



APRIL Group's Sustainable Forest Management Policy 2.0

3 June 2015

APRIL Group (APRIL) is committed to sustainable development in all locations where we operate by implementing best practices in social, environmental and economic spheres as guided by our business philosophy that whatever we do must be “Good for the Country, Good for the Community, and Good for the Company”.

We commit to eliminating deforestation from our supply chain and to protecting the forest and peatland landscapes in which we operate and to supporting best practice forest management in all countries where we source wood. We commit to respecting human rights and environmental aspects throughout our wood supply chains. Our goal is to be a good and responsible neighbor in the local, national and global community.

APRIL's Sustainable Forest Management Policy (SFMP) 2.0 was developed with inputs from APRIL's Stakeholder Advisory Committee (SAC) and key stakeholders from civil society. This Policy is an evolution of APRIL's SFMP 1.0, launched on 28 January 2014. This Policy incorporates the Royal Golden Eagle (RGE) Sustainability Framework ¹.

The commitments made in this document apply entirely and exclusively to APRIL, which is an independently managed company with operations in Indonesia. It also covers all current and future wood suppliers to APRIL as well as any future acquisitions or partnerships.

I. Long Term Sustainability:

APRIL's objective is to establish sustainable plantations that supply wood to its mill, provide employment opportunities and economic wellbeing for the community. APRIL and its suppliers will take a landscape approach to conservation of forest, peatland and other important environmental and social values.

- a. Effective immediately, APRIL and its suppliers will only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments;
- b. APRIL and its suppliers will actively protect HCV and HCS areas;
- c. APRIL and its suppliers will follow the HCS Approach as prescribed by the HCS Approach Steering Group;
- d. APRIL and its suppliers will use HCV Resource Network (HCVRN) licensed assessors; if such assessors are unavailable, APRIL will refer to SAC for recommendations of HCV assessors;
- e. To achieve the above, APRIL will seek partnership with relevant stakeholders (NGO, government, companies, local communities and conservation experts) in protecting and managing forests within the landscape where APRIL operates;
- f. APRIL will practice integrated conservation and forest management which incorporates findings from HCV, HCS, social assessments, and on peatland areas, inputs from the Peat Expert Working Group (PEWG);

¹ Refer to Royal Golden Eagle's website at <http://www.rgei.com/sustainability/sustainability-framework>

- g. By 15 May 2015, APRIL and its suppliers halted all harvesting of mixed hardwoods². Mixed hardwoods harvested before 15 May 2015 will be utilized by APRIL's mill before end December 2015;
- h. Any residual fibre cleared from non-forested land, as defined by HCV and HCS as scrub land, will be utilized by APRIL's mill;
- i. APRIL will not establish a new pulp mill and/or a new pulp line until it achieves plantation fibre self-sufficiency.
- j. APRIL will not acquire any new land, or forestry licenses; or receive wood from land licensed to third parties, where after 3 June 2015 the seller has knowingly cleared HCV or HCS forests or forested peatlands³. This shall not apply to acquisition of land or licences for the purposes of restoration or conservation activities under clause II.d of this Policy.

II. Forest Protection and Conservation:

APRIL enforced a moratorium on natural forest clearance pending the outcome of High Conservation Values (HCV) and High Carbon Stock (HCS) assessments by 15 May 2015. This moratorium also applies to all third-party wood suppliers to APRIL.

- a. APRIL and its suppliers support the conservation and ecosystem restoration of natural forests, and forested peatlands, and other ecologically, hydrologically and culturally important areas where APRIL operates;
- b. APRIL and its Long-Term Supply Partners currently protect and manage more than 250,000 hectares of conservation areas and 70,000 hectares of ecosystem restoration areas;
- c. APRIL will undertake landscape scale assessments and apply a landscape approach to optimize forest conservation and other land uses;
- d. APRIL will establish conservation areas equal in size to APRIL's plantation areas⁴.

III. Peatland Management:

APRIL will implement best practices on peatland management which support the Government of Indonesia's target to reduce greenhouse gas emissions, and maintain other conservation values.

- a. No new development by APRIL and its suppliers on forested peatland;
- b. A Peat Expert Working Group (PEWG) will be established to provide inputs and recommendations to APRIL on:
 - Best management practices to be implemented in existing plantations on peatland;
 - Actions required to ensure conservation of forested peatland and critical peatland landscape;
 - Development options for non-forested peatland;
- c. The recommendations from PEWG will enable APRIL to implement international best practice for tropical peatland to protect areas of forested peatland and to reduce GHG emissions;
- d. Pending input from PEWG:
 - No canals will be constructed where new plantation development is taking place on peatland;

² Under *de minimis* rule, small isolated areas within existing plantation concessions could be harvested only if they are not classified as HCV or HCS through the assessment process.

