



APRIL rejects accusations in EoF December 2012 Report

24 December 2012

An EoF report released on 20 December 2012 sets out a catalogue of untrue and misleading statements about APRIL and a range of other companies operating in Indonesia. Many of the accusations made in the report are repeats of allegations made in previous EoF reports to which APRIL has comprehensively responded previously.

The report is not only an inaccurate attack on APRIL but seeks to discredit the Indonesian forestry industry and the Indonesian Government's comprehensive forestry policies and regulations.

Accusations that APRIL or those the company sources wood fibre from are operating illegally, or that concessions awarded have been the subject of corrupt practices, are untrue. APRIL operates in full compliance with Indonesian laws and regulations. All of APRIL's fibre supply comes from legal sources. The Report, while making accusations, does not provide evidence to the contrary.

There are rigorous processes for the licensing of land in Indonesia. APRIL's concession licenses are in fact regularly reviewed in detail by Government agencies. The scrutiny by government agencies is continuous and it is clear that all licenses have been issued following due process and comply with the law.

One of the particularly misleading impressions the Report seeks to create is that APRIL or its supply partners have operated in breach of a Government moratorium and in "National Protection" areas. There has been no such breach and the moratorium rules in Indonesia relate to issue of new licenses for plantation establishment. All licenses from which wood supplies have been sourced by APRIL were issued prior to the commencement of the moratorium in early 2011.

Were APRIL to have breached these requirements or any other laws then action would have been taken by the authorities. It is simply not in APRIL's business interests to do anything other than ensuring full compliance with the law.

It remains APRIL's goal to reach a position where all of its fibre supplies are sourced from plantation forests. We are transparent about the fact that establishing those plantations as a renewable and sustainable source of fibre involves lawful clearance of land areas within our concessions and that fibre

generated from that clearance is used in certain of our products. We also produce many products that are sourced entirely from plantation fibre and expect the proportion of mixed hard wood fibre used in our processes to decline significantly as we move to full plantation sourcing.

We undertake land conversion responsibly. We identify and conserve forest areas within our concessions including those with high conservation values and that process includes the use of expert third parties. In Riau Province alone, APRIL and its supply partners conserve about 190,000 hectares of natural forest as a result of conservation commitments. To date, we have commissioned 36 HCV assessments from third party experts.

While around 50% of the land area within our concessions is used for plantation establishment, the balance of that land is allocated for conservation, community farming initiatives, private use by communities and for infrastructure.

With a significant proportion of our concessions located on peatland, APRIL has developed comprehensive and pioneering land and water management systems to optimize peatland water levels where we operate. We are active participants in Government and other studies that are seeking to establish measurement protocols for the complex task of measuring carbon emissions.

Recent history has shown that land not responsibly managed or conserved in the manner APRIL does in Riau is unfortunately subject to significant degradation through illegal logging and other destructive practices with no consideration for regulations or compliance with sustainable forestry management principles.

We undertake extensive and ongoing community consultations as an important part of our business processes. Disputes over land use in Indonesia are relatively common and public. As a major concession holder we inevitably become involved in disputes from time to time. Part of our social contract to operate demands that we seek and have reached agreements with the majority of local communities where we operate. That is achieved through dialogue and multi-stakeholder consultation.

Official third-party review of particular disputes, for example in the case of Pulau Padang, have concluded that APRIL has complied with all laws, has the support of the majority of local communities there and in fact is a responsible alternative to rampant illegal logging and other destructive practices prevalent in those areas.

Regarding references to FSC in the EoF Report, it is correct that APRIL and FSC's agencies could not reach agreement on definitions of HCVF. Definitions of HCVF in an Indonesia context vary widely and are unclear. EoF's assertion that most of the land cleared by APRIL suppliers would likely be considered High Conservation Value Forest is an example of one extreme view that would not be

supported under several accepted methods of identifying HCVF.

In mid-2011 the FSC adopted a revised "Policy for Association" which precludes from certification any company that has converted more than 10% of its land concessions, or alternatively more than 10,000 hectares, over the preceding 5 years. This precludes APRIL and many other companies who are in the process of establishing plantations from qualifying for certification and creates real issues for the relevance and applicability of the FSC system to the Indonesian context.

Since 2010, APRIL's production facilities have however been certified under *Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody* standards, ensuring that all raw materials coming into the mill are from non-controversial sources. APRIL is also certified under Bureau Veritas' standards for *Origins and Legality of Timber (OLB)* and most recently, APRIL successfully passed audits for Sustainable Production Forest Management and Timber Legality Verification (PHPL/SVLK) standards, a certification jointly developed by the Indonesian Ministry of Forestry and the European Union (EU).

At the end of its Report, EoF makes a number of "calls" upon APRIL and companies which supply it with wood. Essentially, EoF calls for APRIL to seek approval from EoF for normal forestry activities. Such demands are impractical, lack objectivity and ignore and disregard the already established diligent processes instituted by the proper Indonesian authorities and the Indonesian's Government's sovereign right to manage the nation's land uses.

While we understand there are those who are philosophically opposed to the establishment, or even the existence, of forestry industries in Indonesia, our firm view is that forestry industries are an integral element in progressing the Indonesian Governments plan for achieving the country's national development and environmental objectives. APRIL is committed to conducting its forestry activities sustainably and responsibly.

As with past "Reports", EoF chose not to seek comment or input from APRIL before publishing its accusations, which is disappointing.