

APRIL Response to Greenomics Report of 4 January 2012

This document is in response to Greenomics Indonesia's recent report entitled "*APRIL must refrain from pulping peatland forests on a small Indonesia Island*" dated 4 January 2012.

The Greenomics Report has referenced its core arguments to a July 2009 micro-macro delineation report and its recommendations for RAPP in Pulau Padang, and makes the negative assertion that "*..none of the land set aside for conservation was...at the company's own initiative*" and is "*clearly an attempt to mislead the public*".

In fact, there have been a number of important updates in the last two and a half years since, which have not been considered nor reflected in the GI report. In failing to reference these updates, the report uses outdated data and hence makes inaccurate statements about both APRIL's conservation efforts overall and specifically in Pulau Padang.

There is no basis for your assertion that RAPP has attempted to mislead the public. RAPP has never attempted to attribute any specific status to the conservation areas in our Pulau Padang concession or suggest that these areas are less/more than regulated by authorities.

We would like to make clear the following facts regarding our Pulau Padang operations and the reality on the ground, which give a more accurate overview of the situation there.

I) Commitment to the long-term economic development of Pulau Padang

This GI report wrongly suggests that RAPP is independently determining its plantation operations in Pulau Padang without input from other stakeholders.

In fact, the development of Pulau Padang (and RAPP's plantation operations within that context) has been collectively determined by a multi-stakeholder taskforce led by local government and comprising several Members of Parliament, representatives of the various local communities, NGOs and RAPP. This information is on public record and is well documented.

We spent well over a year consulting widely with local villagers. The open consultation process has included negotiations and discussions at community and individual levels, as well as numerous public sessions involving local government, NGOs and local communities, attended by local media.

Significantly, through transparent and constructive dialogue with representatives elected by and from among the villagers, to date we have reached long-term agreements with 11 out of the 14 villages involved. These agreements reflect the development aspirations and requirements of the respective communities.

Under an agreed long-term plan, Community Development programmes will include:

- Integrated Farming system (IFS)
- Education development (including school infrastructure, scholarships)
- SME development programmes and Vocational training
- Health programmes and facility development
- Infrastructure development
- Religious and social activities
- Employee volunteering program

To date, we have already carried out the following programmes:

- Economic development: Training for farmers, supplier development with local contractors, skills training for youth
- Education: teacher training, award of scholarships, donations of school equipment
- Social: building of a health centre (pos yandu), and provision of medical services, nutrition packages and free cataract and cleft lip surgeries
- Infrastructure: road development, renovation of mosque

II) Environmental protection and conservation

Your report downplays the extent of APRIL's overall protection of conservation areas across its concessions by describing our conservation efforts as "*clearly fatuous*".

As you are aware, across Indonesia, RAPP and its supply partners conserve 19 per cent of total concessions as natural forest conservation areas (compared to legal requirements of 10 per cent minimum). The areas protected by RAPP and its supply partners amount to almost 200,000 hectares in Riau alone.

RAPP follows all government regulations and requirements in regards to protected areas, and our land planning is dictated not by minimum guidelines, but instead by conservation needs of a particular area.

For example, RAPP plans to increase the buffer zones around conservation areas adjacent to our Pulau Padang concession from the recommended 500m to an expanded 800m, in order to better protect the sensitive peat dome area from encroachment and opportunistic logging activity. Once this plan receives official approval from authorities, these zones will account for about 14 per cent of our total concession area on Pulau Padang.

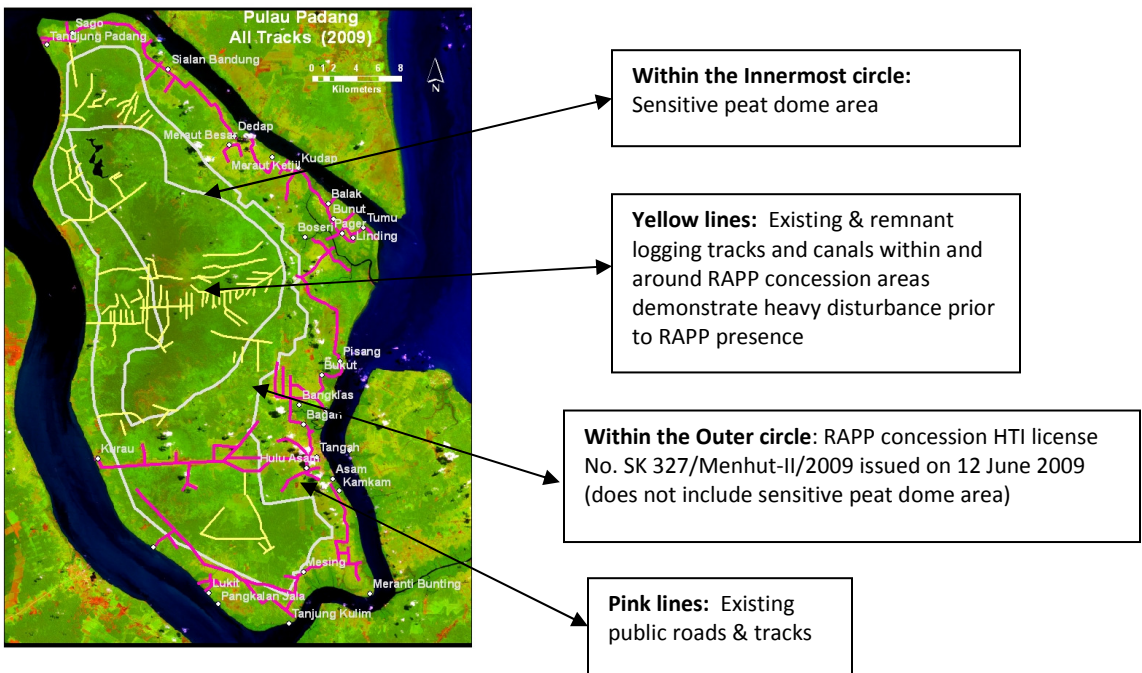
In addition, RAPP's peatland management approach to water management and conservation is science based and its efforts are focused on actively managing water levels to help minimise carbon emissions and to protect the sensitive peat dome in the center of Pulau Padang.

Satellite Map of Pulau Padang – Prior to award of license to RAPP in June 2009

In considering the development and environmental priorities of Pulau Padang, it is important to acknowledge the current context of our operations in Pulau Padang, points that are regrettably missing in your report.

We would like to highlight that prior to RAPP taking management of its Pulau Padang concession in June 2009, the area had over the last two decades been subject to both selective logging by others and opportunistic illegal logging. Large areas of forest on our concession are in fact *not* “quite intact” as described on page 1 of Greenomics’ report.

The existing ‘logging tracks’ (indicated by yellow lines on the map) show the extent of disturbance to the island prior to RAPP’s presence, especially to the sensitive peat area in the center of Pulau Padang.



The heavily disturbed nature of Pulau Padang as a whole, shown in the map above, demonstrates the strong case for professionally managed plantations on the island, which not only act as buffer zones to protect the sensitive peat dome area but also help deter opportunistic logging and encroachment activity.

The development of a sustainable fiber plantation operation on Pulau Padang also fulfills the critical need for long-term and sustainable economic development for the benefit of the Pulau Padang communities.

We welcome engagement and dialogue with third parties about the responsible and sustainable development of our operations. In this case, we are disappointed that the Greenomics' report was published without input from APRIL, and did not take the opportunity to present interested parties with a balanced view on development in Pulau Padang.

Thank you.

13 January 2012.

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