Launched in 2012, Vision 2020 has become our comprehensive strategy for sustainability.

It sets out ten key impact areas relevant to our stakeholders across our business and wider supply chain, with ambitious targets for each. Furthermore, it sets out our approach to continue supporting the UN’s Sustainable Development Goals (SDGs). We closely manage our stakeholder engagement activities to gather feedback and respond to expectations, while overarching governance mechanisms ensure we monitor and hold ourselves to account for our performance.
APP Sustainability Roadmap Vision 2020

- Fibre Sourcing
- Reforestation
- Conservation & Biodiversity
- Human rights & Indigenous People
- Community Empowerment
- Climate Change
- Emissions
- Water Management
- Solid Waste
- Employee Welfare
Vision 2020

**GRI: 102-16**

Sustainability has always been at the core of our business. At APP, we create products and deliver services with care through responsible and sustainable innovations for every product life stage. For us ‘Growing’ is not only about business but also the purpose of improving the livelihoods of people around us.

Launched in 2012, Vision 2020 is APP’s comprehensive sustainability strategy. It sets out ten key impact areas relevant to our stakeholders across our business and wider supply chain, with ambitious targets for each.

Vision 2020 is supported by a wider set of companywide polices. Full copies are available on our website.

- Corporate Social Responsibility Policy
- Environmental Stewardship Policy
- Forest Conservation Policy
- Responsible Fibre Procurement & Processing Policy
- Procurement Policy on Chemical Substances and Articles
- Employee Welfare Policy
### Vision 2020 element

#### FIBRE SOURCING

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% independent 3rd party verification for pulpwod legality</td>
<td>Accelerated progress and achieved by end 2012</td>
</tr>
<tr>
<td>100% sustainable plantation wood for pulp by 2015</td>
<td>All conversion of natural forest was halted in 2013</td>
</tr>
<tr>
<td>100% Sustainable Forest Management (SFM) certified pulpwod</td>
<td>100% of our fibre is Sustainable Forest Management certified pulpwod</td>
</tr>
<tr>
<td>Maintain a sustainable proportion of recovered fibre in addition to renewable virgin fibre</td>
<td>In 2019 36% of our fibre was from recycled sources</td>
</tr>
<tr>
<td>Develop and implement Integrated Sustainable Forest Management Plans (ISFMP’s)</td>
<td>ISFMPs are now completed for all 38 pulpwod suppliers’ concessions and has been implemented since 2017</td>
</tr>
</tbody>
</table>

#### REFORESTATION

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support the national target to preserve designated protected and conservation areas</td>
<td>APP continued our commitment through supporting the protection and restoration of natural forest inside AAP pulpwod suppliers’ concession and outside concession through landscape approach</td>
</tr>
</tbody>
</table>

#### CONSERVATION & BIODIVERSITY

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero Fibre from High Conservation Value Forest</td>
<td>All conversion of natural forest was halted in 2013</td>
</tr>
<tr>
<td>Supplier Evaluation &amp; Risk Assessment (SERA) tool implemented in 2018</td>
<td>Dedicated conservation programmes focussed on ‘umbrella species’ of Orangutan, Elephant and Tiger conservation continue, with the support of NGOs and conservation specialists</td>
</tr>
<tr>
<td>Support the national target to increase by 10% the population of 25 specified endangered species</td>
<td></td>
</tr>
</tbody>
</table>

#### HUMAN RIGHTS & INDIGENOUS PEOPLE

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopt international guidelines for the protection of indigenous people’s customary rights in the forest</td>
<td>Implementation of Free Prior Informed Consent (FPIC)</td>
</tr>
<tr>
<td>Responsible Conflict Management</td>
<td>Implementation of HCV 5 &amp; 6 through ISFMP</td>
</tr>
</tbody>
</table>

#### COMMUNITY EMPOWERMENT

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase welfare of indigenous &amp; local communities and maintain good relations</td>
<td>Integrated Forestry and Farming System (IFFS) or Desa Makmur Peduli Api (DMPA) programme aiming to benefit 500 villages in the next five years. 335 villages were included into the programme as of December 2019</td>
</tr>
</tbody>
</table>
### CLIMATE CHANGE

**Vision 2020 element**

**Target**
- Implement Peatland Best Practice Management Programme

**Progress in 2019**
- We continue to develop and improve our approach to Peatland Best Practice Management Programme. See page 72 for more details

