

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Asia Pulp & Paper (APP) Sinar Mas is a pulp & paper manufacturer. Headquartered in Indonesia, APP Sinar Mas has 40 thousand employees, an annual converting capacity of 20 million tons, and markets its products in more than 150 countries across 6 continents. APP operates in Indonesia and China, including branch and sales offices in several countries. APP mills including Pindo Deli Pulp and Paper, Indah Kiat Pulp & Paper, Tjiwi Kimia, Ekamas Fortuna, Univenus and Lontar Papyrus.

Technology and product development are central to our plans to keep providing innovations that improve people’s lives while having positive impacts on the environment and society. Our commitment to innovation has enabled us to create high-quality products that meet the growing global demand for paper-based, environmentally friendly innovative products such as paper, packaging, food packaging, surgical masks, and tissue. We believe that the growth of doing our business responsibly, sustainably, is dependent on the support of the stakeholders and people around us: partners, employees, communities, and the general public.

As part of our vision for a better future, the integrity of our supply chain and our commitments to our Sustainability Roadmap Vision 2030 are crucial to our operations. Every day, we do our best to achieve sustainable forest and peatland management, market-leading product environmental footprints, and people-first sustainable operations. This vision extends beyond the countries where we operate.

We believe that the growth of our business is dependent on the support of the people around us: partners, employees, communities, and you. Together, we are growing our tomorrow.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2021	December 31 2021

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Production Processing Manufacturing	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
No	<Not Applicable>

F1. Current state**F1.1****(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?****Timber products****Activity**

- Growing/production of raw materials
- Harvesting
- Using as input into product manufacturing

Form of commodity

- Pulp
- Paper
- Primary packaging
- Secondary packaging
- Tertiary packaging

Source

- Owned/managed land
- Smallholders
- Single contracted producer
- Multiple contracted producers
- Trader/broker/commodity market

Country/Area of origin

- Canada
- China
- France
- Indonesia
- New Zealand
- United States of America

% of procurement spend

- 100%

Comment

In order to ensure that we maintain deforestation-free supply chain, APP requires all our pulpwood suppliers comply with our Forest Conservation Policy (FCP). This includes supporting policies such as the Responsible Fibre Procurement and Processing Policy (RFPPP), which provides overarching framework for the processes and criteria used in evaluating the suppliers' compliance with our FCP. In implementing the commitment, we developed tools such as the Suppliers Evaluation and Risk Assessment (SERA), which provides a system to screen the pulpwood suppliers, to ensure that they are following the SRV2030 and the FCP. SERA was developed using the global Sustainable Forest Management standards as reference, as well as the commitments under the FCP.

100% of the raw materials in the form of pulpwood come from owned & independent supplier plantation, continuous & one-time suppliers and smallholder in Indonesia, but 5% of the pulp we use for production in the mills is imported.

F1.2**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	100%	As one of the leading companies in the pulp and paper industry, our revenue is completely dependent on the raw materials. Our revenue is more than USD 8,053,000,000 in 2021.
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.3

(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).

Forest risk commodity

Timber products

Type of control

Concession/lease

Country/Area

Indonesia

Land type

Tree plantations

Area (Hectares)

1087578.53

% Area certified

95

Certification scheme

PEFC Sustainable Forest Management certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year (2013)

Area of natural ecosystems converted during the reporting year (hectares)

<Not Applicable>

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

<Not Applicable>

Please explain

Zero natural forest conversion by APP Pulpwood suppliers since 2013

F1.4

(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.

Forest risk commodity

Timber products

Country/Area

Indonesia

Type of control

Concession/lease

Land type

Set-aside land

Area (hectares)

600000

% covered by natural forests

80

Please explain

A key aspect in APP Sustainability Roadmap is balancing the production activity and the protection of the natural forest within APP and its suppliers concession areas. As a result of the High Conservation Value (HCV) and High Carbon Stock (HCS) assessments conducted from 2013 to 2015 across all concessions supplying to APP, more than 600,000 hectares have been set aside for conservation purposes. Among that, more than 480,000 hectares is covered by natural forest.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

28440827.94

Metric for commodity production/ consumption volume

Cubic meters

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

All of our fibre suppliers, both continuous and one-time, must first be approved through our Supplier Evaluation and Risk Assessment (SERA) process. Among the 12 assessment indicators, the first one is most important: no conversion of natural forest after 1 Feb 2013. If the potential supplier has carried out natural forest conversion after 1 February 2013, they will automatically fail. We only accept wood fibre sourced from areas that have not been converted High Conservation Value (HCV) and High Carbon Stock (HCS) forests after February 2013. In 2021, 100% of APP's virgin fiber supply was sourced locally from 35 suppliers who manage 40 pulpwood concessions in Riau, Jambi, South Sumatra, West Kalimantan and East Kalimantan. The complete list of APP's pulpwood suppliers is available in APP Sustainability Dashboard (www.sustainability-dashboard.com). All the pulpwood from our suppliers are used for consumption in APP Mills.

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Specify state/equivalent jurisdiction (Jambi, South Sumatra, Riau, West kalimantan, East Kalimantan))

% of total production/consumption volume

100

Please explain

All our fibre suppliers, both continuous and one-time, must first be approved through our Supplier Evaluation and Risk Assessment (SERA) process. SERA indicators include questions regarding the location of the supplier (Country/District/Region). We only accept wood fibre sourced from areas not converted from High Conservation Value (HCV) and High Carbon Stock (HCS) forests after February 2013. In 2021, 100% of APP's virgin fiber supply was sourced locally from 35 suppliers who manage 40 pulpwood concessions in Riau, Jambi, South Sumatra, West Kalimantan and East Kalimantan. The complete list of APP's pulpwood suppliers is available in APP Sustainability Dashboard (www.sustainability-dashboard.com). All the pulpwood from our suppliers are used for consumption in APP Mills.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Physical

Primary impact driver

Forest fires

Primary impact

Fines, penalties or enforcement orders

Description of impact

We acknowledge forest fire has substantive impact to our pulpwood suppliers because most of APP pulpwood suppliers' concession areas are located on peat which have a high risk of fire. APP and its suppliers are committed to a strict no-burn policy and absolutely have no commercial interest in fire as it costs us millions of dollars in terms of damaged plantation resources and the cost of firefighting, let alone the damage being done to others elsewhere in the region. With our Zero Deforestation policy in place, our plantation development activity only occurs on non-forested land. We are determined to extinguish all fires in our supplier concessions and our firefighting teams work around the clock. Fires inside or around our concession areas in Indonesia start for several reasons; primarily it is due to activities outside of our control, sometimes illegal. We face the threat of heavy fines, penalties and the possibility of authorities revoking our operation license in the event of forest fires inside our concessions.

