP should establish corridor between HCV areas to enable greater wildlife mobility.
  - Sustainable forest management: What constitute APP's concept of sustainable forest management? Would sustainable forest management take a holistic view by looking at both production and conservation? It was proposed that notions such as HCV should be integrated into the concept.
  - Landscape: APP should be clearer in defining what it means by 'landscape', specifically how far-reaching its conceptualization of landscape is. For example, whether it includes areas outside of APP's concessions (and if so, what are APP's targets for those outside of its concessions as they would be different given involvement of more stakeholders).

- APP should align with SDGs, Indonesian government's targets and regulations, and clearly indicate how its contributions would feed into the targets. For example,
  - How much will APP contribute to Indonesia's national target to cut carbon emission by 29% by 2030?
  - How APP will contribute to monitoring around protected areas? What will be the extent to which APP could contribute in areas outside of its concessions?

- APP should ensure its goals keep up with changes such as population growth and climate change. To this end, key elements which APP should prioritize are:
  - Community forestry to build a model that supports demands from the local communities and APP's mills. One idea proposed was to manage APP's concessions with the local communities.
  - Increasing productivity and intensification through innovations and R&D, such as boosting research efforts to find alternative species to complement (when substitution is not possible) acacia, and increasing production without increase in land area in view of land scarcity as population grows.

- There were no reactions pertaining to forest fires, as it was considered part of reforestation, conservation and biodiversity.

2. Peatland

Proposed headline goal: Implement best practice peatland management

Proposed key issues: hydrology; alternative species; rehabilitation and conservation

Feedback from stakeholders:

- Stakeholders highlighted the importance of research and development / innovation, considering that best practices in peatland management are in their infancy.

- The new peat regulation will impose a new regime resulting in a drastic reduction of peatland areas to be used for plantation and is likely to impose restoration and rehabilitation duties to industrial license holders. There should hence be a general statement where APP acknowledges disturbance to its production capacity with introduction of new policies and regulations, and from there, a clear roadmap on how APP would manage the impacts on production.
- APP should continue to understand and map peat, taking into account new government requirements. LiDAR mapping conducted in 2014 and 2016 already offers a very valuable tool for enabling better understanding and should be complemented with additional data as required by the new peat regulation. The mapping should also be the basis for a detailed assessment of the carbon content of peat area included in APP's supply chain.
- APP should provide clear definitions on the following:
  o Restoration/rehabilitation and other relevant terms: APP should be cautious in using the right words for their different commitments.
  o Hydrology: the definition should not be only about water level but also dynamics of water balance. It should also include other components such as acidity, and interactions with soil quality and substrates.
- On the hydrology issue, APP should develop systems to maintain water table level required for different land use: production, rehabilitation or conservation.
- APP should prioritize research and development on alternative species (especially native ones) and propose a roadmap for commercial development of alternative species with a clear timeframe allowing reporting against the initially agreed milestones, such as targets by 2022, 2025 etc.
- On rehabilitation and conservation, APP should look at both compliance with regulations and beyond. It should also expedite the process of reducing peat drainage, in order to allow identification of areas for production, conservation and protection. Stakeholders opined that APP is already relatively robust in terms of conservation, and that given extensiveness of peatland area, APP should promote a landscape approach to optimize success of conservation initiatives.
- Restoration initiatives must demonstrate a real benefit regarding GHG emissions and carbon sequestration. On carbon sequestration, APP and partners should make further efforts to identify and develop supportive initiatives, including challenging current national policies that prevent carbon trading for conservation purpose.

3. People

Proposed headline goal: Empower and involve communities as part of sustainable operations, and achieve world-class employee safety performance

Proposed key issues: human rights and indigenous people; employee welfare and satisfaction; and community development.

Feedback from stakeholders:

- APP should adopt a landscape approach to the theme of 'people' the same way it did for forests, as human's basic needs such as access to clean water requires the company to look into impacts in surrounding areas outside of its concessions.
- Missing issues are gender equality, workers' rights and human dignity, and bribery and corruption (where APP should set a target which shows how this will be eliminated both at corporate and local levels, how whistle-blowers will be protected and what tools are at their disposal).
- For indigenous people, it should involve protection/preservation of their cultures.
- On employee welfare and satisfaction, key areas where APP needs to look into are: the link between safety and productivity, non-cash benefits for employees, and cultivation of positive relations with Trade Unions.
- On community development, APP should aim to develop a model for how it will work with local communities on forest protection to avoid conflict over land use changes, and alsohow they can collaborate to end encroachment.
- APP's initiatives on people need to account for how it will support impacts of climate change on the local population.

4. Products and production

Proposed headline goal: Achieve market-leading product ecological footprints.

Proposed key issues: energy use; water use; waste; circular economy; and non-forest products supply chain.

Feedback from stakeholders:

- Terminologies used:
  - o APP should reconsider use of the term 'ecological' which appeared too technical. If this word is to be used, APP should explain what it means in layman terms. Alternatives discussed were 'sustainable' or 'responsible', with the latter being the preferred choice.
  - The term 'market-leading' is too commercially focused. Suggestion was to replace with 'business leader' or '[becoming a…] leader'.
  - The term 'life cycle': some thought it a dated concept which would be replaced with circular economy approach, and some suggested that it should include non-production supply chain, such as HQ impacts, if APP wants to be seen as a leader.
  - Under key issues, the term 'non-forest supply chain' should be changed to 'non-fibre supply chain' to ensure it covers wood products that are not fibre, such as pallets.
- Circular economy is where APP can take leadership and should be included in the headline goal, for example, as '..committed to the circular economy approach'. APP should also take the opportunity to explain what circular economy means. Circular economy should pull out community and employee engagement themes, including managing waste, integrating mills into the community through programmes that utilize mill waste products (such as handicraft), and replacing paper bags with plastics.
- Under key issues, renewable energy should be included, and a separate target set for using other renewable fuels (i.e. apart from biomass).