SECTION 6

People

APP recognizes its responsibilities not only to its employees but also to the local communities living in and around its operation areas. Under the Sustainability Roadmap, we are investing in human capital management to ensure our business continuity, as well as empowering and inclusiveness of communities as part of our sustainable operations.
Mangrove restoration project

Community Empowerment through Desa Makmur Peduli Api

Developing infrastructure

Supporting handicraft for economic empowerment

Community-based Waste Management

Health programmes for young mothers and infants

Scholarship programme

Safety Culture Programme

Training and development

Women empowerment farmer group

Addressing water related issues in communities, access to clean water and sanitation

Microfinancing for SME's

End of career training programmes

Social impact assessments to determine local community needs

Health clinics for employees and their family

Graduate training programme

Employee Welfare Policy, covering safety, wellbeing and data protection

Ethic Call Centre to report concerns
How we work – CSR

GRI: Disclosure of Management Approach

Our CSR programmes are guided by our Vision 2020 Sustainability Roadmap, which sets out a focus on community empowerment and employee welfare. The APP CSR policy sets our commitments to ensuring that our operations and that of our supply chains have long lasting positive impacts on the social and economic welfare of the surrounding communities. Programme planning, implementation and monitoring and evaluation of our CSR activities aligns with the Indonesian Corporate Performance Rating Assessment (PROPER) standard (a government environmental evaluation programme). The Indonesian regulations UU Perseroan Terbatas No. 40 Th. 2007 provides us with the legal framework with regards our obligations towards social responsibility programmes and alignment with the sustainable development agenda in Indonesia. We identify the highest priority needs based on robust Social Impact Assessment (SIA) data, in line with government development strategic planning, and the majority of programmes have a five year plan in place. All CSR programmes are reviewed annually through stakeholder forums and surveys to gather feedback and consider improvements.

Our CSR Programmes

GRI: Disclosure of Management Approach (Indirect economic impacts, Local communities), 203-1, 203-2, 413-1, 413-2

This section of the Report showcases a small sample of our CSR programmes at our mills and at a Group level. We also conduct CSR programmes in collaboration with our forestry suppliers. You can read about these in the Forestry section of this Report [page 87].
Pindo Deli Karawang

Eco tourism

Located in a small forest in the area around the Pindo Deli Karawang mill, the Hutan Kertas, or ‘Paper Forest’ is now a well-established eco-tourism hotspot. Thanks to the support from the mill, the recreation area is now equipped with a canopy, photo spot, music stage, toilet and a seating area. Managed by a local youth group, the site hosts live music and camping events as well as hosting school visits. To promote the circular bio-economy approach, waste wood and plastic provided by the mill was used to set up the location. The mill provided the location, technical assistance in preparing the site as well as building and stocking a small library.

The site draws tourists from a wide area, who pay a fee to use the facilities. The local community have free access to the site. 35 employees work at the site, with a salary of between Rp 500,000 – Rp 4,000,000 per month.

In the future the site plans to expand to further grow the revenue stream from additional facilities, including a parking area, motorcycle repair facility, coffee shop, shoe shop, laundry, wedding organiser and waste wood handicraft.

Community resource efficiency programme

In a collaboration between the community, local government, and Pindo Deli Karawang, the community resource efficiency programme has been running since 2015. Waste materials, donated from the mill or sourced from within the community are repurposed or recycled, the sale of these products generate additional income of between IDR 6 to 8 million per month. The mill provided training, equipment and facilitated networking to establish the programme and continue to support various aspects of the programme.

The programme has received external recognition, winning the Climate Resilience Village Program – PROKLIM award from the Ministry of Environment and Forestry in 2019.
Tjiwi Kimia

Farmer group empowerment

Tjiwi Kimia collaborate with the farming department in local government in the Bogem Pinggir village, near Tjiwi Kimia mill. Taking a multi-stakeholder approach, each party takes an important role in the programme. Tjiwi Kimia provides water pumps for farming irrigation with technical assistance to set up the equipment, in addition to fertilizer. The local government takes responsibility for operational and maintenance aspects of the water pumps. 112 farmers from 2 farmer group benefit from the project, which covers a total of 12 Ha. The paddy field harvest doubled as a result of the programme, reducing hunger and empowering the farmer group through increased production and raising income levels through product sales. shoe shop, laundry, wedding organiser and waste wood handicraft.