Primary response

Implementation of environmental best practices in direct operations

Total financial impact

350000

Description of response

Since 2015, APP has implemented the Integrated Fire Management (IFM) strategy as an effort to prevent and manage the risk of fire inside and around our suppliers' concession areas. The IFM consists of four main pillars of Prevention, Preparedness, Early Detection and Rapid Response, with a particular emphasis on multi-stakeholder collaboration to tackle fire risks. We continue our work with the communities, particularly in areas with higher fire risks, through community empowerment programs as well as socialization and education on the dangers on fire. In 2021, only 0.025% of the total concession areas of our pulpwood suppliers were affected by fire. This is made possible because of the effectiveness of our team in implementing the IFM, supported by good weather throughout 2021. Limitations brought forth by the coronavirus pandemic also played a significant role because that meant less activities detected on the ground. To calculate the total financial figure, we have accounted for the fines or penalties and the cost that we used to improve the Integrated Fire Management strategy including for equipment, personnel incentive and implementation of supporting program.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Negative media coverage

Primary impact

Brand damage

Description of impact

For more than a decade, we have experienced negative coverage from environmental press and there was growing awareness of the environmental and social costs of development through the exploitation of natural resources. Most of our customers come from US and European countries which have high concern related to the environmental issue. Where there will be concern from our customers due to the bad publicity, there's a possibility of reduced sales. Bad media coverage could affect the attitudes and feelings of customers toward a product or company or a brand. Such bad media coverage damages our brand company name and creates concerns with both our existing and potential customers. When brand association is negative, negative attitudes are more likely to come into a consumer's mind before positive ones. Bad publicity can contribute to negative brand association, which can in turn reduce sales over time and possibility to include APP into their blacklisted company. Damaged brand also leaves room for competition to move in on a customer base, which can also reduce sales and become substantive impact to APP.

Primary response

Establishment of new no-deforestation/no-conversion commitments

Total financial impact

1000000000

Description of response

Raising public awareness and concern regarding the environmental and social impact of our business has led us down a new path that balanced our economic model with our responsibilities as stewards of the land and our obligation to support the economic development of Indonesia and its people. This resulted in the development of our Sustainability Roadmap Vision 2020 in June 2012, which laid out specific targets and components, and followed by APP's Forest Conservation Policy in February 2013. APP Sustainability Roadmap Vision 2020 then evolved into APP Sustainability Roadmap Vision 2030, launched in July 2020. We are aware that we have a long and challenging journey ahead to ensure that our sustainability commitments are implemented. To calculate the total financial figure, we have accounted for a rough estimation of what we lost due to damage to brand image, which is sales reducing and our investment to implement our sustainability commitments.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we monitor deforestation/conversion footprint in our supply chain

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Other, please specify (2018)

Known or estimated deforestation/ conversion footprint (hectares)

6157.2

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

A key aspect in APP Sustainability Roadmap is balancing the production activity and the protection of the natural forest within APP and its supplier's concession areas. As a result of the HCV and HCS assessments conducted from 2013 to 2015 across all concessions supplying to APP, more than 600,000 hectares have been set aside for conservation purpose. This is approximately 20% of the total concession areas supplying APP, twice the size of what the regulation requires.

However, the challenges inherent in the effort to protect natural forest cannot be overstated. Threats in the form of illegal activities such as illegal logging, encroachment as well as forest fire remains within the area that we aim to protect. As one of the monitoring and prevention measures, we implement forest patrol across our and our supplier's concession areas, whether it is by our own resources or collaborating with relevant external stakeholders. Since 2017, we have also put in place a Forest Monitoring System as a alert service, using data from RADARSAT-2 satellite to identify forest cover change that takes place in our protected areas, enabling our team to respond quicker to events on the ground. Since 2018, we already identified the total forest cover change that happen in our conservation area as below:

2018: 830.5 Ha (0.14%), 2019: 2,150.3 Ha (0.35%), 2020: 1,643.3 Ha (0.28%) and 2021: 1,533.1 Ha (0.25%)

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
Sustainability Policy Transparency Toolkit (SPOTT)
Other, please specify (Third party certification including PEFC)

Issues considered

Climate change
Social impacts

Stakeholders considered

Customers
Investors
Local communities
NGOs

Please explain

The foundation of our supply chain is wood legality. To be a responsible consumer of wood fibre we have to go a step further to secure a sustainable source of wood. We use our internal tool called Supplier Evaluation and Risk Assessment (SERA) in identifying, assessing and managing risks related to our pulpwood suppliers. SERA assesses all potential suppliers, not only suppliers from Indonesia, before approval and inclusion in our supplier list. APP's current suppliers are also assessed by SERA annually as part of surveillance audit. The main indicator of SERA is No Natural Forest conversion after 1 February 2013. Furthermore, we only accept wood fibre sourced from areas not converted from High Conservation Value (HCV) and High Carbon Stock (HCS) forests after of February 2013. By tracking transparency, SPOTT incentivizes the implementation of corporate best practice. SPOTT assesses commodity producers, processors and traders on their public disclosure regarding their organization, policies, and practices related to environmental, social and governance (ESG) issues. SPOTT is one of the tools that is effective to use, because its scoring is based on the information that available in public. Through SPOTT we can understand the transparency of our company in public. SPOTT assessment is conducted annually, assessed through public documentation of our suppliers located in Jambi, South Sumatra, Riau, West Kalimantan and East Kalimantan. We use SPOTT assessments to inform stakeholders how we manage ESG risks and increase transparency across multiple industries. We maintain systems and procedures to reasonably ensure that wood from illegal sources shall be rejected before it enters the mill. These systems and procedures will be regularly verified and certified under Government of Indonesia mandatory certification which is PHPL-VLK and/or the voluntary certification, PEFC, by independent third party auditors. All of our long-term pulpwood supplier located in Jambi, South Sumatra, Riau, West Kalimantan and East Kalimantan are 100% certified under the mandatory certification (PHPL-VLK) and 100% compliant with PEFC SFM scheme. For our imported pulp consumption, we are committed to purchasing only certified pulp, which has been produced from sustainably managed forestry sources and achieved relevant certifications.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have mapped the entire value chain	<Not Applicable>	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Own operations

Tier 1 suppliers

Smallholders

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

APP's fibre supply in Indonesia mostly is locally sourced from pulpwood suppliers' plantations, complemented by a growing number of recycled materials and a small amount of imported fibre. This provides the raw material to our three integrated pulp and paper mills; Indah Kiat Perawang, Lontar Papyrus and OKI mill. The mills produce pulp for their own consumption, as well as supplying our paper mills.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Operational Area.pdf

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

List of Suppliers.pdf

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

In APP, the risk of revenue reduction is considered as strategic/substantial. For the substantial risk factors that can materially affect the company's business, six-monthly follow-up of the status quo is considered adequate. Mitigation, of course, takes place on daily basis. Despite the ongoing COVID-19 pandemic, the Company's performance has remained robust and has been able to weather the pandemic, in part due to the swift response of our management, steadfast coordination with all employees, and communication with our partners and stakeholders. The Company saw an increase of 13.2% in sales revenue from USD 7,112 million in 2020 to USD 8,053 million in 2021, as a result of production cost efficiency.

Another substantive impact is disruption in the supply of wood raw material impacting upon manufacturing operations, for example, by interrupting or resulting in the down scaling of production at pulp or paper mill which will have immediate substantive revenue impact.

In 2021, Indonesia's Ministry of Environment and Forestry (KLHK) issued new regulations. The regulations change in the objective to support the implementation of carbon economic values, carbon trading, and IUPHHK (Izin Usaha Pemanfaatan Hasil Hutan Kayu/ Business License for Utilisation of Wood Forest Product) transformed to PBPH (Perizinan Berusaha Pemanfaatan Hutan/ Forest Utilisation Business License). We need to align the economic and environmental considerations with the regulations.