### EMISSIONS

**Vision 2020 element**

**Target**
- 10% reduction in carbon intensity by 2020, based on 2012 baseline
- 10% reduction in energy intensity by 2020, based on 2012 baseline
- 10% below national and/or regional limits for annual SOx and NOx

**Progress in 2019**
- Carbon Intensity decreased 23% in 2019 compared to 2012 baseline
- Energy Intensity decreased 11% in 2019 compared to 2012 baseline
- All mills achieved in 2019

### WATER MANAGEMENT

**Vision 2020 element**

**Target**
- Achieve 10% reduction in water intensity by 2020, based on 2013 baseline
- 10% below national and/or regional limits for COD and BOD
- Improve management of water use in line with the UN Global Compact CEO Water Mandate Programme

**Progress in 2019**
- Water intensity decreased 31% in 2019 compared to 2013 baseline
- All mills achieved in 2019
- Water footprint completed in all mills

### SOLID WASTE

**Vision 2020 element**

**Target**
- 25% reduction in solid waste to landfill, based on 2010 baseline

**Progress in 2019**
- 37% reduction achieved

### EMPLOYEE WELFARE

**Vision 2020 element**

**Target**
- Zero employee and contractor fatalities, major fire incidents and traffic accidents on site

**Progress in 2019**
- Not achieved in 2019
Sustainability Roadmap Vision 2030

While the vast majority of our targets in Vision 2020 Sustainability Roadmap have been achieved, we realised that we need to expand the scope of our commitments to sustainability, as we continue to challenge ourselves as we look past 2020. With that in mind, we created Sustainability Roadmap Vision 2030 following extensive engagement with internal and external stakeholders. Compared to Sustainability Roadmap Vision 2020, this evolution covers an increased range of issues and tighter alignment with both the UN Sustainable Development Goals and the Paris Agreement on Climate Change.

Vision 2030 focuses on three main areas related to our industry: production, forest and people. We explain how our production process will produce less carbon intensive products, using materials that are sourced from responsibly managed plantations that contribute to the welfare of local communities.
Production

30% reduction in carbon footprint

Doing more with less, so that our products go further, with minimal waste.

To reduce our environmental footprint and contribute towards a circular global economy, we commit to producing paper goods responsibly and sustainably.

Lower Carbon Footprint

Innovative Products

Contributes to UN SDG:

About

Achieve competitive product environmental footprints and contribute to the circular economy.

Goals

1. Increase the share of renewables in the energy mix.
2. Reduce energy consumption.
3. Reduce water consumption.
4. Zero waste to landfill.

We are taking action on the UN Sustainable Development Goals.

Lower Carbon Footprint

Innovative Products

Contributes to UN SDG:

About

Achieve competitive product environmental footprints and contribute to the circular economy.

Goals

1. Increase recycled fiber composition.
2. Increase product durability and resource efficiency.
Over half a million hectares of natural forests conserved

Protecting and conserving the forests, biodiversity and ecosystems which sustain our business.

As a business that relies on sustainable plantations, we are continuing our research and implementation of sustainable forestry while protecting and restoring natural forests and ensure our supplier concessions.

About
Achieve landscape-scale sustainable forest management, protection and restoration across APP and its supplier concessions.

Goals
1. Source only from certified Sustainable Forests and increase fiber productivity.

Contributes to UN SDG:

About
Protecting and conserving the forests, peatlands and biodiversity which sustain our business.

As a business that relies on sustainable plantations, we are continuing our research and implementation of sustainable forestry while protecting and restoring natural forests and ensure our supplier concessions.

Fiber Sourcing
Forest Protection
Integrated Fire Management

We are taking action on the United Nations Sustainable Development Goals.
People

Improving the lives of millions

People are at the heart of what we do, from uplifting communities, empowering employees and partnering with allies in sustainable development.

To create and sustain lasting change, we have to work together, across our employees, forest communities and allies in sustainable development.

About

Empower and involve communities as part of sustainable operation, and invest in world-class human capital management.

Goals

1. Reduction of land conversion for agricultural purposes through the use of fire.
2. Improve the welfare of local communities through capacity building and enhance community access to markets.
3. Respect the rights of local communities and indigenous people through increased multi-stakeholder engagement.

Contributes to UN SDG:

Goals

Sustainable Livelihood

Workforce Management

Business Ethics & Conduct

People

Improving the lives of millions

People are at the heart of what we do, from uplifting communities, empowering employees and partnering with allies in sustainable development.