Community health service

In collaboration with the Citra Medika hospital, the local community are offered training and awareness raising in good hygiene and sanitation practices. Five villages around the mill; Sebani, Singkalan, Kramat Temenggung, Mlirip Rowo, Kedung Bocok are all offered transportation, provided by local government, to bring them to the medical facilities based on the mill site. Two doctors, two nurses and two pharmacists support each training activity, in 2019 about 90 community members took part advantage of this support.

Economic empowerment through entrepreneurship

Micro, Small & Medium Enterprises (MSMEs) have a key strategic role in Indonesia’s national economy, providing a strong source of employment and boosting economic activity. The mill is keen to support this vital sector of the economy. Tjiwi Kimia generates waste that can be recycled back into economically valuable products including wood and strapping bands. By fostering and facilitating the supply of raw materials to local businesses, recipients then have the potential to process the waste and generate products which can be sold.

Two MSME groups in two villages around the company, namely Kramat Temenggung and Singkalan Village. The first group process strapping band waste to be used as furniture products and household appliances. While the second group process used wood pallet waste into wood kraft. The programme is now well underway and continues to scale up. We anticipate it to be fully commercially operational during 2020.

Infrastructure development

To improve community infrastructure, Tjiwi Kimia donated over 700,000 paving slabs to improve the roads in and around local schools and government agencies. The paving stone project was an employee innovation, produced by utilising bottom ash waste from the power plant process as a substitute material. By replacing poorly surfaced roads prone to becoming muddy, the paving slabs greatly improve access and transport communications, proving economic and social benefits.
Lontar Papyrus

Agriculture and farming

The local government launched an initiative in 2011 to increase cattle population in the area. However, there are bottlenecks that hinders the success of this program. The main challenge is the insufficient and unreliable supply of liquid nitrogen that is key in storing the semen needed to artificial insemination. In response, Lontar Papyrus has been providing a supply of liquid nitrogen since 2012. In 2019, the mill produced and donated more than 6,400 liters of liquid nitrogen to the district government to support the programme. As a result of the donation, cattle stock has improved almost 40% from an average of 915 new calves born to an average of more than 1,270 calves following the donation.

In a separate project the mill supported Tani Makmur Farmers Group with training and provided equipment to improve the quality of compost produced. The mill facilitated discussions between the group and one of APP’s forestry suppliers, which culminated with a commercial agreement for compost purchase. Overall production of composts increased from 300 tons to more than 4,300 tons in a year, generating additional income of IDR 340 million. The mill also provides zero interest loans to financially support building improved storage facilities and purchasing trucks for logistic purposes.

Improving the agriculture sector is another key priority of the local government. To support the government achieving this objective, Lontar Papyrus provided 5 hectares of land which formed a centre for community empowerment activities in an area adjacent to the mill. The land is donated to two farmers groups who developed the area into a watermelon plantation, orange orchard, as well as guava and papaya. In addition to the fruit trees they also use the land to breed cattle. The mill also provided free accommodation for the farmer group to use, equipment, and zero interest loan for the initial capital investment.

Indah Kiat Tangerang

Community economic empowerment

The mill supported the training of 40 farmers in urban farming (hydroponics) across 6 villages. The collaboration involved local collaboration involved local government, community and hydroponic consultants, with the mill providing the materials for urban farming, monitoring, technical assistance and covering the cost of the hydroponic consultant. We also supported marketing activities to improve product sales in local markets and communities. The project has a great potential for growth, in the future we plan to scale up the project to other villages.