Along the effort to increase its performance, the Company faced several major obstacles caused by selling price fluctuations, raw materials price, weak market demands, stiff competition among industry players and currency exchange rate fluctuations, as well as the pandemic situation that affected the Company's operational and performance. In addressing the challenges, the Board of Directors conducted reviews and in-depth analyses to further develop policies and strategic actions. The Company has taken some anticipative action by concentrating on the existing potential market through product mix strategy that has added value contributing to better margin, country mix strategy and developed new market and strengthen the basis for potential new customers, also consistently and continuously improved products quality in order to exceeding our customers' expectations; increasing the productivity level and daily operational efficiency by implementing strong budget control, maintaining balance supply of raw materials as well as implementing Good Corporate Governance (GCG).

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Acute physical

Geographical scale

Forest management unit

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Wildfires

Forest Fire

Primary potential impact

Fines, penalties or enforcement orders

Company-specific description

Forest fires are a complex global issue that affects both local communities and the environment. Most of APP's pulpwood suppliers' concession area are located in peat which is sensitive to fire. APP and its suppliers are committed to a strict no-burn policy. In order to prevent and mitigate the risk of forest fire, APP developed and implement Integrated Fire Management (IFM) strategy. The IFM which consists of four main pillars of Prevention, Preparedness, Early Detection and Rapid Response, puts great emphasis on close synergies with pulpwood suppliers, local communities and other relevant stakeholders. Our target is to maintain area affected by fire to less than 2% annually, out of APP and its suppliers' total concession areas. When a fire incident happens in APP's pulpwood concession and impacts the surrounding area, the government will open an investigation. The company found guilty of causing the fire may receive sanctions ranging from fines to loss of operating permits.

Timeframe

>6 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

1000000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

The financial impact including sanctions ranging from fines to loss of operating permits that given by the authority if the fire happens inside our concession area, based on regulation of Indonesia Government. The impact also caused by the decreased production since the man power and budget will be focused on how to suppress the fire and loss of customers due to perceived misconduct with potential loss of revenue. The average financial impact due to the forest fire incident is bigger than the cost of prevention effort.

Primary response to risk

Engagement with local community

Description of response

Since 2015, APP implements the Integrated Fire Management (IFM) strategy as an effort to prevent and manage the risk of fire inside and around its suppliers' concession areas. The IFM consists of four main pillars of Prevention, Preparedness, Early Detection and Rapid Response, with a particular emphasis on multi-stakeholder collaboration to tackle the fire risks. We continue our work with the communities, particularly in areas with higher fire risks, through community empowerment programs as well as socialization and education on the dangers of fire. In 2021, only 0.025% of the total concession areas of our pulpwood suppliers were affected by fire. This is made possible because of the effectiveness of our team in implementing the IFM, supported by good weather throughout 2021. Limitations brought forth by the pandemic is also considered as contributing factor as there were less activities monitored on the ground. To maintain the capability of our firefighter personnel, we maintain the routine trainings with strict health protocols. By the end of December, more than 4,500 personnel completed training, which is 23% more than the target for 2021.

Cost of response

150000000

Explanation of cost of response

APP has invested more than USD 150 million to develop and implement Integrated Fire Management (IFM) strategy since 2015. The investment is the cost to provide firefighters with equipment, personnel incentive, transportation and the implementation of supporting program.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?Direct operation
Supply chain**Primary risk driver**

Local community opposition

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Like any other land-based businesses, APP deals with land disputes across its suppliers' concession areas. Since 2013 we have put in place standard procedures and guidelines on responsible dispute resolutions, implemented across our operations. Unresolved dispute may cause damage to company assets by the claimant, including facilities, equipment and the timber itself. When staff or contractors have to adjust operating schedules due to claimant disruptions, the company incurs higher operating costs. Disputes with community always reflects negatively to the company whether the claim is warranted or not. Naturally, there are intrinsic challenges in managing conflicts and disputes.

Timeframe

4-6 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

100000000

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

The financial impact including the loss of concession licenses and decreased production can have a very big impact on the company. It may also lead to a loss of customers due to perceived misconduct with potential loss of revenue. The average financial impact due to land dispute issues is bigger than the cost for prevention since the issues are ever changing. The calculation is based on the experiences with the several disputes that are already resolve.

Primary response to risk

Engagement with local community

Description of response

Forests are at a risk of clearance when the land rights are unclear and can be contested. As with any land-based business, APP deals with such issues across its suppliers' concession areas. To resolve those issues, APP has developed and implemented procedures around responsible resolution of disputes, and in 2021, we have managed to resolve 61% of the total land disputes that were mapped back in 2013. In 2021, we started piloting the land dispute resolution using village-level approach, where we work with village authority instead of individual claimants to resolve conflict. This approach is expected to avoid competing claims between groups from one village to undermine any progress that has been made thus far. The pilot is implemented in a village with more than one group making land claims and in doing so, encourage multiple partnerships through the village-level corporation (BUMDES) as the main point of contact during the resolution process. Effective resolution of land disputes also requires active participation of multiple stakeholders.

Cost of response

10000000

Explanation of cost of response

Resolving land disputes requires active collaboration between multiple stakeholders, oftentimes not only the company and the community. Other stakeholders could include local and regional authorities, NGOs, as well as mediators or facilitators. To accommodate this multi-stakeholder approach to land dispute resolutions, since 2017 APP has formed Regional Social Working Group in Riau, Jambi and South Sumatra. Trust building is key in this resolution process – how all parties involved build and maintain their trust in each other and trust that the process, although it may be time-consuming, would reach conclusion. Our approach in land dispute resolution is to encourage multiple partnerships, in which the company not only pay fee to the community for using their land, but also initiate village-owned enterprise so that the local community can be the company sub-contractor in the pulpwood plantation near to their village. The cost to response is including to implemented several community program including the implementation of Desa Makmur Peduli Api (DMPA) program and partnership with community

F3.2**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased demand for certified materials

Company-specific description & strategy to realize opportunity

All APP's pulpwood suppliers in Indonesia are certified under one or more Sustainable Forest Management (SFM) certification scheme. Third party certification is a crucial tool to demonstrate to our stakeholders that our fiber is sourced sustainably. In 2021, we have been able to maintain 100% compliance from our pulpwood suppliers to the PEFC scheme. APP managed to increase the area certified under the PEFC Sustainable Forest Management scheme to 95% from the total pulpwood suppliers' concession areas in Indonesia currently supplying to APP mills. This is the maximum area eligible for PEFC certification of the total concession area of APP's pulpwood suppliers in Indonesia. The remaining 5% are certified under the Government of Indonesia's mandatory Sustainable Forest Management scheme, called PHPL-VLK. Through this certification, wood harvested from these areas are considered as compliant to the PEFC-SFM standard as PEFC Controlled Sources.