To create and sustain lasting change, we have to work together, across our employees, forest communities and allies in sustainable development.

About

Empower and involve communities as part of sustainable operation, and invest in world-class human capital management.

Goals

1. Increase the number of women in management positions.
2. Strengthen organizational agility.

Contributes to UN SDG:

Goals

Sustainable Livelihood

Workforce Management

Business Ethics & Conduct

People

Improving the lives of millions

People are at the heart of what we do, from uplifting communities, empowering employees and partnering with allies in sustainable development.

To create and sustain lasting change, we have to work together, across our employees, forest communities and allies in sustainable development.

About

Empower and involve communities as part of sustainable operation, and invest in world-class human capital management.

Goals

1. Best practices for fraud reporting and whistleblower management.
2. Best practices for ensuring adherence to our Code of Conduct.

Contributes to UN SDG:

Goals

Sustainable Livelihood

Workforce Management

Business Ethics & Conduct
Sustainable Development Goals

In 2017 the United Nations launched seventeen Sustainable Development Goals (SDGs), addressing social and economic development issues that all sectors of society are encouraged to work to address. Under each goal sits a set of related targets to be addressed by 2030.

APP is fully committed to supporting the SDGs. We applied the UN’s SDG Compass tool to create a detailed map of how our activities and our wider supply chain directly impact a range of the Global Goals. We have provided a detailed breakdown of each Goal, indicator and sub-indicator that we are addressing through our activities in the Appendix of this Report.

Step 01 Understanding the SDGs
Step 02 Defining priorities
Step 03 Setting goals
Step 04 Integrating
Step 05 Reporting & communicating

https://sdgcompass.org
Forest Conservation Policy

A cornerstone of this roadmap is our Forest Conservation Policy (FCP). Initially, Vision 2020 set out a plan for APP and its pulpwood suppliers to implement High Conservation Value (HCV) principles by 2015 and end natural forest clearance by 2015. However, on February 5th, 2013, we announced the FCP to be in immediate effect, accelerating the objective by almost two years. You can learn about the details of the policy in the Forest [page 58] section of this Report.
Stakeholder Engagement

GRI: 102-13, 102-42, 102-43, 102-44

To identify and respond to stakeholder concerns and expectations, monitor global trends and play our role in the debates that relate to the key issues that impact our business, we conduct a diverse and far reaching approach to stakeholder engagement. We identify our stakeholders as any group who expresses an interest in APP’s operations and/or our impacts.

APP encourages open dialogue, which is best demonstrated by our annual Stakeholder Advisory Forum. This event provides the opportunity for any stakeholder with an interest in attending to engage directly with us in an open and interactive forum, hear our latest updates and voice their opinion.

We publish the notes and material for each forum online on our Sustainability Dashboard (www.sustainability-dashboard.com). We communicate how we address the issues raised by our stakeholders on our Vision 2020 Sustainability Roadmap and in the development of Vision 2030 (see page 27), our annual Sustainability Reports and our website.

We are a member of and take active participation in various associations, including the Indonesia Pulp & Paper Association (APKI), the Indonesia Forest Concessionaires Association (APHI), IBCSD (Indonesia Business Council for Sustainable Development), CGF (Consumer Goods Forum), TFA2020 (Tropical Forest Alliance 2020) and the UN Global Compact / IGCN (Indonesian Global Compact Network).

The 8th Stakeholder Advisory Forum was held on March 14th, 2019. We presented and facilitated stakeholder discussions covering a range of topics, including:
- Update on our progress against of FCP commitments
- APP’s response to an assessment on its link with industrial forest plantations in Indonesia
- Update on our strategy towards land dispute resolutions
- Presented the results of an independent study on the carbon impacts of our FCP
- All presentation material and notes from the forum are available to download from our Sustainability Dashboard (www.sustainability-dashboard.com).
In some cases, the concerns and discussions raised by our stakeholders are too specific to respond to through broader engagement mechanism and a more direct approach is required. In these cases, we issue specific briefings or press releases to address issues raised. Regional Social Working Group (RSWG) (see page 66) are used in specific regions where our supplier’s concessions are located, providing stakeholder engagement mechanisms to deal with issues related to land use rights.