Mangrove conservation in Tangerang

In collaboration with local government and a farmer group, an eco-tourism project was established in the Tangerang Mangrove Centre (TMC) area to conserve coastal Mangrove, vital for coastal protection and biodiversity conservation. The mill provided the mangrove seed and the government provided the land, constructed buildings and infrastructure as well as provided technical assistance to the farmer group who provide seedlings, planting and maintenance of the mangrove. A total of 40,000 mangroves were planted in Tangerang North Coastal area and the area has seen positive economic benefits for the community through increased tourism which stimulates economic income and demand for small business and community-owned shops.
Ekamas Fortuna

Community Health Service

Addressing stunted growth is one of Indonesia’s development priorities and Posyandu\(^5\) plays a critical role in this effort. Together with Wava Husada Hospital, Ekamas Fortuna organized a series of trainings to improve the Posyandu teams’ skill, who are on the front line in assisting pregnant mothers and infants. One of the training courses offered in 2019 was Baby Massage, chosen to optimise baby growth through specialised massage techniques. 39 cadres took part in the training and they also received a set of training materials and equipment.

In a separate programme, Ekamas Fortuna collaborated with the Wava Husada Hospital, providing awareness raising activities, medical checkups and medicines to the local community. In 2019 this initiative served more than 1,200 people across 4 villages. The health workers also conducted home visit for elderly group who could not travel to the hospital to access the services.

Waste bank

Ekamas Fortuna supported the Gampingan Bersinar Waste Bank by providing funding to improve the infrastructure of the Waste Bank. Established in 2016, the facility only collected household waste from one village. With the support from the mill the facility is serving more than 250 households across two village. Now employing ten people, the facility also has the capacity to collect and process recyclable waste too.

The programme has received external recognition, winning the Climate Resilience Village Program – PROKLIM award from the Ministry of Environment and Forestry in 2019.

In a separate waste project, as part of its commitment to improve the environmental health in the area, Ekamas Fortuna invested in infrastructure and facilities to turn livestock waste into energy. By the end of 2019, the mill had installed 4 biogas production units of biogas facilities which were donated to local farmers. The initiative also reduces the carbon emission from the local cattle industry.

OKI

Educational development

In a collaborative partnership between OKI mill, local government and the Simpang Heran village, educational facilities were improved for the local community. The mill supported the development of the community center (Rumah Pintar), establishing IT resources and a library, the facility also includes a play area for children and a meeting room. Between 20 and 30 children use the community centre every day for studying. The centre also hosts dancing and English classes training for children. The internet access is also used for the final examination at senior high school.

\(^5\) Posyandu: an integrated service center for pregnant mothers, infants, and children under 5.
Indah Kiat Serang

Improving living conditions for the community

Access to clean water is still a challenge for the community surrounding the mill, especially during the dry season. In 2019 the mill helped build 11 wells and related infrastructure such as water tanks and pumps. The clean water is used to supply the latrines to improve the sanitation in the area, reducing risks of various sanitation-related illnesses such as diarrhoea and typhoid for more than 1,000 households. The mill also provided free clean water from PDAM (State-Owned Clean Water Provider) to four sub-districts that suffer from drought during the dry season.

Within the local community in the area surrounding the mill, the district government estimates 700 houses are considered uninhabitable. To address this issue, the mill renovated 10 houses for the communities living under the poverty line to bring their accommodation up to an acceptable standard. The programme is part of a multistakeholder collaboration, with many other contributors working towards the same goal of improving living conditions for the community. The initiative is a collaboration between the district government, military, and Department of Social Affairs.

Mangrove conservation in Serang

In the past several years the Serang north coastal shore has been significantly eroded, with further degradation forecasted. The mill provided 20,000 mangrove seedlings, covering a total of 2 hectares across three sub-districts. By helping to secure the shoreline, Indah Kiat Serang also support securing the livelihood and community infrastructure of the local community.

