SECTION 2
Senior Statements
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. Whilst the present situation is dominated by the COVID-19 crisis, we have spent recent years developing our supply chain to ensure we have a constant supply of the right quality of raw materials for our mills, and this is paying dividends now in times of global disruption.

Pulpwood is our most important raw material, and we have developed a sustainable pulpwood supply for our future, through innovations in forestry management to increase yields. Throughout this work we have built on our commitment, first introduced in 2013, to zero deforestation. With this approach comes a need to constantly improve the way we monitor and enforce this commitment. We are seeing the returns on this investment every day, through strong relationships with customers, and increasing recognition for our work on forest protection, conservation and restoration.

We have continued to develop partnerships with local communities; and we will continue to look for opportunities for communities to play an active role in our supply chain, not only for forestry but also for other types of goods and services needed by our operations. We continue in our efforts to reduce loss of forest areas due to fire. 2019 brought unusually dry conditions across specific areas of our forest concessions, and our fire management teams rose to this challenge with speed and determination. Extreme climatic events are becoming more frequent and will require that we continue to adapt and develop our programmes in the future.

As an employer of around 29,000 people, the development of talents within our company is of vital importance to our future. We also promote diversity as a way of ensuring employees are recruited and developed, particularly at senior levels, without bias towards gender or ethnicity. In fact we see great benefits in using the global nature of our organisation to provide opportunities to work in different regions and countries. We recognise the need to always improve the way we protect the safety of our workforce, and this is an area that I take personal interest in. Over the last year we have made a range of improvements to our safety processes, and we have taken actions to protect employees during the current health crisis which we will report on fully next year.

Our goal is to work alongside our customers to meet shared sustainability goals. With the evolution of our Sustainability Roadmap Vision, we see many opportunities to collaborate and work towards sustainability targets together. Quality, price and delivery are areas APP have always excelled in meeting customer expectations. It is encouraging to see many global brands now taking a collaborative approach alongside APP to challenges that require landscape level action, across geographical and land ownership boundaries.

As a company that places sustainability as being central to core business success, we are driving ourselves forward into the future. I am proud to see the value of sustainability being shared today with everyone connected to our business.

Teguh Ganda Wijaya,
Chairman
Chief Sustainability Officer’s Statement

2019 saw a number of important developments in our approach to sustainability at APP. Over the last decade we have worked hard to enhance the integrity of our supply chain including intensive efforts for natural forest, protection and restoration.

APP is now one of the few companies that are able to demonstrate that we are meeting our commitment to zero deforestation of natural forest as a result of our commitment. We are working to increase the transparency of data available in our Dashboard, particularly over forest cover changes. We are also continuing to reduce the rate of illegal logging and other forms of encroachment which threaten our protected forests.

Since we first introduced our zero-deforestation commitment in 2013, we have come a long way, and have worked hard to address any issues as they arose. We have continued to implement our Collaborative Conservation Management programme as a key way to reduce deforestation risk by actively involving villagers in conservation and protection activities.

2019 was also a landmark year in our work towards sustainable forestry certification. We believe that to be internationally credible, forest certification needs to be rigorous, and needs to be tailored to local conditions. 100% of our wood supply is aligned with the requirements of the PEFC standard, as implemented locally through the Indonesian Forestry Certification Cooperation (IFCC).

During 2019 we worked alongside the Government of Indonesia to finalise the restoration plan for specific peatland areas within our supplier’s concessions. For our supplier’s plantations, our forestry team have developed a plan for the next 5 years to increase the efficiency and yield from existing forest plantation areas.

We have also continued our efforts to increase the uptake of our Desa Makmur Peduli Api (DMPA) program, which is based on the Integrated Forestry and Farming System concept. During 2019 we focussed on improving the penetration of the programme within villages that are already participating. The programme includes a range of opportunities to facilitate the creation of women-owned enterprises, and to improve the access to market and sale of goods that are produced. Through our work with Martha Tilaar Group, we have increased the number of women from remote villages who have received training in the use of local plants to create herbal drinks and to learn therapy techniques, many of whom have gone on to create successful community enterprises.

With our employees, we have introduced a new talent retention programme, whilst at the same time adjusting to the increasing use of automation across our operations. On safety, during 2019 we introduced a new roadmap approach to assess each Mill and determine actions for improvement. We also made further progress on process safety management which has been reflected in the reduction in our LTI rate, although must still make further progress towards our goal of eliminating fatalities.

We have also worked closely with the Government of Indonesia in its work towards Indonesia’s Nationally Determined Contribution (NDC) towards carbon emissions reduction. We have identified ways in which APP can contribute towards this target, not only through our forest protection and conservation activities, but also through the development of low carbon products.

We continue to identify opportunities to improve the efficiency of our pulp and paper mills, through targeted investments and technical innovation. In 2019 we reduced both carbon emissions and water intensity by 23% and 31%, against a 2012 and 2013 baseline respectively. Solid waste to landfill reduced 37%, based on a 2010 baseline, as a result of our continued efforts.
to reduce waste and identify opportunities to recycle and reuse materials across our processes.

2019 marked the beginning of our transition from the Sustainability Roadmap Vision 2020, to our Vision 2030 commitments and goals. As our Sustainability Report 2019 shows, the challenges we face are constantly evolving, and we are committed to achieving best practice of responsibility and transparency as we move forwards into the coming decade.

Elim Sritaba,
Chief Sustainability Officer, APP Sinar Mas