Stakeholder engagement highlights in 2019:

- Providing feedback for national governments on key issues, for example sustainable forest management certification and procurement policies
- Attending COP25 in Madrid, using the opportunity to raise awareness and share our experiences of our community empowerment projects, demonstrate our support for the Government of Indonesia in achieving NDC targets through the implementation of our FCP and showcase how sustainable packaging contributes to the global circular bio economy
- Participated in a diverse range of interviews for media publications including Edie, Innovation Forum, Packaging Europe, Print Monthly, Office Products International, Forestopic, La Papeterie, Les Cahiers de l’Environnement & Radio 24 Italy
- Hosted a workshop to educate stakeholders on PEFC certification, in support of the Responsible Wood-PEFC partnership
- Attended New York Climate Week as part of UNGC Indonesia delegation, showcasing women empowerment and water initiatives
- Hosted mill visits for various media, NGOs and customers
- Participated in over 25 industry stakeholder events, including PaperWorld, RISI PPI Awards, Indonesian Business Forum, and Sustainability in Packaging 2019
## Our Stakeholders

**GRI: 102-40**

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Engagement mechanisms</th>
<th>Area of Interest</th>
</tr>
</thead>
</table>
| **EMPLOYEES**     | Satisfaction surveys, i-suggest portal, bipartisan meetings | • Health and safety  
                                 • Diversity and equal diversity  
                                 • Business ethics |
|                   | **Frequency**         | **Area of Interest** |
|                   | Day to day, as necessary | **EMPLOYEES** |

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Engagement mechanisms</th>
<th>Area of Interest</th>
</tr>
</thead>
</table>
| **CONTRACTORS**   | Direct engagement by mill procurement teams | • Health and safety  
                                 • Business ethics |
|                   | **Frequency**         | **Area of Interest** |
|                   | Day to day, as necessary | **CONTRACTORS** |

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Engagement mechanisms</th>
<th>Area of Interest</th>
</tr>
</thead>
</table>
| **SUPPLIERS**     | Direct engagement by APP Forestry and Chain of Custody Certification team for forestry products  
                                 Direct engagement by APP’s Procurement function for non-forestry related products and services | • Forest management practices  
                                 • Third party certification  
                                 • Supplier assessments |
|                   | **Frequency**         | **Area of Interest** |
|                   | As necessary           | **SUPPLIERS** |

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Engagement mechanisms</th>
<th>Area of Interest</th>
</tr>
</thead>
</table>
| **CUSTOMERS**     | Direct engagement by global sales team and Stakeholder Engagement team, FCP monitoring dashboard | • No Deforestation, No Peat, No Exploration (NDPE) and social standard  
                                 • Product sustainability  
                                 • Product carbon intensity  
                                 • Chain of custody or product tracking |
|                   | **Frequency**         | **Area of Interest** |
|                   | Day to day and case by case as required | **CUSTOMERS** |

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Engagement mechanisms</th>
<th>Area of Interest</th>
</tr>
</thead>
</table>
| **GOVERNMENT**    | Direct engagement with APP Corporate Affairs team | • Pulpwood supplier management  
                                 • Compliance  
                                 • Environmental performance  
                                 • Economic impacts |
<p>|                   | <strong>Frequency</strong>         | <strong>Area of Interest</strong> |
|                   | As necessary           | <strong>GOVERNMENT</strong> |</p>
<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Engagement mechanisms</th>
<th>Area of Interest</th>
</tr>
</thead>
</table>
| LOCAL COMMUNITIES      | Direct outreach from local CSR teams, communication forums between mills and local community representatives, FPCI processes, conflict management. Frequency: Day to day, as necessary | • Employment opportunities  
• CSR programmes  
• Mills environmental impacts  
• Indirect economic impacts                                                   |
| NGOs                   | Regional Social Working Groups, FCP update meetings and events, conflict resolution efforts, sustainability dashboard, Stakeholder Advisory Forum. Frequency: As necessary | • NDPE commitment  
• Human rights  
• Land dispute management                                                                                                         |
| INDUSTRY ASSOCIATIONS  | Engagement through associations such as Indonesia Pulp & Paper Association (APKI) and Indonesian Forest Concessionaires (APHI)                                                                                                                                 | • Environmental performance  
• Industrial compliance  
• CSR programmes                                                                                                               |
| MEDIA                  | Media briefings, press releases, sustainability update events, mill visits. Frequency: As necessary                                                                                                                                 | • Sustainability progress update  
• Mill CSR programmes  
• Products                                                                                                                             |
| ACADEMIC INSTITUTIONS  | Direct outreach from our sustainability division, joint research & study team, and local CSR teams based at our mills and forestry suppliers. Frequency: As necessary                                                                 | • Joint research and study  
• CSR programmes                                                                                                                 |
Materiality

GRI: 102-47

To define and prioritise our Sustainability Report content we have aligned our materiality process with the development of our sustainability strategy, Vision 2030 (see page 27). This process was conducted through 2018 and 2019 and identified a range of long-term key issues for APP. In conducting our analysis, we considered stakeholder feedback from our Stakeholder Advisory Forums (see page 33), conducted focussed interviews with internal and external stakeholders, reviewed peers and other related industry sectors materiality assessments and researched media coverage. We also carefully considered the prominent global frameworks, such as the SDGs and both global and national legislative drivers and emerging trends.