Indah Kiat Perawang

Economic empowerment through upcycling

Cipta Handicraft Innovation Product (CHIP) was set up in 2017. The mill spotted the opportunity to utilise waste generated on site by using discarded wood waste from packaging materials to make creative products such as souvenirs. CHIP employs 15 workers, and since receiving the support from the mill, sales have increased by 80%, generating much needed additional income for members of local community. The team were proud to receive an order from the Ministry of Environment and Forestry for personalised gifts for more than 300 high-level delegates across the world during the international environmental conference.

In 2019, the mill supported CHIP to construct a showroom from repurposed wood to showcase their products. CHIP also provides an educational facility and workshops for students looking to learn practical skills.

The mill also provides training for a local youth group to make simple furniture such as desks and chairs from the discarded wood waste. In 2019 they made 410 sets of furniture and donated these to local schools, benefiting more than 800 students.

Economic Empowerment through Entrepreneurship

In collaboration with Honda Motorcycle Pekanbaru, the mill supported the training of 10 youths in motorcycle maintenance. Following completion of the training, 8 of them went on to full time employment with several companies while 2 established their own motorcycle maintenance workshop. Indah Kiat Perawang provided soft loans and help in building and equipping a workshop. Overall monthly income for participants in the program is around IDR 3 millions. Future plans include increasing the workshop size to provide the facilities to maintain the mill’s motorcycles fleet.
Case Study: Community Based Total Sanitation (STBM)

The Indonesian Speak Foundation (SPEAK) works with government and communities to enable access to water and sanitation for all through collaborative community focussed programmes. APP work in a collaboration with SPEAK on several sanitation projects through a number of our flagship CSR programmes.

Sanitation remains a challenge in Indonesia, even in urban areas. Only 63% of Jakarta has proper sanitation infrastructure; over 5,000 neighbourhoods need support to develop healthy and proper sanitation. In our Jakarta based programmes we focussed on two areas as an initial pilot; Tebet Timur and Padamangan Barat. In both projects a support team is established, study visits undertaken to identify areas requiring most improvement, then training is provided on sanitation practices, wastewater infrastructure and sanitation care for communities.

A wastewater treatment system based on communal biofilter technology was built in Tebet Timur. The system consists of 6 tanks for processing water and the output is suitable for domestic household use. Other neighbouring communities were supported in building septic tanks and mini treatment facilities too. In total, we improved the sanitation facilities for over 400 families.

In Pademangan Barat, Jakarta Region, the community chose a mini biofilter cylinder waste water treatment system comprising 3 tanks for the Child Friendly Integrated Public Space (known as RPTRA, a public space provided for the local community equipped with games, libraries, and other public facilities), and developing their own family latrines.

We also provide assistance to cadres for the improvement for the community sanitation. They become the extension to support the acceleration of access to proper sanitation for the community itself.

In the village of Kutanegara, Karawang Regency, approximately 300 homes did not have basic sanitation facilities, which creates a risk to both the environment and health. We worked with local stakeholders, representing NGO’s, local government and the private sector to construct water sanitation facilities and provide training and awareness raising activities.

We wanted to change behaviour and improve health for the community, but we also saw the opportunity to boost the villages creative economy. The demand for toilet production has stimulated economic growth, as local businesses responded to the demand. The community youth become active in campaigning through art to support Community Based Total Sanitation, spreading the message to neighbouring communities too.

Women empowerment groups formed community hubs, called ‘Buteka’ who conduct developed businesses based on recycling activities, turning waste into decorative leaves or flowers.

As we look towards the future, we want to encourage others to participate in similar initiatives, using our pilot projects as templates for further sanitation projects so that other communities can also benefit from the huge improvement the programmes bring to their health and their surrounding environments.
Promoting Water Security and Clean Water for Indonesia

Through international and local collaborations, APP is contributing to Indonesia's advance towards a cleaner and more sustainable water future.