This assurance is especially important for our customers, many of whom require that we provide certification as part of their responsible sourcing commitment. Through the availability of certified materials in our supply chain, we can fulfill customer demands and approach new customers with similar requirement. Increasing demand from customer for certified materials will give us the opportunity to gain new customers and will give good financial impact to our business.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Substantive positive and long-term financial impacts is expected with the increased demand of certified materials which can increase the sales and impacted to the revenue calculation. The impact has not been quantified financially

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	The Sustainability Committee Board is headed by APP's CEO, Managing Director, Business Unit heads and the Chief Sustainability Officer. The Sustainability Committee Board meets monthly to review performance, overall direction and strategy, as well as any issues raised by stakeholders. The CEO is responsible for APP Sustainability strategy including forest related issues which are included in the Sustainability Roadmap Vision 2030, which have 3 pillars including Production, Forest and People, with the main commitment to end deforestation in our supply chain. The CEO is involved by approving the target to be implemented in our operations and also responsible to lead the strategy to achieve the target. For example, to carry forward the APP Sustainability Roadmap Vision 2020, we developed Sustainability Roadmap Vision 2030 where the target, strategy and mapping of investment priorities area approved by the CEO .
Chief Sustainability Officer (CSO)	Chief Sustainability Officer (CSO) manages Sustainability and Stakeholder Engagement Division with have five department including: -Landscape Conservation, HSE Compliance Forestry and Mills, Sustainability Compliance, Forestry and Chain of Custody Certification, and Strategic Engagement and Advocacy. The head of each department reports directly to the CSO, who then develops our sustainability related strategy, policies and financial across APP operations and its supply chain globally. The CSO engages with forest related issues on a daily basis and reports the progress to APP's CEO. The CSO is also responsible for the approval of new pulpwood suppliers.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	Our sustainability committee board holds monthly meetings to discuss sustainability issues including forestry. Results of the discussion will then be shared to board management. We also have the regular meetings related to the progress of implementation of Sustainability Roadmap Vision 2030 together with sustainability team and board as well as conduct regular meetings with our related stakeholders. This meeting discusses progress and monitoring related to forest conservation, climate issue, environmental, social and supply chain.

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

Excellent education and years of experience in the field Forestry.. Both education and experience help us identify and manage sustainability issues including forest related issues for the company. Forestry knowledge is also a powerful tool for mitigating financial, legal, and other risks and developing a more resilient business. The board should leverage their educational backgrounds to enhance their oversight and decision-making capabilities to ensure their company's long-term success.

Primary reason for no board-level competence on forests-related issues

<Not Applicable>

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

<Not Applicable>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	In our governance structure, we have Sustainability Committee Board (SCB) headed by APP's CEO, members include APP's Deputy CEO, Managing Director, Business Unit heads and Chief Sustainability Officer (CSO) which responsible to oversee our sustainability commitments in APP operations. The SCB meets monthly, reviewing performance, overall direction and strategy, as well as any issues raised from stakeholders. The responsibility of CEO includes monitoring and assessment Key Performance Indicator (KPI) sustainability of CSO, supervise SCB, approval of target and strategy to achieve our sustainability goals which include forest related issues.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	The performance of the Management Board in regards to sustainability is measured via a common balanced scorecard which focuses on four areas: financial, customer, process, and organisation. The scorecard is reviewed at least annually. The weighting of individual targets vary by role. The results of the balanced scorecard assessments go towards shaping the training needs of the board members. Across the organisation, all employees at a management level and above receive 360-degree feedback.

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO) Chief Sustainability Officer (CSO) Other C-suite Officer	Achievement of commitments and targets Supply chain engagement	APP has incentive plans that measured through a balanced scorecard approach, covering four focus areas including financial, customer, process and organisational. C suite officer have a common scorecard, which is reviewed at least annually, however weighting of individual targets vary by role. The Individual Targets are based on a balanced scorecard with target that included in APP Sustainability Roadmap Vision 2030.
Non-monetary reward	No one is entitled to these incentives	Please select	

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to best management practices for soils and peat</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>Our sustainability strategy is detailed in our Sustainability Roadmap Vision 2030. The strategy is broken down into three pillars—Production, Forest, and People. We've set ourselves ambitious targets for each of these pillars, intending to drive improvement in processes that concern our business, wider supply chain and environmental sustainability. Vision 2030 also details our efforts and strategy in our continued support of the UN's Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. Under the Sustainability Roadmap Vision 2030 as well as continue the implementation of APP Forest Conservation Policy, we are committed to zero deforestation, best practice for peatland management, and the improvement of social engagement throughout our entire supply chain. By implementing these commitments, APP is committed to reduce or remove deforestation and forest degradation from our direct operations and/or supply chain. Our forest protection strategy is to end deforestation in APP's supply chain by using only plantation wood, and working to reduce deforestation by third parties, ensure only plantation wood enters our supply chain, reduce third-party deforestation by improving security and monitoring, raise living standards by empowering local communities, and Develop plan for restoration of degraded areas.</p>

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitment to transparency</p> <p>Commitment to best management practices for soils and peat</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p>	<p>APP requires all its pulpwood suppliers—both current and potential—to comply with the Forest Conservation Policy (FCP) and Responsible Fibre Procurement and Purchasing Policy (RFPPP); these policies provide a framework for the processes and criteria used to evaluate suppliers' compliance our approach to forestry. These initiatives are enacted to ensure our operations are free from deforestation. In addition to the policies, we also develop Supplier Evaluation and Risk Assessment (SERA) tools to assist the risk of the existing and potential wood supplier. this is a mandatory process for suppliers that screens their operations, ensuring they meet our standard as well as assessing their commitment to the FCP and global standards of sustainable forest management. Since 2013, APP does not use wood from tropical rainforests or only accept wood plantations that have been established before February 2013. APP continued our commitment through supporting the protection and restoration of natural forest inside APP pulpwood suppliers' concession and outside concession through landscape approach. We set aside 600,000 ha (approximately 21% of our concessions area) as protected forest within the concession. APP is committed to the international, widely recognized forest-related initiatives such as PEFC forest certification schemes, which do not accept deforestation or forest degradation of any form. APP respects cultural and religious values and promotes harmonious cooperation with the local communities where is operates. Respect on people and human rights are also fundamental requirements in APP's Business Code of Conduct. APP's commitments on sustainability is beyond regulatory compliance in Indonesia. We conduct regular audits annually to ensure policies and procedures are adhered to in our operation area. Additionally, we encourage a culture of collaboration between operations, such as knowledge-sharing across all production units. This approach forms an integral mechanism for monitoring performance against our Vision 2030 Sustainability Roadmap.</p>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

New York Declaration on Forests
Tropical Forest Alliance

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals
Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2013

Commitment target date

>2030

Please explain

To ensure that we maintain our no deforestation commitment, APP requires that all of our pulpwood suppliers comply with the Forest Conservation Policy (FCP). This includes the supporting policies such as the Responsible Fibre Procurement and Processing Policy (RFPPP), which provides an overarching framework for the processes and criteria used in evaluating the suppliers' compliance with our FCP.

In implementing the commitment, we developed tools such as the Suppliers Evaluation and Risk Assessment (SERA), which provides a system to screen the pulpwood suppliers to ensure that they are compliant with Vision 2030 and the FCP. SERA was developed using the global Sustainable Forest Management standards as a reference, as well as the commitments under the FCP. One of the key commitment under the FCP is to improve the management of peatland across our suppliers' concession areas. To do this, we took the science-based approach, engaging with Netherland-based peat and hydrology experts, Deltares, to map out the distribution and topology of peat in the landscape that our suppliers operate in using LiDAR (light detection and ranging) technology. This data would form as the basis in determining our management strategy on peat.