We acknowledge that our stakeholders have a wide range of interests, some of which will not be captured in our materiality assessment. For such specific issues we engage in direct dialogue with stakeholders to respond to questions and discuss their concerns.

This year we update several issues in our materiality matrix. We added ‘contribution to SDGs’ as a specific high priority issue and removed ‘indirect economic impacts’, as these are covered within the SDGs indicators. We broadened ‘community engagement’ to ‘community engagement, welfare and livelihood’ to better reflect the broader range of the issue that sit within this term. We also broadened ‘financial performance’ to include ‘tax disclosure’. ‘Transport’, ‘local recruitment’ and ‘talent retention’ were removed as lower priority issues.

Our approach to materiality is guided by the Global Reporting Initiative (GRI) and updated annually. How the issues in our materiality matrix correspond to GRI topics, including the aspect boundaries for each topic, can be found in the About this Report section on page 116.

<table>
<thead>
<tr>
<th>APP’s impact on the environment, economy and wider society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence on the assessments and decisions of APP’s stakeholders</td>
</tr>
<tr>
<td>- Biodiversity protection and conservation</td>
</tr>
<tr>
<td>- Business ethics</td>
</tr>
<tr>
<td>- Diversity and equal opportunities</td>
</tr>
<tr>
<td>- Climate change</td>
</tr>
<tr>
<td>- Sustainable forest management</td>
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<tr>
<td>- Peatland management</td>
</tr>
<tr>
<td>- Contribution to SDGs’s</td>
</tr>
<tr>
<td>- Human rights</td>
</tr>
<tr>
<td>- Product sustainability and bio circular economy</td>
</tr>
<tr>
<td>- Community engagement, welfare and livelihood</td>
</tr>
<tr>
<td>- Energy use</td>
</tr>
<tr>
<td>- Water use &amp; discharge</td>
</tr>
<tr>
<td>- Air emissions</td>
</tr>
<tr>
<td>- Health &amp; Safety</td>
</tr>
<tr>
<td>- Financial performance &amp; tax</td>
</tr>
<tr>
<td>- Corporate governance</td>
</tr>
<tr>
<td>- Forest fires</td>
</tr>
<tr>
<td>- Employee welfare</td>
</tr>
</tbody>
</table>

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Governance

The Management Board consists of senior members of our management teams from across our business, each with their own specific responsibilities. Authority is delegated from the Management Board to several specialist sub committees who deal with specific areas relevant for each individual committee, review policies and procedures and appraise performance. All sub committees report back to the Management Board on a regular basis and communicate key issues to the wider organisation as appropriate.

The License, Government Relation and Sustainability Committee Board is headed by APP's CEO, members include APP's Deputy CEO, Managing Director, Business Unit heads and the CSO. The committee meets monthly, reviewing sustainability performance, overall direction and strategy, as well as any issues raised from stakeholders. The Ethics Call Centre is the main source for stakeholders to raise critical concerns, the management board maintain oversight of all issues raised, however most concerns are dealt with by the relevant committee and do not require escalation. For a breakdown of the concerns reported in 2019 see page 41.

The Management Board meet every week. Once a quarter, economic, environmental, and social topics will get raised with the Board for a detailed review. The team were involved in the development and approach of the Vision 2020 Sustainability Roadmap have been involved and signed off our Vision 2030 Sustainability Roadmap. Members of the highest governing body take part in interviews which feed into the Sustainability Report development process. The management team delegate the responsibility of the Sustainability Report review to the sustainability committee.

Sustainability performance of the Management Board is measured through a balanced scorecard approach, covering four focus areas; financial, customer, process and organisational. All Board members have a common scorecard, which is reviewed at least annually, however weighting of individual targets vary by role. The results of the balanced scorecard assessments help to guide the training needs of the Board. Across the organisation, all employees at a management level and above receive 360 degree feedback.