³ Plantation land acquisitions will be reviewed by the SAC.

⁴ The conservation areas will be of appropriate size, shape, connectivity, and representativeness to protect ecosystem functions and to conserve native biodiversity.



- Fire/flood prevention measures and maintenance of existing canals will continue in established plantation areas.

IV. Continuous Reduction of Carbon Footprint:

APRIL commits to continuous reduction of its carbon footprint.

- APRIL will continuously improve its material and energy efficiency throughout the supply chain, and optimize utilization of renewable energy;
- APRIL will increase its carbon sequestration through conservation and ecosystem restoration and continuous improvements in sustainable plantation management practices;
- APRIL will track its carbon emissions and report progress on reducing its overall carbon footprint.

V. Proactive Support of Local Communities:

APRIL will continually seek opportunities to consult and align with the interests of communities and create shared value through:

- Strengthened efforts in alleviating poverty in rural communities around APRIL's areas of operation, through creation of jobs, providing better access to quality education, community empowerment, and enhancement of rural livelihood;
- Pro-active Corporate Social Responsibility (CSR) activities especially village entrepreneurship incubations and farming systems;
- Inclusion of smallholders/Small Medium Enterprises (SME) into APRIL's supply chains, where appropriate;
- Engaging stakeholders through regular multi stakeholder forums and focus groups to obtain inputs on social issues and develop a monitoring and reporting system.

VI. Respect the Rights of Indigenous Peoples and Communities:

APRIL respects the rights of indigenous peoples and rural communities and commits to the following:

- Respect the Universal Declaration of Human Rights, national laws and ratified international treaties, on human rights and indigenous people;
- Respect of the tenure rights of indigenous peoples and rural communities;
- Respect of the rights of indigenous peoples and communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operate on lands where they hold legal, communal or customary rights prior to commencing any new operations;
- No tolerance for the use of violence, intimidation or bribery;
- To ensure that relevant international best practices in FPIC are followed, APRIL will actively engage with stakeholders, including communities, government, customers and civil society at the local, national and international levels;
- Resolution of complaints and conflicts through mutually agreed, open, transparent and consultative processes that respect customary rights;
- To develop Standard Operating Procedures (SOP) and maintain processes for the responsible handling of the list of all complaints from communities and other relevant stakeholders. These processes will be developed, updated, improved, monitored and reported to the SAC and other relevant stakeholders.



VII. Responsible Practices in Our Work Places:

APRIL commits to provide a safe, productive and conducive work environment throughout its wood supply chains where employees including those of sub-contractors, can contribute and advance, by ensuring specifically that:

- a. International Labour Organization's Declaration on Fundamental Principles and Rights at Work is respected;
- b. Recruitment best practices are in place, meeting all legal requirements and cultural practices, including proactive recruitment of qualified workforce from local community;
- c. Freedom of association is respected;
- d. Diversity within its workforce is respected;
- e. If provided as part of employment package, accommodation is safe and hygienic;
- f. The health and safety of workers is protected. APRIL shall equip workers to protect them from exposure to occupational health and safety hazards;
- g. No tolerance is given for child labour, forced labour or bonded labour;
- h. No tolerance is given for discrimination, harassment and abuse in any form.

VIII. Legal Compliance and Certification:

APRIL goes beyond legal compliance toward achieving Sustainable Forest Management (SFM).

- a. APRIL reaffirms its commitment to comply with all prevailing laws and regulations, and requires all its wood suppliers to do so;
- b. APRIL participates in global SFM certification schemes and encourages its wood suppliers to do the same;
- c. APRIL currently has and will continue to maintain timber legality assurance certification;
- d. APRIL has strict "No Burn" policy and will follow the National legal requirement addressing impact of fires. APRIL will continue to support fire prevention and fire fighting efforts across the landscapes in which it operates;
- e. APRIL has a robust Chain of Custody (CoC) tracking system and mill wood sourcing monitoring system to ensure all the wood is traceable back to source.

IX. Good Corporate Governance, Verification and Transparency:

APRIL commits to best practices in good corporate governance and transparency.

- a. APRIL will maintain a Stakeholder Advisory Committee (SAC), established in 2014, to ensure transparency and implementation of this SFMP including appointment of an independent verification auditor;
- b. APRIL will establish a transparent, responsive grievance mechanism with input from stakeholders that is readily accessible to stakeholders and will respond to grievances in a timely and transparent way;
- c. APRIL will provide regular progress update on the implementation of APRIL's SFMP to key stakeholders;
- d. APRIL will work collaboratively with Government, industry associations and other stakeholders to support sustainable development including national and local regulatory reform to improve spatial planning, incentivize forest conservation, support roll out of "One Map" initiative by the Indonesian Government and promote the utilization of degraded lands.