Water is an essential resource for life. The global demand for water has been increasing at a rate of about 1% per year over the past decades as a function of population growth, economic development and changing consumption patterns, and it will continue to grow significantly over the foreseeable future. Despite this, access to clean water and proper sanitation remains a challenge in many communities around the globe. Even the islands of Indonesia, surrounded by water on all sides, face looming water security challenges. It is estimated that 30 million Indonesians have no access to clean water, while another 51 million lack adequate sanitation facilities. Both rural and urban communities also face further water-related complications, including floods and droughts that are worsened by climate change.

As chair of the Indonesia Water Mandate Working Group (IWMWG), a special organization under the United Nations Indonesia Global Compact Network, APP has been working to address these water challenges.

Following the success of a pilot project to improve water access and its quality in Pari Island, the IWMWG is looking to initiate new water projects in UNESCO Biosphere Reserves at Berbak Sembilang, Komodo and Wakatobi. The IWMWG introduced better water storage and sanitation infrastructure, and also provided training to the people of Pari Island to help them better understand the importance of water and waste management.

In Sungsang village in Berbak Sembilang, Asia Pulp & Paper (APP) Sinar Mas and the Belantara Foundation have already begun work, delivering two water treatment machines to produce clean water, and setting up a waste collection centre with special chopping machines to cut up plastic waste to be sold for recycling.

APP and the IWMWG are also exploring alternative technologies, such as biopores, to help mitigate climate-related water issues. Biopores help alleviate floodwater damage by helping funnel excess surface water back into the ground through deep holes drilled into the earth. As a result, biopores both help enhance natural water cycle processes and preserve needed water and land resources for future use.

Through these international and local collaborations, APP is helping Indonesia press on toward a clean and sustainable water future, one project at a time.
Our People

GRI: Disclosure of Management Approach (People, Labour/management relations, Diversity and equal opportunities), 102-14

At APP, we believe business success comes from creating an environment where our employees can thrive. We are committed to providing a collaborative work environment that recognizes and rewards success and where innovation is encouraged.

Our Employee Welfare Policy sets out our commitments to meet the requirement of ILO Standards on employee safety, well-being, human rights, labor rights, skills, and data protection. We strive to position APP as a dynamic company with strong employment benefits that extend past salary, besides health insurance, pension and the ability to earn an additional bonus through various awards and recognition schemes we have in place. All our permanent employees receive career development reviews at least annually.

We recognize the challenge of attracting and retaining young talent, so we work actively to make APP an attractive employer. With a loyal and long-serving workforce, the turnover of management is low. We have also stepped up our work to ensure that younger team members are recognized and that they understand that they have a prosperous future at APP.
At the end of 2019 we employed a total of 29,876 people. While this marked a small decrease (3%) compared to the previous year for mills employee, this was due to natural fluctuations in employment levels and not as a result of any employee reduction programmes.

Amongst our mills, gender diversity decreased slightly, 7% of our workforce were female, a change from 8% in 2019. Amongst mill management, 6% are female, with no change from 2018. In line with the pulp and paper sector in general, gender diversity is a challenge for APP, as we operate in a sector that has traditionally employed a high proportion of males. Amongst our head office roles, 38% of our workforce are female.

[6] In 2019 we included Head Office roles in our employee data
We have committed to increase the number of women in senior management positions to 30% by 2030, as part of our Vision 2030 Sustainability Roadmap commitments.

All mills provide equal pay and benefits, with a salary equal to or greater than the locally determined minimum wage, which varies by location, irrespective of gender. Benefits include paid annual leave, maternal and paternal parental leave, sabbatical leave, health insurance and a company pension plan. Certain benefits are provided to permanent employees only, but this varies by each mill, in line with local regulations.

Maternity and paternity leave is provided to all employees, following the local government guidance at each location. Parental leave data is provided in the social data section of the Report. Our Integrated Call Centre (see page 40) provides the mechanism to report discrimination and other concerns anonymously. Reporting channels indicated no confirmed cases of discrimination in 2019.

