

10 February 2015

Upon invitation from Business and Human Rights Resource Center to respond to the second round of allegations circulated by BANKTRACK, we would like to reiterate the following:

1. APRIL's operation areas (concessions) are all under licensed by the Government of Indonesia. We operate on locations that have been designated by the Government of Indonesia as production forest area, under the Indonesian law.

As stipulated in the government's regulation, the objective of production forest area management is to increase the productivity of the land. These are mostly degraded, not pristine forest.

2. As caretaker of the land under Government's regulation, it is our responsibility to ensure that concession areas are managed according to the existing law and regulation that applies to our industry including, but not limited to, protecting the area from encroachment by parties who does not hold legal permit to operate in the area.

We note BANKTRACK's comment that our first response did not address resolution of conflicts in areas where we operate. We invite BANKTRACK to re-read our response, in which we believe the matter has been addressed:

http://business-humanrights.org/sites/default/files/documents/BusinessHumanRights_APRIL_17_Dec2014.pdf

Further, we wish to respond to the following:

1. BANKTRACK: In August 2009, three people were killed and 16 wounded while resisting private security forces linked to an APRIL subsidiary during a protest over land rights in the village of Tangun. The APRIL Group claims these people died in an accident, however this is contradicted by the findings of an independent fact-finding team and disputed by local NGOs.

APRIL: We strictly follow laws and regulations wherever we operate and maintain a strict code of corporate governance. We require all companies we do business with - suppliers or in other capacities – to be fully legally compliant as well.

Regarding the 2009 incident, we rely on the police investigation and reports of our supplier. We were informed that the supplier's employees were attacked by a group of provocateurs that demanded access to the suppliers' concession area. The gathering crowd became violent, prompting the police present to fire warning shot in an effort to disperse the crowd. The crowd scattered in several directions, including a nearby lake. Subsequent police investigations indicate that several people were later found to have drowned. The supplier cooperated fully with the investigating authorities.

2. BANKTRACK: In March 2012, a group of NGOs accused RAPP paper mill of provoking a riot by arming its 500 employees and security with machetes and heavy machinery to ambush and assault the residents of Gunung Sahilan, Riau during a conflict over 2,000 hectares of land

APRIL: While we cannot permit illegal encroachment on concession areas under our management, we are mindful that efforts to prevent encroachment can lead to confrontation. We therefore prioritize dialogue as the best way to resolve any outstanding matters, including the involvement of the law enforcement authorities and community leaders.

The facts regarding Gunung Sahilan are clear. Following 15 years of constructive collaboration with local communities including successful agreement and collaboration on community development projects at the Gunung Sahilan area, a dispute occurred in early 2012 between our employees and outside third parties. In short: areas inside our concession had been encroached and temporary structures had been erected. Employees and contractors were in the process of removing those structures when they came under attack.

We do not, ever, condone acts of violence and always encourage parties to use peaceful, dialogue-based channels of resolution. Following the incident, a process of mediation has occurred and there have been no further confrontations.

For your reference, we include news articles from local Indonesian language publication reporting on APRIL's engagement with the community at Gunung Sahilan:

(2007) RAPP handed over new school buildings to Gunung Sahilan:

<http://riauterkini.com/riaupulp.php?arr=16950>

(2012) RAPP and Gunung Sahilan Agreed on Resolution.

RAPP explains to residents that it cannot handover land as demanded by the villagers, as the company is only managing government's land that it does not own. <http://riauterkini.com/sosial.php?arr=44901>

3. BANKTRACK: Since the RAPP mill started its operations in 2011, villagers in Pulau Padang have been protesting the company's actions and demanding that the Indonesian government revoke its logging concession, which is largely located on peatland rainforests. In 2012, villagers travelled to Jakarta to seek support from the national government for an inquiry into the company's logging concession, and 28 of them sewed their mouths shut in a desperate protest. The

conflict remains unresolved, and in January 2015 protests in the village were ongoing.

APRIL: Immediately after we were granted concession rights by the government to manage land in Pulau Padang, APRIL engaged in close consultation with community groups along with local government authorities and civil society groups. In response to protest by two groups claiming to be local Pulau Padang communities, we halted operations in late 2011. The issue was subsequently resolved following a resolution issued by the Ministry of Forestry.

During the stop-work period (approximately 12 months), RAPP continued to deliver its Community Development programs in-line with the earlier commitments made to Pulau Padang communities. While we would assert that the views expressed by the protestors do not provide a comprehensive picture of the situation in Pulau Padang, we have removed the area in question from our operations and with the government's permission, resumed operations. In total, approximately 7,200 hectares was excluded from operations for community use and infrastructure. The area that was excluded is now severely damaged and burned, as commonly happen in Indonesia when land is not properly managed and monitored.

3. BANKTRACK: The company has been found to have paid bribes to obtain illegal permits in Riau, in 2011, and Eyes on the Forest has documented apparent use of child labour in plantations owned by APRIL's supplier PT Triomas in April 2014.

APRIL: These claims are not correct. Among many other companies that were investigated relating to illegal permits, APRIL cooperated fully and transparently with the investigating authorities. The investigation involved the police, members of the judiciary and forestry department experts. The investigations of these matters found no wrongdoing or involvement in illegal activities that warranted

further action by the authorities in relation to APRIL. The basis and legality of APRIL's forest concessions licenses has been reviewed and audited over a number of years by various authorities and we have been found to be, and remain, in full legal compliance with licensing requirements and all regulations.

We do not condone the use of child labor and will act swiftly to condemn and act on any supplier who does so in line with our commitment to human rights principles.

We thank Business and Human Rights Resource Center for the opportunity to provide facts relating to claims aimed at APRIL and its operations unit, PT. Riau Andalan Pulp & Paper (RAPP).