APP also remains committed to supporting the Government of Indonesia's conservation commitments to Indonesia's key animal species and their habitats. We put a critical focus on the protection and conservation of the Sumatran tiger, the Sumatran elephant and the Bornean orangutan, which are the key endangered species identified which either inhabit some of our suppliers' concession areas as their territory or use the land as their corridor or roaming area.

APP has committed in its Forest Conservation Policy to respect the rights of communities including their rights with respect to their customary land and/or forest area. We implement Free Prior Informed Consent (FPIC) is a decision-making process without pressure and intimidation (free), which is performed before the activity that affects the community is undertaken (prior), with the possession of full and accurate knowledge about the activity and its impact on the community (informed), so that the community can either provide or withhold its permission over the activity (consent). We ensure that FPIC is properly implemented in advance of:

- New plantation forest development areas within the existing concessions
- New plantation forest development in new concessions/licenses
- New mill development

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	Sustainability has always been at the core of our business. Our sustainability strategy is detailed in our 'Vision 2030.' The strategy is broken down into three pillars—Production, Forest, and People. We've set ourselves ambitious targets for each of these pillars, with the aim of driving improvement in processes that concern our business, wider supply chain and environmental sustainability. Vision 2030 also details our efforts and strategy in our continued support of the UN's Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. Since 2020, we began prioritising the SDGs most relevant to our business strategy. The Sustainability Team held internal discussions to map the business strategies, objectives, and targets in line with the SDGs. Ten SDGs were determined to be most in need of support from APP.
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	In 2020 We launched APP Sustainability Roadmap Vision (SRV) 2030 as the continue of Sustainability Roadmap Vision 2020. SRV 2030 consist of three pillars – Production, Forest and People. We've set ourselves ambitious targets for each of these pillars, to achieve our objective. For production, our main objective is doing more with less—using innovations in our production processes to make our products go further, with minimized waste. We're striving to achieve a competitive environmental footprint for our company as a whole and for our products. We're also committed to contributing to the circular bioeconomy as much as possible. For Forest, our main objective is working towards landscape-scale sustainable forest management, protection, and restoration across APP and its supplier concessions. APP is a company that depends on plantations. Besides wishing to position ourselves in the global market as a company employing good corporate governance, it makes good business sense for us to invest in sustainable forestry. We have already conserved over half a million hectares of natural forest and protected the peatlands and biodiversity that sustain our business, and now, we are looking to do more. We continue to invest in research on sustainable forestry to best protect and restore natural forests. For People, our main objective is to improve the lives of millions. Our business depends on people, and people are at the heart of what we do. We continually strive to empower the communities around us through employment and bettering infrastructure and facilities. Our goal is empowering and involving communities in our operations. Facilitating the growth of communities around us and maximizing sustainability with their input..
Financial planning	Yes, forests-related issues are integrated	11-15	APP allocates a specific budget every year for forest related product. This budget allocation including for sourcing includes risk assessments, due diligence and compliance with regulation and voluntary standards for our pulpwood suppliers. APP takes account of climate change (future impacts and adaption) and forestry issues in corporate risk management processes, for example floods and droughts which are common issues in Indonesia including in our forestry operations. In response, we have mapped out which operation areas we think are vulnerable to climate change and forest issue, and we developed long term adaptation plans considering the business continuity and disaster recovery plans for our assets.. The investment implications of these plans are considered within our long-term financial planning processes.

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

As part of our target that included in APP Sustainability Roadmap Vision (SRV) 2030, we aim to source only from certified Sustainable Forests and Maintain 100% of operating units achieve voluntary certification by 2030.

Linked commitment

No conversion of natural ecosystems

Traceability point

<Not Applicable>

Third-party certification scheme

PEFC Sustainable Forest Management certification

PEFC Chain of Custody

Other, please specify (PHPL (Mandatory Sustainable Forest Management Certification in Indonesia))

Start year

2012

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

100

Please explain

All of APP mills are PEFC CoC certified and able to produce PEFC certified product.

All APP's pulpwood suppliers in Indonesia are certified under one or more Sustainable Forest Management (SFM) certification scheme. Third party certification is a crucial tool to demonstrate to our stakeholders that our fiber is sourced sustainably. This assurance is especially important for our customers, many of whom require that we provide certification as part of their responsible sourcing commitment. 100% of APP's pulpwood suppliers in Indonesia is certified under both mandatory and voluntary sustainable forest management certification. To meet the requirement of our global stakeholders, APP's pulpwood suppliers are certified under PEFC. In 2021, APP maintain 93% of its suppliers concession areas to be PEFC SFM certified, while the remaining 7% is categorized as PEFC Controlled Source as they are certified under the Government of Indonesia's mandatory PHPL-VLK scheme. This mandatory scheme is legally binding under local laws.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	All new suppliers in our forest products supply chain are obliged to comply with our Supplier Evaluation and Risk Assessment (SERA). SERA then facilitates delivering on the requirements of APP's Responsible Fibre Procurement and Purchasing Policy (RFPPP). Additionally, all existing suppliers must implement sustainable forestry management practices, the assessment of which is done with Earthworm Foundation. SERA consist of 12 indicator such as: 1. The company, or any of its associated companies in the pulpwood industry, converting natural forest after February 1st, 2013. 2. Country / region 3. Tree species 4. Third-party certification/verification 5. Chain of Custody System 6. Legality Compliance 7. Protection of High Conservation Values or High Carbon Stock 8. Species protection as listed on the IUCN Red List of Critical Endangered Species and CITES 9. Company's respect for traditional civil and human right 10. Compliance with ILO Core Conventions 11. Company's respect for the health and safety of forest workers 12. No introduction of genetically modified organisms (GMOs). At APP we have ongoing engagement with suppliers. For example, once SERA is completed, if the supplier is to be used on a continuous basis (not one-time) then a HCV assessment is made. On engagement, the SERA process also includes a public notification period to allow for stakeholder feedback on potential supplier's through APP sustainability dashboard. Additionally, as APP mills operation is 100% certified under Chain of Custody certification, we are enables to ensure the wood comes from sustainable plantation and we are able to trace back the product that bought by our customers. We are able to give information to our customer the type of raw material that we use until the location where the wood come from. This to ensure that the material that we use come from responsible and sustainable plantation.	Not applicable	<Not Applicable>
Palm oil	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Forest management unit	100
Timber products	Mill	100

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	100
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Sustainable Forest Management certification

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

95

Form of commodity

Hardwood logs

Volume of production/ consumption certified

28440827.94

Metric for volume

Cubic meters

Is this certified by more than one scheme?

