

December 17, 2014

The Business & Human Rights Resource Centre invited APRIL to respond to a document circulated by BANKTRACK to various parties that portrays our company, as an institution that disregards social and environmental concerns in Riau Province, Indonesia, where we operate.

As to not be misrepresented by BANKTRACK's report, we would like to take this opportunity to present the facts in relation to our operations in Indonesia.

According to BANKTRACK:

APRIL Indonesia: Asia Pacific Resources International Holdings Limited (APRIL) is Indonesia's second largest pulp and paper producer. APRIL and its subsidiaries, are involved in numerous land and social conflicts in Riau province. A study by the independent auditors SGS found that over 40,000 hectare of APRIL's concession area in Riau have been claimed by local communities as their traditional land. Social conflicts have erupted in several different communities, with injuries and even deaths of community members as a result.

In response to the above, APRIL responds as follows:

APRIL is a leading producer of fibre, pulp and paper with operations division in Riau Province, Indonesia under PT. Riau Andalan Pulp & Paper (RAPP). APRIL has been a pioneer in implementing sustainability practices in the pulp and paper industry in Indonesia.

1. APRIL commissioned SGS Forestry to conduct a Forest Management audit **scoping visit** in **1997** to ensure, among other indicators included in a Forest Management audit, that significant environmental and social impacts are indentified to be acted upon by APRIL to enable the company to meet the required international forestry management standard.

We present the following excerpt of the 1997 SGS **scoping visit** report to APRIL:

- The company does not use any burning for establishing plantations. This no-burn policy is extremely positive.
- A combination of planning and hiring well-qualified technical expertise has resulted in high level technical competence and operations observed generally appeared technically acceptable.

- SGS Forestry identified conflicts with villages around the company's concessions. SGS Forestry noted that some of the conflicts stemmed from organized attempts to profit from the company's presence in the area. SGS Forestry recommended APRIL to strengthen its dispute resolution mechanism as well as assigning professional conflict resolution specialists on the staff of the company.
 - No injuries or deaths in the communities due to conflicts with APRIL were identified in the 1997 SGS Forestry report. However, during a protest in Delik village, RAPP security post was assaulted; the police took over the case and the provocateur was arrested.
2. As a follow up of the SGS Forestry Audit scoping visit, APRIL commissioned a **full Forest Management Audit Report in 1998**. The audit examined legal, technical, environmental, and social performance in relation to the criteria and indicators for Indonesian forest management.

On social aspects, SGS Forestry reported the following:

- Land and resource ownership: Although the plantation concession area was granted by the government, a number of land claims by local people have arisen. RAPP has a transparent process for dealing with these claims and negotiating compensation. Land determined to be traditionally occupied is excised from the concession area and established crops on encroached land are compensated for.
- Relationship with local communities: Open communications with local communities is maintained through frequent visits by Public Relations Officers in each sector to the villages surrounding the plantation sites.
- Resolution of grievances: There are transparent procedures for resolving grievances with local communities.
- Employment: Plantation activities provide employment for 8,900 people with priority given to local communities. There is a structure operating alongside compulsory official union membership, through which workers can express their grievances with management and discuss term of employment.
- Local services: Material support, based on community requests, is provided. Activities include supporting communities with oil palm plantation development, building and rehabilitation of mosques and schools, a village development program and the Melayu Cultural Center at Betung.
- Out grower scheme: A pulpwood out grower scheme (HTR) on small, privately owned lands and lands excised for local people is supported. To date, 4,000 hectare has been prepared and 1,832 hectare planted.

- Incidental infrastructure: roads and transport provided as a result of the project improves access to markets and education for previously isolated communities.

APRIL has commissioned SGS to do subsequent forestry management audit to measure against the baseline that was identified in these early reports.

In 2014, APRIL's social and economic impact to date, as measured by a range of reports include:

1. 90,000 jobs created.
2. 6.1% of regional non-oil GDP
3. 2,800 scholarship granted through Tanoto Foundation
4. 5,000 local community jobs created
5. 76,000 hectares allocated for community livelihood projects.
6. 36,700 beneficiaries for health provisions.
7. 150 million trees planted every year, improving degraded land productivity.
8. 250,000 hectares of High Conservation Value Forest (HCVF) set aside for conservation, voluntarily.

APRIL has and continues to seek certification of its operations and products. They include:

National Certifications:

- *Sustainable Plantation Forest Management (SPFM)* - Since 2006, RAPP has been certified for (SPFM) under Indonesian Ecolabel Institute (LEI) standards.
- *Sustainable Production Forest Management and Timber Legality Verification (PHPL/SVLK)*: RAPP holds SVLK/PHPL certification, a mandatory certification for all Indonesian forestry companies. The SVLK system was jointly developed by the Indonesian Ministry of Forestry and the European Union (EU) to meet EU's anti- illegal logging laws and requirements.

International certifications:

- **OHSAS & ISO**: APRIL's operations in Riau Province, Indonesia are certified under OHSAS 18001 (Safety Management Systems), ISO 9001 (Quality Management Systems), and ISO 14001 (Environment Management Systems).
- **PEFC-CoC**: Since 2010, APRIL's production facilities have been certified under *Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody (CoC)* standards, ensuring that all raw materials coming into the mill are from non-controversial sources
- **Origins and Legality of Timber (OLB)**: Since 2012, RAPP's entire supply chain has been certified under Bureau Veritas' standards for OLB, the first industrial plantation company in Asia to achieve this.

RAPP supply partners also have passed audits under OLB '*Chain of Custody-Acceptable Wood*' standards.

We would like to extend our sincere appreciation to Business & Human Rights Resource Centre for the opportunity to address the report.

Concurrently, we have notified SGS Forestry that its audit result has been circulated, selectively interpreted and misconstrued by a non-commissioning party.