In 2019 10% of our employees were hired locally. Our policy is to prioritise hire local people, unless the specific skills for the role are not available. All our permanent employees career development reviews, annually as a minimum. In the event of operational changes, APP allows a minimum of seven days’ notice, as per Government of Indonesia regulation. Employees are free to select and join a union of their choice, 99% of employees are covered by collective bargaining agreements.

All employees are free to associate with their chosen labor union. Our mills encourage active and collaborative communications, facilitating discussions between the employees and labor unions on a regular basis, ensuring issues raised are dealt with and the appropriate follow up and action if necessary. The most regular topics are issues related to salary, scholarships, PPE and leave entitlement.

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<th>Senior Management hired locally</th>
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<td>7</td>
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GRI: 401-1
Training

*GRI: Disclosure of Management Approach (Training), 404-1, 404-2*

To build and maintain a world class workforce, we invest heavily in training and competency development for our employees. Developing broad, technical skills, management techniques and leadership qualities requires a dedicated companywide training effort. APP’s training and development is managed at group level through the APP Academy, with each mill developing their own supplementary programmes to meet their own needs. A separate leadership programmes exist from supervisor to divisional management level, ensuring our leaders are equipped with the skills and competency to lead and succeed. In 2019 we conducted an average of 26 hours of training per employee.

At Lontar Papyrus we focussed on diversifying our employee’s skillsets through a number of dedicated training programmes through 2019. Targeting 600 employees we have so far passed 174 through the courses. The aim was to improve productivity, as more employees became skilled in new areas of mill operations. By broadening employee’s skills we become more flexible, improve business contingency for critical tasks and also found that employee confidence and satisfaction grew too.

A dedicated programme is in place for employees approaching the end of their working careers. We run courses that include farming techniques, entrepreneur training, husbandry, handicrafts and home industries, designed to provide sources of income once their work at APP comes to an end. We also provide life skills training, for example in financial planning. Where possible, we embed these programmes within established CSR projects at our mills.

Human Rights

*GRI: Disclosure of Management Approach (Human Rights Assessment), 412-1, 412-2, 412-3*

Through audits and risk assessments conducted across all our mills, APP recognises that our operations are exposed to human rights related risks. These risks are present both at our mills and through the operations and activities of our suppliers. The way we manage these risks is informed by the United Nation’s Guiding Principles on Business and Human Rights and the International Labour Organisation (ILO). Our Forest Conservation Policy aims to deliver community development, transparent conflict resolution and Free, Prior and Informed Consent (FPIC). We incorporate resolution action planning into professional performance indicators of site managers. In 2019 we conducted 26,860 hours of human rights training amongst our employees, with participation covering 90% of our employees.

APP Policies explain our commitments, procedures, and expectations on human rights. This includes policies that all suppliers must comply:

- APP Corporate Social Responsibility Policy sets out our overall commitment to human rights
- APP Employee Welfare Policy sets out how we respect and protect our employees’ human rights, as well as our responsibility towards contractors
- APP Responsible Fibre Procurement & Processing Policy explains our commitment on wood legality and compliance by our fibre suppliers
- APP Forest Conservation Policy includes our grievance mechanisms through which stakeholders can raise concerns related to our fibre supply
Scholarship and Talent retention programmes

At APP we see it as our social commitment to support educational development in our local communities. We also recognise that by supporting our employee’s families though education we demonstrate a long-term commitment to our workforce. Strategic support for scholarships and talent retention programmes also help to secure the long term sustainability our workforce, bringing in the next generation of skilled employees into our organisation.

Three scholarship programmes are currently ongoing at Indah Kiat Serang. Scholarships are awarded to employees’ children who have passed administrative, academic, psychological tests, and interviews conducted by Mill and HQ. We have three programmes in place, the Dr Anne C. Cleveland scholarship with 7 students, the ITSB Scholarship with 1 student and the Tali Kasih programme (for the children of employees who have passed away) with 116 students. The latter can be applied at any level of education, from kindergarten through to university. All scholarships provide financial support through education and culminate in employment at the mill and we hope a long and successful career at APP.