Yes

Please explain

100% of APP's pulpwood suppliers in Indonesia is certified under both mandatory and voluntary sustainable forest management certification. To meet the requirement of our global stakeholders, APP's pulpwood suppliers are certified under PEFC. In 2021, APP maintain 93% of its suppliers concession areas to be PEFC SFM certified, while the remaining 7% is categorized as PEFC Controlled Source as they are certified under the Government of Indonesia's mandatory PHPL-VLK scheme. This mandatory scheme is legally binding under local laws. The decrease in percentage compared to 2020 report is because in 2021 there were two new long-term suppliers, namely PT Wanakarta Ekalestari and PT. Buana Megatama Jaya, both located in West Kalimantan, that have not yet been PEFC certified. The PEFC certification for the two suppliers is planned for 2022 and 2023 respectively.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations
Supply chain

Description of control systems

To ensure that our supply chain is free from deforestation, APP requires all pulpwood suppliers--both current and potential to comply with our Forest Conservation Policy (FCP) as well as our Responsible Fiber Procurement and Purchasing Policy (RFPPP). We develop internal tools called Supplier Evaluation and Risk Assessment (SERA) that provides an overarching framework for the specific processes and criteria that we use in evaluating the supplier compliance. We monitor our suppliers through a combination of approaches including regular assessment to ensure the traceability and no deforestation in our supply chain. All of our supplier already done on ground assessment through High Carbon Stock and High Carbon Value assessments by third parties.

Monitoring and verification approach

Geospatial monitoring tool
Ground-based monitoring system
Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance

Please explain

We monitor our supplier on a regular basis to ensure that they comply with our policies and commitment including our no deforestation commitment. This is done not only through regular on ground monitoring and annual surveillance certification audit with third party, but also through the implementation of technology. Since 2017, we have partnership with MDA, a satellite service provider and using RADARSAT-2 technology as part of our Forest Alert System to monitor the forest cover change in the protected areas in our suppliers' concession areas. MDA will send us alert when they detect open area in the protected are of APP suppliers concession. We focused our forest cover change monitoring to the protected areas as defined by the High Carbon Stok (HCS) assessment, allowing us to focus on the priority areas that have high risk of forest disturbances. We conduct on ground verification in the area where we receive alert from MDA.

We also have grievance mechanism to allow stakeholders to report the grievance related to supplier compliance. Our response to non-compliance suppliers will be based on our verification. Whether we retain or suspend, and we will support the supplier to come back into compliance. This support include technical support and assistance for the company to achieve compliance. Suppliers that are not willing to comply with our policies and commitments will be excluded.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	Yes, from both suppliers and owned/managed land	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

To ensure that our supply chain is free from deforestation, APP requires all pulpwood suppliers - current and potential, to comply with our Forest Conservation Policy (FCP) as well as our Responsible Fibre Procurement and Purchasing Policy (RFPPP), which provides an overarching framework for the specific processes and criteria that we use in evaluating their compliance with our FCP. The APP RFPPP explains our commitment to wood legality and compliance by our fibre suppliers. All of our policies and commitments are align with the mandatory government regulation, which means that if all of our supplier comply with our commitment, they also comply with the legal regulation.

To achieve the commitments of our FCP we use various tools to support and guide us, such as Sustainable Forest Management certification and HCV/HCS assessments. Our Supplier Evaluation and Risk Assessment (SERA) tool provides a screening for suppliers, assessing them based on global standards for Sustainable Forest Management. One indicator that included in SERA is Legality Compliance.

All our fibre suppliers, both continuous and one-time, must first be approved through our SERA process. Furthermore, we only accept wood fibre sourced from area that was not converted from forest area identified as High Conservation Value (HCV) and High Carbon Stock (HCS) after of February 2013 .

Country/Area of origin

Indonesia

Law and/or mandatory standard(s)

General assessment of legal compliance

EU Timber Regulation

CITES

Other, please specify (PHPL-VLK (Mandatory Sustainable Forest Management in Indonesia, IFCC-PEFC))

Comment

We have expanded the hectareage of our pulpwood supply chain that is covered by formal third-party certification. We use certification as a ‘chain of custody’ assurance tool that enables us to trace the fibre that we use to a well-managed source. The IFCC is the Indonesian arm of the PEFC and also meets the requirements of Forest Law Enforcement, Governance and Trade (FLEGT) EU import license. The PHPL-VLK helps to assure timber legality and removes the need for our customers to carry out due diligence for fibre traceability themselves. Customers do enquire about what goes into their products; these certifications allows us to meet their specific needs on fibre sourcing.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	Yes, working with smallholders	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Supplier audits Offering on-site technical assistance and extension services Providing agricultural inputs Investing in pilot projects Prioritizing support for smallholders in high-risk deforestation regions	13	Communities play an important role in forest protection. . APP accepts community forestry suppliers in line with our efforts to foster sustainable livelihoods in the landscapes where we are active and in support of the Government of Indonesia’s social forestry objectives. Currently there are 13 community forest that included as our supplier. We give them training on the ground as well as supporting them to continue comply with our commitment such as provide assistance in certification process. We also created our flagship community-forestry program to work towards that goal by improving the welfare of the communities living in and around forest areas, while at the same time reducing the risks of illegal logging, forest fires, and land disputes. In 2015, we establish a program called Desa Makmur Peduli Api (DMPA). Our objective with the DMPA program, which evolved from the Integrated Forestry & Farming System (IFFS), is to empower and involve communities in our sustainable operations, to achieve landscape-scale sustainable forest management, as well as to improve the protection and restoration outcomes across APP and supplier operations. This participatory community engagement program aims to improve livelihoods, transfer knowledge, improve collaboration, and create a virtuous circle of forest management. By the end of 2021, the programme has been rolled out to 386 villages with potential beneficiaries of 31,418 households. The focus in 2020 has been strengthening the programme in many of the villages that have been part of the programme, particularly those that have higher risk of land and forest fire. Despite the pandemic, a significant number of programme participants manage to maintain their business and income, such as honey cultivation, herbal drinks, fruits and vegetables and so on. To further support the programme participants during the pandemic, the programme provided routine webinars in collaboration with partners, where participants learned using digital marketplace to widen their access to market, as well as to develop and innovate their products. Focus have also been put on development of eco-tourism villages that support both economic development and conservation. Activities were particularly focused in capacity building and training, with many of the villages already receiving support from the local government and local stakeholders.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Supplier audits Offering on-site training and technical assistance Organizing capacity building events Investing in pilot projects Support suppliers to set their own no deforestation/conversion commitments across their entire commodity operation Encourage suppliers to work collaboratively on sector, landscape, or jurisdictional initiatives Long-term contracts linked to forest related commitments	100%	One of the highest priority issues for our stakeholders is the activities of APP pulpwood suppliers. We use our internal tools such as the Suppliers Evaluation and Risk Assessment (SERA) to provide a screening system for pulpwood suppliers, ensuring compliance with our sustainability commitment and policy. We engage with our suppliers in regular basis through our Forestry Division and Chain of Custody Certification Team. Our forestry management team supports APP pulpwood suppliers, currently covering 35 pulpwood supplier companies who manage 40 concessions (forest management units based on government forest concession licenses). Despite not being under APP's direct ownership (although we have shared ownership in nine of our suppliers), we have a responsibility to manage and monitor their activities.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Not applicable	<Not Applicable>	<Not Applicable>	<p>All our pulpwood supplier are first tier suppliers and we don't have beyond first tier supplier in term of pulpwood supplier. All of our pulpwood suppliers are disclose in our sustainability dashboard (www. sustainability-dahsboard.com).</p> <p>But we realize that achieving forest protection, and thus achieving zero deforestation in the supply chain, needs to be done on a landscape level, not in isolation. All stakeholders in the landscape such as Government, local communities, NGOs and other concession holders, need to work together in order to tackle the highly complex issue of deforestation in Indonesia, which is usually driven by a combination of social/economic factors. Challenges can only be addressed when all stakeholders work together. Specific challenges including:</p> <ul style="list-style-type: none"> - Forest encroachment, both organized and small scale - Land ownership status in Indonesia - Overlap concession licenses - such as Palm Oil, Rubber & Mining - Indigenous peoples land rights which potentially arises social conflict, particularly when implementing a zero-deforestation business model - Forest Fires <p>APP takes a landscape approach for forest conservation, and to do so, we fund projects coordinated by Belantara Foundation, a grant-making and implementer organisation focusing on the protection and conservation of natural forests. In 2021, Belantara Foundation maintain its focus on community empowerment as part of the continued efforts to support livelihood improvement and forest protection.</p>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