We apply the same approach to employee diversity to the Management Board as we do the rest of the organisation; we appoint based on individual competencies and do not discriminate based on gender or social group. The Business Code of Conduct sets out our approach to maintain APP's integrity and reputation, the code applies to the Management Board as it does for the rest of the organisation.

In terms of how our individual mills are managed, each mill reports to the COO through the respective COO for pulp, paper and tissue divisions. Our mill KPI scorecard (see page 44) helps to track performance against Vision 2020 targets and we encourage a culture of sharing good practice and working collaboratively where further improvement is required.

Three companies; Indah Kiat, Lontar Papyrus and Tjiwi Kimia are publicly listed and publish their own governance structure each year in their Annual Reports, available at our website.[3]

The governance arrangement for each mills include a Nomination and Remuneration Committee who support the Board of Commissioners in conducting performance evaluation of the Board of Commissioners and Directors, making recommendations for additional training as required and recommend nominations to the boards. Individual salaries are not reported, as per Indonesian capital market regulations. The Independent Audit Committee (IAC), with an independent chair, oversees internal auditing, establish action plans based on the results of audits and progress monitoring. The committee holds monthly meetings and reports quarterly directly to the Board of Commissioners. The Internal Audit team are responsible for conducting the audits, overseen by the IAC. Their focus areas are adopted in response to the business needs, these included preventing misconduct and ensuring our comprehensive Group-wide Standard Operating Procedures are followed correctly.

[3]

Indah Kiat:

Tjiwi Kimia:

Lontar Papyrus:
Business Ethics and Risk Management

At APP we believe in holding ourselves to the highest ethical standards. We are committed to doing the right things in all that we do. This means acting honestly and treating each other and our customers, suppliers, partners, and communities fairly and with dignity. Our Business Code of Conduct (“BCoC”) has been developed to guide us with a set of standards of ethical conduct expected in operating our business.

APP’s Corporate Risk and Integrity Division (CRI) continued to focus on our four-pillar approach to oversee ethics and risk management within the business: asset protection, integrity management, fraud prevention and business ethics. Our priority during 2019 was to operationalise this programme.

In our journey to enhance governance, an Ethics Committee was established in early 2019 to provide oversight to Senior Management. The Ethics Committee is comprised of key Senior Management members who convene to review compliance performance in APP and provide oversight for sensitive investigations.

The results of 2018’s Ethics Survey identified the need for Ethics and Compliance to enhance APP employees’ knowledge of the BCoC and Speak Up culture. In response, mandatory BCoC training was introduced and delivered through online and class room sessions. More than 24,000 APP employees attended these sessions. The BCoC program was extended to APP business partners (pulpwood suppliers) and other contractors in Indonesia. An “Ethics Week” campaign was held in late 2019 at key office locations and at the Perawang Mill to increase awareness of the BCoC.

In 2019 our Asset Protection programme focused on implementing the APP Minimum Security Standards in Tjiwi Kimia and OKI mill. ISO based standards has strengthened APP’s security governance framework. In 2020 there will be a continued focus on the continued implementation of this minimum standard and technologies to support APP’s path to Industry 4.0.
During 2019, following a risk assessment that covered all mills, we started to develop a Bribery and Corruption programme, including a training course based on ISO 37001 standard for anti-bribery management system. In January 2020, we intend to host this training for our Procurement, Legal, Supply Chain, Audit, and CRI teams. Integrity Management team developed an Integrated Due Diligence Services Portal that automates APP’s due diligence process for our suppliers and customers. This system is a collaboration with APP’s Internal Audit Division (IAD) and provides an additional boost to APP’s second and third line of defence in effective risk management and control.

Throughout 2019, Profit Protection focused on implementing fraud risk frameworks to more effectively prevent, monitor, and investigate fraud-related matters. Fraud risk assessments were conducted on identified critical areas and our case management systems were optimized to predict trends in fraudulent activities. Follow-up investigations continued to focus on reducing fraud within our operations.

The Integrated Call Center (ICC) provides a platform for employees and external stakeholders to raise concerns, ask questions, make product enquiries, emergency handling and raise grievances. During 2019, there were 71 concerns raised; 29 of these were reported via the ICC and two were raised through our internal audit function. Forty concerns were reported directly to CRI. Of these reports, 30 required further investigations. During 2019, 16 employees were given formal warnings and 30 employees had their employment terminated as a result of the follow-up investigation.