At Tjiwi Kimia we aim to award at least three ITSB scholarships each year. The mill CSR team work closely with several local schools and involve the ITSB in the selection process too. A group of students are selected for the final exam, with the highest scores receiving the scholarship award. Vocational training is also provided in the form of 3 months industrial apprenticeships. By participating in this program students are expected to have more abilities and of course become trained to face the workforce when they graduate later. This program is attended by more than 50 students from vocational high schools each year who come from several vocational schools. Roles include Office Administration, Animation and Multimedia and Automotive Engineering.

The Skilled Operator Training programme is aimed at graduates of vocational or high school equivalent who have graduated from school but been unable to find employment. Under the guidance of a dedicated mentor, the participants are given 6 months of On Job Training. After successful completion the students get the opportunity to be recruited as employees at Tjiwi Kimia if they pass the competency test. And during 2019, 90% of training participants have successfully passed and become permanent APP employees.

Health and Safety

We are committed to ensuring every employee and contractor returns home safe, every day.

Each of our mills manages health and safety at a local level, supported by a dedicated team of experts at Group level. The Mill Head is directly accountable to APP’s Chairman for health and safety performance at each mill. All mills except for OKI and Univenus Perawang, have OHSAS 18001 certification for occupational health and safety, and five mills have moved to aligning with the new ISO 45001 in 2019. All mills have SMK3, the Indonesia national standard for health and safety in the workplace. Joint safety committees are in place at all mill sites, representing the whole workforce and providing one mechanism for all employees to communicate concerns, provide input into safety management systems and for safety messages to be communicated. We don’t currently have employees whose work, or workplace involves in occupational activities which have a high incidence or high risk of specific diseases.

Safety Performance Index (SPI) became fully established in 2019, with full support from APP’s Chairman. The SPI is designed to systematically measure and monitor mill occupational health and
safety performance, while also considering precautionary measures, preventive measures and near misses. The index covers serious injury and fatality rates, equipment risk inspection frequency, permit to work compliance, behaviours-based safety compliance and mill walk inspection frequency. The approach centres around safety being a personal responsibility and SPI scores are part of each employees personal KPIs.

Process Safety Management was a key programme for APP in 2019. We conducted a pilot at three mills and will expand to others in the coming years. It covered 14 elements of process safety, including hazard analysis, operating procedures, training, contractor management, work safety permits, incident investigation and emergency planning and response. It sits alongside our Safety Performance Index as an important tool in monitoring performance.

We also conducted an OHSMS Performance Audit in 2019. We reviewed strategy and leadership, planning, level of support available, as well as operational and performance aspects too. The results enabled us to target improvements in process safety management systems, contractor management, permit to work systems, emergency response, behavioural based safety and compliance with various regulations.

### Performance in 2019

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We report no significant change in performance against key Health and Safety metrics in 2019, compared to previous years. For performance at a mill level, please refer to the social data tables on page 123 of this report. We failed to meet our Vision 2020 target of zero fatalities, each incident and our response is detailed below.
Incidents

We are saddened to report 11 fatalities in 2019, these involved 6 employees and 5 contractors. In addition to the improvement actions identified from each and every case, a fatality prevention program is part of the Safety Performance Index (see page 113). We involve the mill leadership team in inspections and risks assessments as part of the response, demonstrating to all employees and contractors that our focus on safety improvement is supported from senior management.

At Lontar Papyrus an employee fell from a walkway. Following the incident, the mill inspected all walkways for corrosion and other unsafe conditions. Where required, additional warning signs and access restrictions were put in place. We also installed permanent lifelines to provide anchoring for body harnesses and reviewed all Standard Operating Procedures to ensure adequate control measures are in place for all activities involving working from height.