	Criteria for prioritizing landscapes/jurisdictions for engagement	Please explain
Row 1	Opportunity to protect natural ecosystems Opportunity to restore natural ecosystems Risk of fires Risk of labor rights issues	

F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Country/Area

Indonesia

Name of jurisdiction or landscape area

Sumatra and Kalimantan

Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

Yes, the landscape is defined by administrative boundaries and the approach has active government involvement

Brief description of landscape/ jurisdictional approach

APP works together with Belantara Foundation, a non-profit organisation working to support the protection and restoration of natural forests in ten landscapes across Sumatra and Kalimantan through multistakeholder approach. The ten landscape including Senepis, Giam Siak Kecil-Bukit Batu (GSK-BB), Kampar Peninsula, Kerumutan, Berbak-Sembilang, Bukit Tiga Puluh, Dangku-Meranti, Padang-Sugihan, Kubu dan Kutai

Forest risk commodities relevant to this landscape/jurisdictional approach

Timber products

Type of engagement

Partner: Shared responsibility in the implementation of multiple goals

Funder: Provides full or partial financial support

Description of engagement

APP believes forest conservation is most effective when it employs the multi-stakeholder approach. We are committed to contribute to the protection of natural forests in the wider landscape where our suppliers are operating in. To do so, APP works together with Belantara Foundation, a non-profit organisation working to support the protection and restoration of natural forests in ten landscapes across Sumatra and Kalimantan through multistakeholder approach.

Goals supported by engagement

Decreased ecosystem degradation rate

Avoided deforestation/conversion of other natural ecosystems

Increased protected areas

Landscape conservation

Company actions supporting approach

Collaborate on land use change monitoring in the landscape/jurisdiction

Help establish an entity responsible for managing the initiative and its activities with clear and transparent governance roles, responsibilities and decision-making for different stakeholders in that initiative

Financially support multi-stakeholder entity leading the initiative

Support local government in policy development

Support additional/alternative livelihood activities and practices that reduce pressure on forests

Support landscape restoration and long-term protection

Implementation partner(s)

APP works together with Belantara Foundation, a non-profit organisation working to support the protection and restoration of natural forests in ten landscapes across Sumatra and Kalimantan through multistakeholder approach.

Engagement start year

2015

Engagement end year

Not defined

Total investment over the project period (currency)

Details of your investment

APP believes forest conservation is most effective when it employs the multi-stakeholder approach. We are committed to contribute to the protection of natural forests in the wider landscape where our suppliers are operating in. To do so, APP works together with Belantara Foundation, a non-profit organisation working to support the protection and restoration of natural forests in ten landscapes across Sumatra and Kalimantan through multistakeholder approach.

Type of assessment framework

No assessment framework in place

Is progress monitored and publicly reported on?

Yes, progress is monitored but not publicly reported on

State the achievements of your engagement so far, and how progress is monitored

In 2021, Belantara Foundation maintain its focus on community empowerment as part of the continued efforts to support livelihood improvement and forest protection. The poison cassava, which has potential to fulfill the tapioca industry, that is cultivated by the community of Muara Bungkal village yielded 34 tons for harvest while the revolving fund for cattle breeding programs for three villages has shown result where the farmers are able to sell their cows and in turn manage to buy more cattle for breeding using the revenues. Belantara Foundation also continues its fundraising program for a variety of programs such as conservation of Sumatran elephant, forest restoration and community empowerment. Additionally, Belantara Foundation together with the Environment and Conservation Cluster of Philanthropy Indonesia participated in the joint commitment on international climate action which was declared during the UNFCCC COP26 in Glasgow. Belantara Foundation was also elected as Chair of Environment and Conservation Cluster of Philanthropy Indonesia.

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Indonesia

Subnational area

Please select

Initiatives

Please select

Please explain

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Please select

Country/Area

Please select

Subnational area

Please select

Initiatives

<Not Applicable>

Please explain

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Please select

Country/Area

Please select

Subnational area

Please select

Initiatives

<Not Applicable>

Please explain

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Forest ecosystem restoration

Primary motivation

Voluntary

Description of project

At APP we consider that sustainability is core to the success of our business. We take a broader view across many different issues, and work to align our position with the expectations of our global customers. The environment, as our business, depends on sustainable operations. Forestry management is critical to maintaining the trust of our stakeholders. Over the last decade we have worked hard to develop our approach to natural forest conservation, protection and restoration.

Restoration form a part of our Integrated Sustainable Forest Management Plans and carried out based on the recommendations of experts, including High Conservation Value (HCV), High Carbon Stock (HCS), peatland and social experts, and relevant NGOs.

Start year

2018

Target year

2023

Project area to date (Hectares)

16000

Project area in the target year (Hectares)

30000

Country/Area

Indonesia

Latitude

1.168409

Longitude

101.744345

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Biodiversity

Carbon sequestration

Soil

Please explain

In 2019, APP undertook a reassessment of the forest cover in their suppliers' protected areas. This was done to understand the current state of the forest cover, as an update of the last assessment done in 2015. The result of this assessment feeds into the restoration strategy in 2020. In conducting the restoration works, we use the strategies developed through our collaboration with Gadjah Mada University as well as P3SEKPI. These restoration strategies are differentiated between soil types: peat, mineral or marine clay. These restoration strategies are being compiled into books that will be published in 2021.