In a second incident a contractor was hit by a falling concrete wall, after entering an area without the required permission, following demolition works. In response we conducted a review of all cast designs to ensure that the designs are in accordance with civil engineering principles. We assigned a team who are responsible for conducting supervision of any activities in high risk zones and introduced audits and periodic inspections to ensure lifting procedures are conducted as per the relevant Standard Operating Procedure. We appointed and assigned a dedicated team of Riggers, certified according to the relevant regulations. Because the incident involved a contractor we reinforced the incident lockout/tagout (LOTO) procedures were conducted before each shift begins.

At OKI mill, an employee was fatally injured whilst performing cleaning on the tissue machine. Following the incident lockout/tagout (LOTO) procedures were introduced for specific tasks, including cleaning. Additional physical barriers were also put in place, with improved guarding and revised engineering procedures. Training was also provided to all employees involved in cleaning activities.

In a separate incident at the mill, a contractor drowned after slipping and falling between two boats. In response we improved boat access to reduce the risk of falling during transfer at the pickup points. Training on lifejacket use was repeated to all employees and will be conducted every month as part of an ongoing refresher training. All employees involved in river or sea activities were checked to ensure their Sea Survival certificates are up to date.

In a third incident a contractor was fatally injured after being struck by a truck. The incident prompted revised driver safety training, identifying, and implementing clear pedestrian zones within the mill site, inspections for vehicle safety compliance and increasing speed checks for all vehicles. We also reiterated through mill wide communications the mandatory requirement for all motorcycle riders to wear helmets at all times.

At Indah Kiat Serang an employee was fatally injured after becoming trapped between two winder drums on the paper machine. The winding process was updated following the incident to ensure activities are always supervised by a properly trained employee. Additional guarding was installed and signing improved. Finally, Standard Operating Procedures were revised, and refresher training provided to all employees in the affected section of the mill.

At Pindo Deli Karawang a contractor was struck by a paper roll as it was moved by crane. After the incident was investigated, we installed a safety fence to prevent employees accessing high risk areas without the necessary process stops in place. We also installed additional warning alarms to indicate equipment is moving or about to move. Training was improved and a revised competency standard introduced.

At Indah Kiat Perawang an employee was killed following a fall from height whilst conducting maintenance on air fan ducting. In response we installed a barricade and improved safety signs in hazardous open work zones. We improved safety equipment and revised the risk assessment for this particular activity. We provided additional training on our Working at Height Procedure and introduced periodic inspection and audits too. We also developed Lone Worker Procedures and disseminate information to all employees. Finally, we carried out training on the correct procedure to rescue victims from confined spaces to the emergency response team.

In a second incident at the mill, an employee was drowned after becoming trapped in an excavator vehicle. In response we improved under water rescue training and revised the safety induction for high risk activities. We worked to ensure pre job safety briefings included specific discussion and consideration for activities involving water and action plans for ‘person overboard’ are discussed and rehearsed.
Safety Improvement Programme

Indah Kiat Serang ran several safety improvements in 2019. We worked hard to improve our risk assessment process, enhancing our employee’s ability to identify hazards and develop the appropriate response and Standard Operating Procedures. A Safety Ambassador programme was updated to involve the victims of workplace accidents, sharing their experiences, and learning with a wider team to drive awareness and encourage a more collaborative approach to health and safety. We also developed a ‘Tarpaulin Centre’, a dedicated area with proper fall protection for transported goods to be properly secured before leaving the mill. Inspection rate was increased too, with walkways, railings, ladders, doors and gates all closely inspected for defaults or areas of risk.

Contractors Safety Management

We have a responsibility to ensure our third-party contractors have a safe working environment. Contractor safety is an integral part of our overall approach to health and safety management, which is now in place across all mills. Before any contractual arrangement begins, an in depth assessment for each contractor takes place. Once we are comfortable that the contractor has the correct approach to safety that aligns with our principles we then consider the leadership and behavioural aspects of safety. Where opportunities to improve are identified we work with our contractors to help them address these gaps. We introduced the SPI for contractors in 2019 too, expanding the index from our employees only, covering – job safety analysis, behaviour based safety, inspections and corrective actions, safety inductions and meetings. In 2019 we conducted audits at six of our mills.