In 2020, out of the voluntary restoration target of 30,000 hectares, we achieved 16,000 hectares. This achievement is on top of the 8,274 hectares mandatory restoration on peat dome peaks in 2020. A significant portion of this was achieved through natural regeneration, particularly in areas located close to the natural forest in good condition, which allows for natural seedlings to distribute naturally to the degraded areas. We measure restoration achievement using satellite images, which are then verified on the field using sampling plots following the HCS approach measuring standards. Challenges remain in the restoration efforts, such as the lack of seedlings for enrichment works in degraded areas located far from natural forest. We address this challenge by establishing local tree species nurseries, many of which are done in collaboration with local communities as part of community empowerment programmes and establishing seed stands for local tree species. In 2020, our kulim and ramin seed stand in Riau province were certified, ensuring that we will have good quality seedlings in the coming years.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F1. Current State

Data points verified

Forest Conservation Policy progress update

Verification standard

Assurance Standard AA1000AS

Please explain

The data verified through Sustainability Report 2020 based on Assurance Standard AA1000AS

Disclosure module

F6. Implementation

Data points verified

Data regarding implementation of forests-related commitment

Verification standard

Assurance Standard AA1000AS

Please explain

The data verified through Sustainability Report 2020 based on Assurance Standard AA1000AS

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Direct operations
Supply chain

Primary barrier/challenge type

Land tenure and insecure property rights issues in sourcing regions

Comment

The majority of the land disputes we experience relate to villages within concessions, but in some cases they concern villages that become established after a license to manage concession is granted. The issues are often complex and multi-faceted, involving customary land rights, access for livelihoods, illegal land trade and speculation, land use without permission, or concession overlaps. Not managed correctly, land disputes can create social tensions and negative environmental impacts through forest clearance. Our Forest Conservation Policy commits to Free, Prior and Informed Consent (FPIC) of indigenous and local communities on any proposed development or forest management activities in existing plantation areas. It also commits us to resolve land disputes effectively and handle complaints responsibly. There are several intrinsic challenges in managing land disputes that we identify and constantly look for ways to improve. Community politics can be complex, and trust takes time to be built. External parties can add additional complexity, with conflicting interests which we must consider, too. APP has developed a range of measures to identify and effectively resolve land disputes. These include:

- Land dispute mapping
- Work plans to address each land dispute and implement the plan
- Acceleration of land dispute resolution is part of Key Performance Indicators (KPI)
- Establish Social and Security Division (from HQ until district level) to handle land dispute resolution
- Develop SOP for land dispute resolution
- Establish Social Working Group Regional (SWGR)

Together with the Earthworm Foundation, in 2013 APP conducted land dispute mapping across its pulpwood suppliers' concessions area in Indonesia. We have since trained all managers on how to undertake land dispute mapping and practical methods for developing action plans to resolve land disputes. As part of this, we have developed a methodology for classifying different levels of land disputes which helps to inform our decisions on how best to allocate resources for effective resolution.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Direct operations
Supply chain

Main measure

Investment in monitoring tools and traceability systems

Comment

Effective monitoring and implementation require us to know exactly what is happening in the forests in and around our concessions. Since 2017 we started using the Forest Alert Service provided by MacDonald, Dettwiler and Associates (MDA) to track changes in forest cover within APP's suppliers' concessions. MDA technology provides a near real-time Forest Alert Service, including 5 metre resolution forestry change detection provided by satellite images. The service gives us access to monthly reports on forest changes that include geospatial information showing the exact location and estimated size of changes, helping us to monitor areas that are difficult to access. However, the MDA only provide data on the location and size of the forest cover changes. It does not have information on the cause of the forest cover change, and for that, a field verification is required to determine the cause of the forest cover change and the next steps that need to be taken to address these changes. This forest monitoring is available in our sustainability dashboard

(<https://sustainability-dashboard.com/forest-monitoring>) and can be access by public. To improved traceability in our own and

pulpwood supplier, when we launched the first Sustainability Roadmap in 2012, we set a goal to achieve 100% of our pulpwood suppliers to be certified by independent, third-party forest certification schemes. We have achieved the goal; 100% of our suppliers' plantations certified under various third-party sustainability certification schemes available and we plan to maintain this in the years to come. Third party certification is a vital tool in demonstrating that our fibre is sourced sustainability. Certification covers two key aspects of our supply chain – the forestry practices and the traceability from forest to our mills, commonly referred to as 'chain of custody'. As well as providing APP with assurances, these certifications also allow us to meet the requirements of our customers, many of whom require that we provide certification as part of their responsible sourcing commitments.

Forest risk commodity

Timber products

Coverage

Direct operations
Supply chain

Main measure

Greater stakeholder engagement and collaboration

Comment

Stakeholders are defined by APP as any group that expresses an interest in our operations or their consequences. We monitor global trends and participate in discourses concerning critical issues affecting our business in order to identify and respond to stakeholder expectations. We promote open dialogue between APP and all of our stakeholders, as demonstrated by our annual Stakeholder Advisory Forum (SAF), during which stakeholders can express their concerns and opinions and we provide updates on our sustainability initiatives. As a member of several associations, we participate and contribute proactively, including the Indonesia Pulp & Paper Association (APKI), the Indonesia Forest Concessionaires Association (APHI), Indonesia Business Council for Sustainable Development (IBCSD), Consumer Goods Forum (CGF), dan UN Global Compact (UNGC)/Indonesian Global Compact Network (IGCN)

In 2021 we have several collaboration with some partners, such as:

- Sjahrir Foundation and the Indonesia Womenpreneur Community on a business incubation course for 40 Micro, Small, and Medium Enterprises (MSMEs) in the mill and forestry programme.
- Collaboration with SPEAK to provide access to clean water and sanitation in Karawang.
- Collaboration with Gita Buana for Program Empowerment of Suku Anak Dalam (SAD) in Sungai Paur and Muara Kilis Villages.
- Collaboration with The Center for International Forestry Research (CIFOR), World Agroforestry (ICRAF) and Yayasan Konservasi Alam Nusantara (YKAN, the main partner of The Nature Conservancy Indonesia) to develop a business model to scale up the DMPA Programme. Collaboration with Foundation for International Human Rights Reporting Standards (FIHRSSST) for human rights due diligence.
- Collaboration with Tropical Forest Conservation Action (TFCA) Sumatra for participatory development of elephant-human spatial patterns and protection of Sumatran elephants in the Sugihan landscape.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Further details regarding our initiatives can be found in APP Sustainability Report 2021 as attached APP Sustainability Report 2021.pdf

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Chief Sustainability Officer	Chief Sustainability Officer (CSO)

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	8053000000000

SF1.1

(SF1.1) In F6.3 you were asked "Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

Yes

SF1.1a

(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

Requesting member

Philip Morris International

Forest risk commodity

Timber products

Form of commodity

Boards, plywood, engineered wood

Primary packaging

Secondary packaging

Third-party certification scheme

PEFC Chain of Custody

Total volume of commodity sold to member

34102.95

Metric

Metric tons

What % of the volume reported in column 5 is certified?

100%

Comment

We only use 100% certified material

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

Philip Morris International

Commodity related to the project

Timber products

Category of project

Relationship sustainability assessment

Type of project

Aligning goals to feed into customers targets and ambitions

Estimated timeframe for realization of benefits to customer

> 6 years

Details of project

Aligning our initiative to help customer achieve their target and ambitions

Projected outcome

Customer achieve their target

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

Yes

SF2.2a

(SF2.2a) Specify the requesting CDP supply chain member(s) that have driven organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain and provide details on how.

Requesting member

Philip Morris International

Category of project

Relationship sustainability assessment

Type of project

Aligning goals to feed into customers targets and ambitions

Description of the project/initiative

Following the Zero Deforestation Manifesto 2.0, ensuring the sustainability and traceability of their supply chain.

Give an indication of the metric of success for the initiative

Aligning the PMI commitment which is no deforestation in their supply chain

Would you be happy for CDP supply chain members to highlight this work in their external communication?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

Yes, but not willing to share details

Please explain

Include in CDP Climate Change

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms