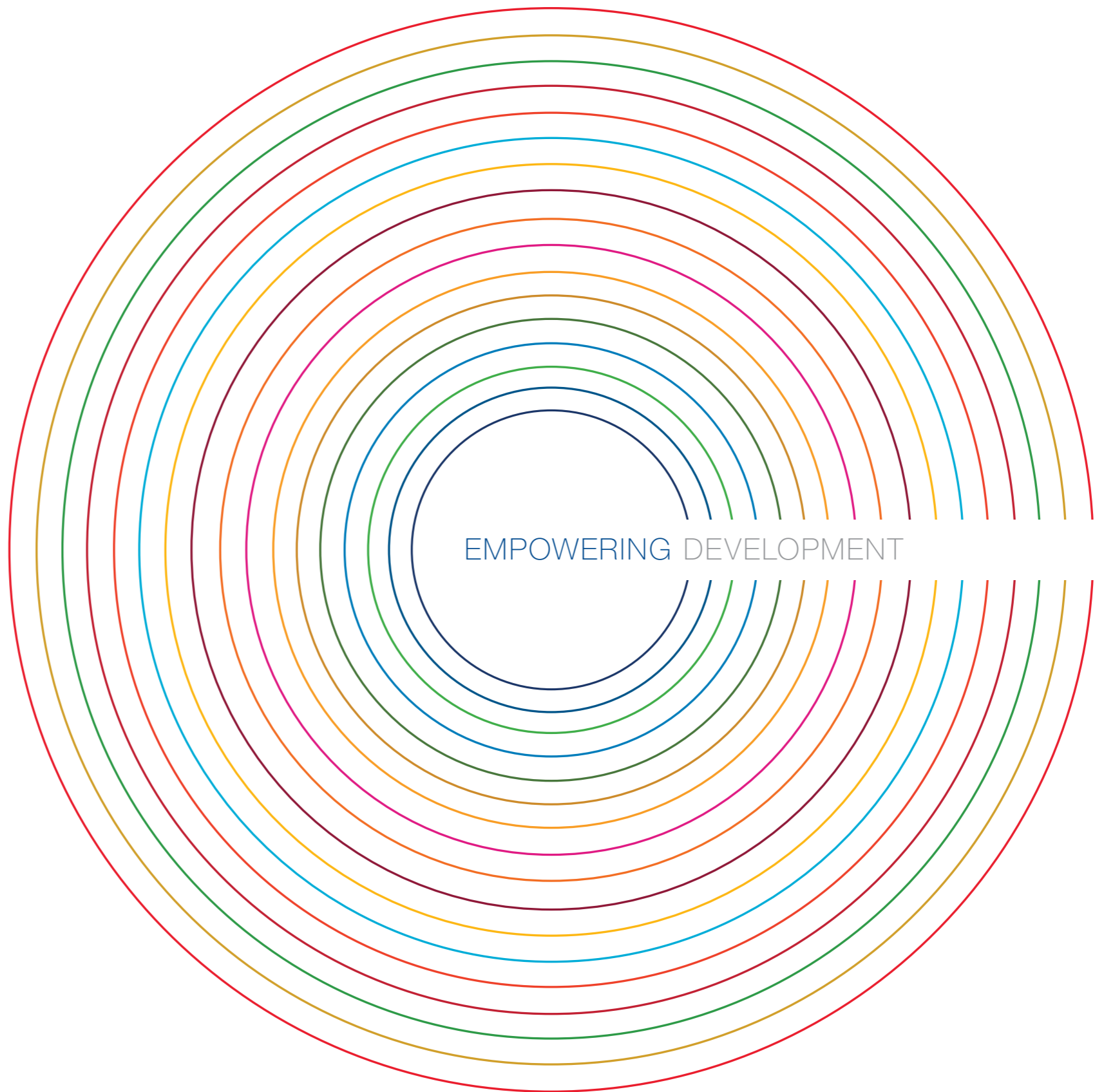




Sustainability Report 2017



EMPOWERING DEVELOPMENT

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Good business is about what is good for the community, country, climate, customer and company - only then will it be sustainable”

Sukanto Tanoto, founder of APRIL Group

..... President's Message



Praveen Singhavi

The year in review was one characterized by meticulous progress, addressing challenges and implementing our Sustainable Forest Management Policy (SFMP) on the ground, where we firmly believe it counts most.

As APRIL, and much of the corporate sector globally, more closely align policies, practices and purposes with the United Nations' Sustainable Development Goals (SDGs), we are also acutely aware that being a purpose-driven organisation only counts if it is clearly apparent in our actions.

Steady and sustained progress, in our view, is more critical than grand statements or hollow great leaps forward.

We continued to shape our policies, processes and actions to ensure we are in-step with the wider expectations of our key stakeholders. They clearly expect that while our progress can be driven by diligence, innovation and practical know-how, it must also be science-based and conducted within an ethical and responsible framework. That framework

must embrace the fact that APRIL cannot achieve all of its goals alone - partnerships, collaboration, transparency and engagement are key.

As we initiated a formal process to identify and more closely align our approach to the SDGs in consultation with PwC, we diligently stuck to our commitment of zero deforestation and no new development on peatland, across our entire supply chain.

Importantly, a third party assurance carried out by KPMG, reported to our Stakeholder Advisory Committee (SAC) and publicly released, attested to our adherence to these and other fundamental commitments, as we push best-practice closer to the edges of our supply chain.

We are now implementing the Peatland Roadmap, devised with the Independent Peat Expert Working Group (IPEWG). As part of this, APRIL has deployed



state-of-the-art flux towers in our plantation, restoration and mixed use concession areas. The towers will give us data on greenhouse gas emissions and sequestration rates. These data will inform our emissions mitigation targets and actions across the landscape.

We also continued working on a landscape-scale restoration project through Restorasi Ekosistem Riau (RER). RER is part of a wider set of conservation activities, conducted across our concessions and those of our supply partners, that have helped us to further progress our commitment to have one hectare of conservation area for every hectare of plantation land.

During the year, we continued to push forward with our Fire Free Village Program (FFVP), our support of the wider Fire Free Alliance (FFA), now involving numerous companies, and to maintaining world class firefighting capabilities.

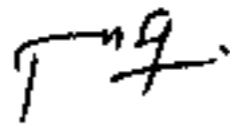
•••• About this Report

To continue to prosper commercially, we are increasingly integrating sustainability in our operations by moving our business focus from volume to value, incorporating diversification and downstream product innovation. These business initiatives are important steps in ensuring we meet not only our environmental commitments, but continue to provide livelihood opportunities to the thousands of people who rely on APRIL for work, careers and support for thriving communities in the areas of education, healthcare and social infrastructure.

In our last Sustainability Report, I reflected on the need for sustainability to be owned from the top. While that remains true, what stands out to my mind this year is how an entire organization from top to grassroots, and outwardly to partners and communities, can be motivated to make a difference.

Throughout the year we benefited enormously from the expertise, critical perspectives and insights provided by our advisors and partners. Importantly, these engagements are as much about APRIL listening and learning as they are about sharing an understanding of our operations.

We are an organization that is quietly passionate about sticking to our commitments - it's the right thing to do, it's expected of us and it makes good business sense. I am pleased to report that 2017 was a year of such focus - one where we did the hard work and moved forward in living up to our principles that what is good for the Company must also be good for the Country, Community, Climate and Customer.



Praveen Singhavi
APRIL President

This is APRIL's 9th Sustainability Report since 2002, and its first yearly report with prior reports having been published bi-annually. The transition to annual reporting responds to a commitment to continued improvement in monitoring, reporting and verification. It also establishes alignment with the annual limited assurance engagement over implementation of APRIL's Sustainable Forest Management Policy (SFMP) 2.0 commitments. All prior Sustainability Reports are published on APRIL's Sustainability Dashboard.

Scope

This report focuses on the progress and challenges in implementing the economic, environmental and social responsibilities of APRIL Group's operations in Indonesia where its manufacturing, industrial forest plantations, conservation and restoration areas are located.


In certain cases, and indicated throughout the report, reported data also includes its Fiber supply partners' operations in Indonesia and Malaysia. Supply partners are fiber suppliers who are long-term partners of APRIL and contribute to its 1-for-1 commitment, where the company aspires to conserve or restore one hectare of forest for every hectare of plantation. Open-market suppliers are fiber suppliers that do not contribute to this commitment and are contracted for open-market supply purchases.

The report covers the company and its Fiber supply partners' operations and practices between 1 January 2017 and 31 December 2017, with focus on areas of material interest to stakeholders, particularly its performance against its sustainability commitments.

Reporting Framework

The report is informed by APRIL's Sustainable Forest Management Policy (SFMP 2.0) reporting indicators, data and related assurance findings, and its structure is guided by the Global Reporting Initiative standard for reporting, known as the GRI Standard, of the Core Framework. A full list of GRI referenced disclosures is included on page 80 of this report.

Assurance

APRIL engaged KPMG to provide limited assurance over selected information contained the report, denoted by the symbol . KPMG's 2017 external assurance report is presented on page 94.

Contact

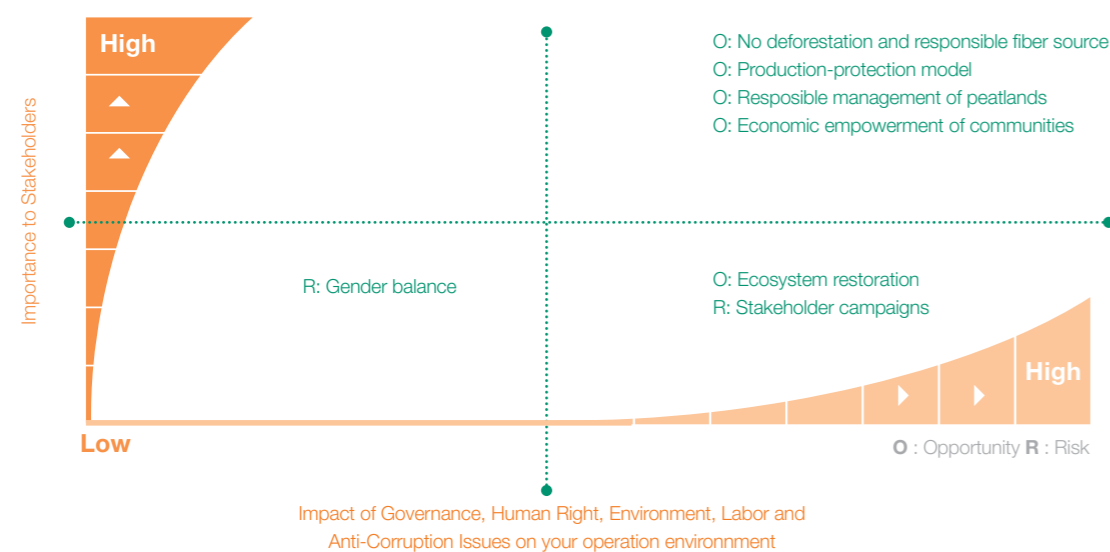
For questions regarding this report, please contact: sustainability@aprilasia.com.

Materiality Assessment

Through established stakeholder engagement platforms such as the Stakeholder Advisory Committee (SAC) and the Independent Peat Expert Working Group (IPEWG), regular meetings with our bankers and customers, feedback from stakeholder forums organized by the SAC, consultations with partners, including critical inputs from NGOs, we assessed the core material concerns of our key stakeholders

These broadly centre on no-deforestation commitments, peatland management and protection, carbon emissions measurement and mitigation, fire prevention, supply chain transparency, community engagement and conflict resolution, and responsible production, including mill emission and waste management.

Material Risks and Opportunities



Risks

Zero deforestation and responsible wood sourcing: This is a fundamental commitment and the single galvanizing issue in the global sustainability conversation. APRIL has been demonstrating compliance with this commitment based on independent verification. There remains an opportunity to continue building stakeholder trust and to differentiate the company through its fulfillment of this critical commitment.

Transparency and independent review: Transparent communication and constructive engagement remain critical building and maintaining stakeholder trust. External critique of policy commitments increasingly requires companies to go beyond compliance to provide stakeholders with additional levels of assurance.

Gender balance: This will remain an ongoing area of focus and while this can be addressed across the company's management, science and research, sustainability and other general management or operational functions, it will be a challenge to achieve in forestry operations.

Opportunities

Production-Protection Model: There is an opportunity to demonstrate a successful model for integrating conservation as part of a profitable business model to deliver balanced outcomes across economic, environmental and social imperatives. This model also offers an assured source of resource for the continuity of conservation initiatives.

Responsible Peatland Management: Peatland is a highly complex landscape. As such, there is an opportunity to strengthen scientific inputs into policy and management practices through APRIL's ongoing work with the peatland scientists of the IPEWG. The primary data collection of land use greenhouse gas emissions, for example, will inform current understanding and better enable mitigation efforts.

Economic Empowerment of Communities: Communities are an integral part of the production-protection model and supporting their economic development is key to reducing risks of forest encroachment and illegal conversion. There is an opportunity to promote community forestry which also builds communities capacity for sustainable forest management while providing livelihood to them and fiber supply to the mills.

Ecosystem Restoration: Restorasi Ekosistem Riau (RER) is a landmark project that can serve as a model for effective restoration in Indonesia and elsewhere based on the significant restoration of biodiversity and successful community-level fire prevention and landscape protection strategies.

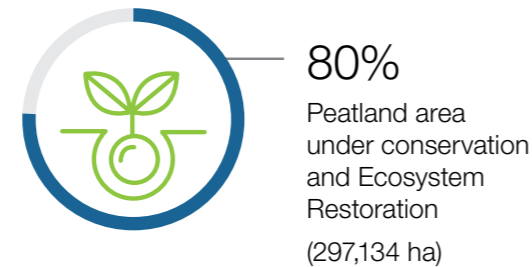
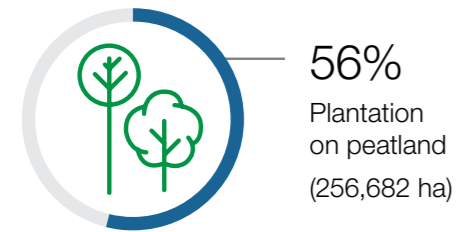
2017 Highlights

Forestry operations for APRIL and supply partners

1-for-1 goal – Conservation vs. Plantation area: **81%**¹

455,015 ha
plantation
area

369,420 ha¹
conservation and ecosystem
restoration area



8,348 ha
Community forestry
(*hutan rakyat*) area

14,355 ha
Out-grower
program



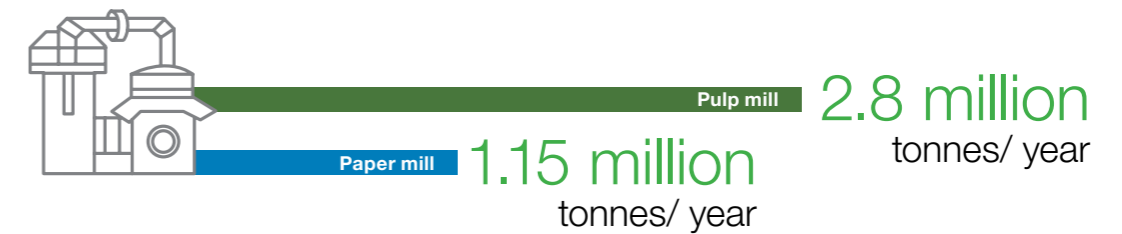
¹ The exact amount of conservation area is still pending the resolution of claims and the reported figures reflect a best estimate of all outstanding encroachment and claims in conservation areas. See page 24 for more details.

Employment for APRIL and supply partners

7,627 people
employees

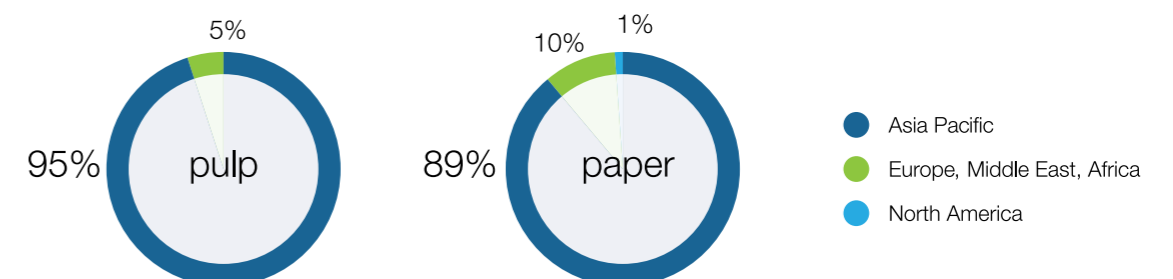
15,893 people
contractors

Production capacity



Markets served

Our products are **produced in Indonesia** and **exported to more than 70 countries worldwide**






OUR

COMPANY

APRIL is committed to sustainable forest management as part of a production-protection model that integrates economic and social development with environmental protection


••••

A World Leading Pulp and Paper Company



of pulp production capacity per year

2.8 million Tonnes



of paper production capacity per year

1.15 million Tonnes

08

APRIL and its supply partners protect and manage a further 218,568 hectares of conservation forest, as well leading an ecosystem restoration project on 150,852 hectares of peatland located on Sumatra's Kampar Peninsula and Padang Island. With a combined total of 369,420¹ hectares of conservation and restoration forest areas, we are 81% towards the achievement of our 1-for-1 commitment, where we will protect or conserve one hectare of forest for every hectare of plantation.

Fiber for the pulp and paper mill is derived from 455,015 hectares of plantations maintained by PT Riau Andalan pulp and Paper (PT. RAPP) as well as supply partners concessions located on the Island of Sumatra. APRIL Group and its supply partners supply approximately 71% of the mills fiber needs,

¹This sum excludes approximately 18,000 ha of PT. RAPP and 22,000 of Supply Partner conservation area that is under land claim. The exact amount of conservation area is still pending the resolution of claims and the reported figures reflect a best estimate of all outstanding encroachment and claims in conservation areas. See page 24 for more details.

the remaining being met by open market supply sources from Sumatra, Kalimantan and Malaysia. Details of APRIL's supply partners are included on its Sustainability Dashboard.

Committed to Sustainable Forest Management

APRIL is committed to sustainable forest management as part of a protection-production model that integrates economic and social development with environmental protection. This includes a commitment to zero deforestation, responsible peatland management and close alignment with the United Nation's Sustainable Development Goals, with a primary emphasis on goals 12, 13, 15.

This is supported by a commitment to transparency, reporting and independent verification. APRIL works with independent advisory groups to oversee the implementation of its SFMP 2.0 and its efforts to advance science-based responsible peatland management. These advisory Groups include the SAC comprising forestry and sustainability experts, the IPEWG which includes leading peatland scientists, and the RER Advisory Board, which includes conservation and biodiversity experts. As well as providing guidance and oversight, these advisory functions help monitor performance against the company's sustainability commitments through the appointment of an independent assurance provider. All reviews, audits and advisory group meeting minutes and reports are available for public review and scrutiny on APRIL's Sustainability Dashboard.

Sustainability Underscores Growth

Sustainability is integrated in our business strategy with growth now driven by value through downstream diversification, decoupled from an expansion of the natural resource footprint.

APRIL's sustainability strategy is embedded in several ways, from the founder's 5C principles to individual performance metrics. The 5Cs dictate that what is good for the Company, must first be good for the Country, Community, Climate and Customer, while at a more operational level, the implementation of the SFMP is a key part of the company's balanced scorecard, integrated alongside traditional business metrics.

08



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Governance & Leadership

APRIL's SFMP 2.0 is a strategic pillar of the operational, business and scientific decision making in the company. It has the full buy-in of the shareholder and executive leadership team who play an active role in its implementation as well as its review and performance monitoring. The sustainability function - with over 100 members in a range of cross-functional teams across the company - connects directly to the executive leadership function and includes sustainability professionals, forestry experts, scientists and research personnel.

The implementation of APRIL's SFMP 2.0 is guided by the SAC that provides independent oversight of the implementation of the SFMP 2.0 and offers critical feedback as well as recommendations to APRIL, as part of the company's continuous improvement initiatives. The group comprises forestry, conservation and social experts.

As part of its verification and monitoring role, the SAC selects an independent assurance provider to monitor APRIL Group's progress towards meeting its policy goals. This forms part of APRIL's commitment to maintaining transparency. Summary

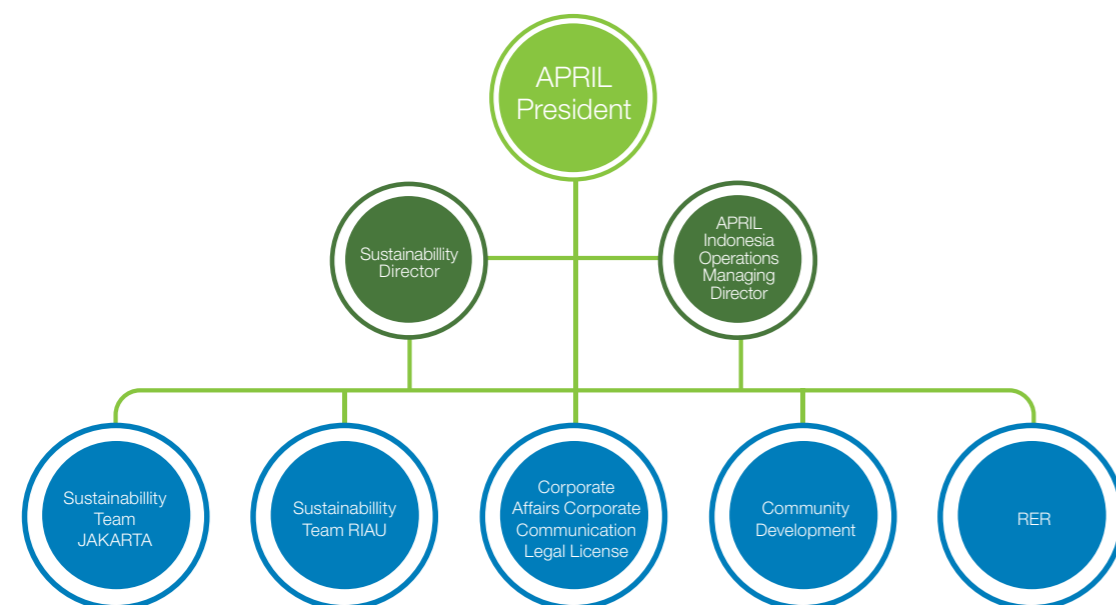
reports of SAC meetings as well as any updates on recommendations made by SAC and status progress reports by APRIL Group are made public by posting them on APRIL Dialog and circulating them to various stakeholders.

Leadership

Company leaders set the example for the rest of the APRIL team, shaping strategy and driving implementation in line with the company's values. The formulation, execution and compliance monitoring of APRIL's sustainability strategy is the responsibility of the Sustainability and External Affairs Director who leads an integrated sustainability team structure, with representatives from both our Jakarta office and operations base in Pangkalan Kerinci, Riau province, Sumatra.

Leadership structure:

- Bey Soo Khiang – Chairman, APRIL Group
- Alagaratnam Joseph Devanesan - Vice Chairman, APRIL Group
- Praveen Singhavi - President, APRIL Group



IMPLEMENTING OUR
SUSTAINABLE FOREST
MANAGEMENT POLICY (2.0)

APRIL launched its SFMP 2.0 in 2015. The Policy governs how we manage our natural resources for optimal social, environmental and economic outcomes and is an updated version of our original SFMP, published in 2014

As a member of the Royal Golden Eagle (RGE) Group, APRIL also aligns with RGE's overarching Sustainability Framework.

SFMP commitments include the elimination of deforestation from our supply chain and the pledge to only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments.

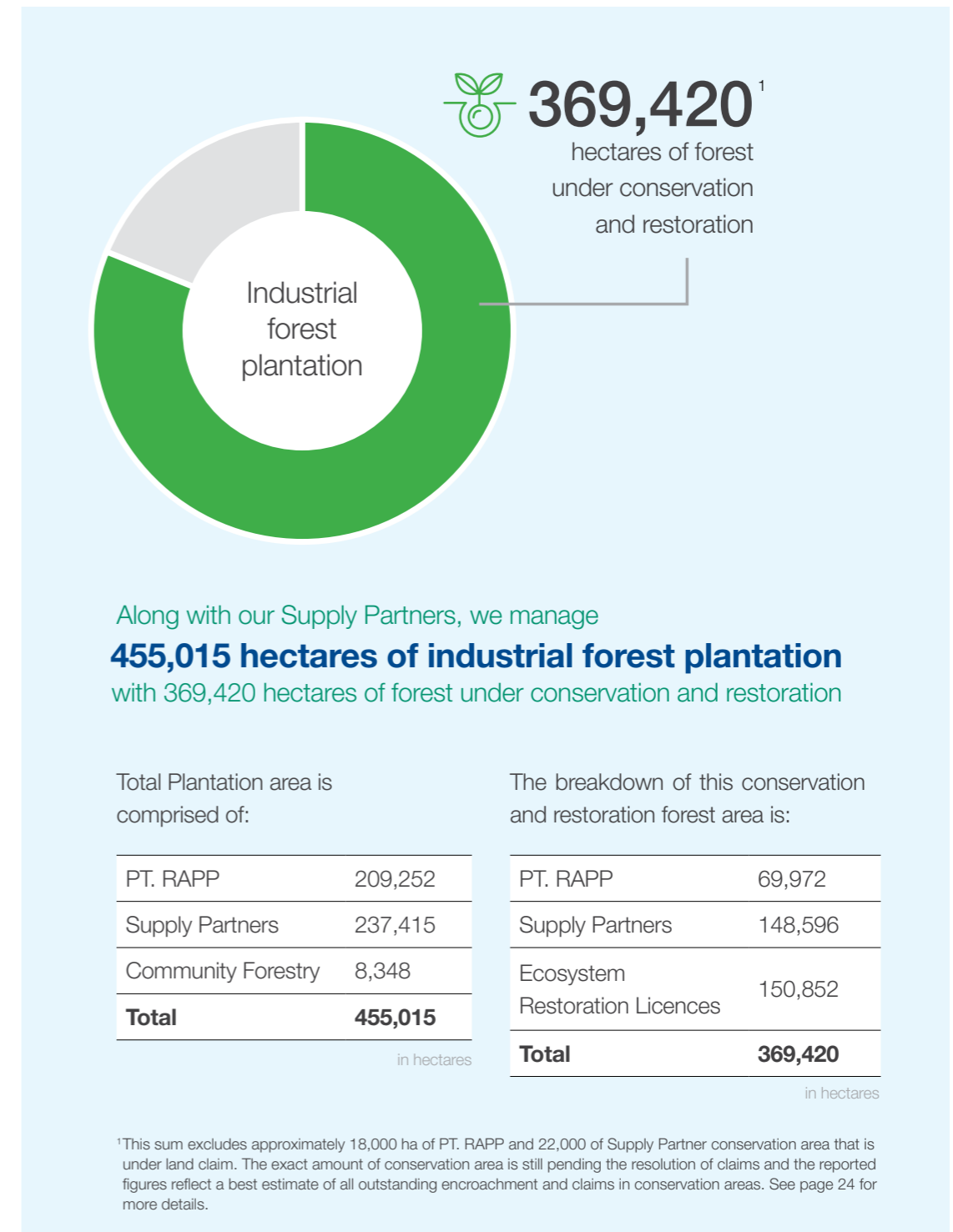
The policy also covers the conservation and ecosystem restoration of natural forests, and the formation of an Independent Peat Expert Working Group (IPEWG) to advise on responsible peatland management. SFMP 2.0 also focuses on achieving a reduction in our carbon footprint, the proactive support of local communities, respecting the rights of indigenous peoples, responsible working practices, and good governance.

The implementation of SFMP 2.0 is overseen by the SAC, which regularly reviews and independently audits implementation of APRIL's sustainability commitments under SFMP2.0. All reporting, monitoring and implementation related to SFMP 2.0 is published on our Sustainability Dashboard.

Summary reports of SAC meetings as well as any updates on recommendations made by SAC and status progress reports by APRIL Group are made public by posting them on APRIL Dialog and circulating them to various stakeholders. That current assurance provider is KPMG.

The SAC and APRIL are supported by other advisory functions, including the IPEWG and the RER Advisory Board. The IPEWG includes leading scientists and researchers in the field of tropical peatland and advises APRIL on responsible peatland management in production and conservation areas, while the RER Advisory Board – including conservation, science and community advisors - oversees this important peatland restoration project.

.... Landscape



•••• SFMP Commitments

APRIL's SFMP 2.0 guides land-use and development, with key commitments including:

- Only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments.
- 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 peatland.
- No new developments by APRIL and its supply partners on forested peatland. This has been extended since the publication of SFMP 2.0 to extend protection to non-forested peatland.

In 2017, all planting took place on areas previously deforested through fire or encroachment and that were not identified as being HCV areas, and for PT. RAPP, no new development was identified.

For Supply Partners, there were two instances where land recovery and plantation operations were determined to be inconsistent with APRIL's commitments, while for Open Market Supplier, no new development was identified based on the information received. Opportunities for Improvement and Action Plans in response to these instances have been identified and implemented.

Among other key land-use indicators, there was no non-SFMP compliant new development, nor any non-compliance resulting in corrective action during 2017, and no new land licenses were acquired.

Similarly, there was no delivery of mixed hardwood or supply resulting from the logging of HCV or HCS forested peatland to the Kerinci mill.

Ha of initial planting on previously deforested land	PT. RAPP	Community Fiber	Supply Partners	Open market Suppliers
Mineral Soil	27	0	699	Data is incomplete as at 31 December 2017
Peatland	0	0	14	

•••• Independent Peat Expert Working Group (IPEWG)

Established in 2015, the Independent Peat Expert Working Group (IPEWG) is a group of national and international scientists with extensive expertise in peatland dynamics. The role of this group is to provide science-based understanding of the different approaches and action, in order to underpin best practice management of existing plantations on peatland. It also works to support APRIL and other stakeholders in the development of a vision for peatland, which delivers a balance of production, protection and restoration and social benefits.

To guide its work with APRIL, IPEWG developed a Peatland Roadmap and Work Plan which acts as an overarching framework for IPEWG's activities with the end objective of developing a long-term, science based, peatland management strategy for APRIL and its suppliers. The Peatland Roadmap has three components:

- **Science-based understanding and minimising impacts:** building a robust scientific understanding to underpin the further development of the APRIL approach to responsible peatland management.
- **Responsible peatland operations:** implementing the evolving APRIL approach to responsible peatland operations, designed to minimise fires, optimise yields, improve community livelihoods and minimise subsidence and APRIL's carbon footprint for existing production on peat.

- **Developing a vision for peatland landscapes:** based on a combination of responsibly-managed production, restoration and rehabilitation, and protection of all remaining forest in collaboration with other stakeholders, to deliver a balance between production, protection and social development.

Good progress was achieved during 2017 across all three components and the IPEWG has made 17 recommendations on how scientific elements can be further advanced in the second phase of the IPEWG's work. As of 13 December, 2017 these recommendations were still to be completed, however 14 have been acted upon and three had been put on hold.



Measuring Carbon Emission and Sequestration Across Landscape Types

APRIL is collecting research data on greenhouse gas emissions and sequestration rates across its plantation, ecosystem restoration and mixed land use areas. This will help establish a defensible methodology for calculating land-use emissions – the most critical part of APRIL's overall greenhouse gas footprint - complementing the methodology for calculating mill emissions. We have deployed three state-of-the-art Eddy Covariance Flux towers in three different peatland ecosystems, measuring the change in greenhouse gas levels (or the flux) every 30 minutes over a 200-hectare ecosystem footprint.

This technique measures CO₂, H₂O, Methane and Nitrous Oxide. The Flux Towers provide the most comprehensive data when compared to previous research based solely on peat soil chambers measuring individual spots of one square metre. This is well accepted technology among the scientific community, delivering direct, high frequency and ecosystem-scale measurement that establishes GHG emission factors for different management interventions across a landscape.

Emissions Source	Methodology Status	Calculation Status
Mill Scope 1 and 2 Emissions	Established ✓	Calculated ✓
Fiber Operations Scope 1 and 2	Established ✓	Not Calculated ✓
Land-use Emissions	Developed by third party and reviewed by IPEWG ✓	In Progress - Draft ✓

Conservation Land-use Management

During 2017 APRIL made significant progress in the development of Conservation Land-use Management Plans for the conservation areas within its concessions. This process is designed to identify priority areas for protection and considers adjacent habitat features outside of concession boundaries, and associated risks, such as encroachment. This process is also leading to improvements in the quality of data on the status of remaining forested areas. When joined up, these plans will form a conservation management plan at the landscape level in the areas where we operate. This framework will be fully implemented in APRIL's own concessions this year and then rolled out to its Supply Partners across 2018 and 2019.

Recalibrating Conservation Area

During 2017, PT. RAPP undertook considerable activities to incorporate historic encroachment and land claim data into their monitoring system for all of its concession sectors as these had previously not been recorded.

	Conservation area as Hectares and % of conservation loss by cause at December 31, 2017				
	Fire	Development	Encroachment	%	
PT. RAPP	69,972	-	-	236.7	0.3%
Supply Partners	148,596	3	-	525.7	0.4%
Ecosystem Restoration Licenses	150,852	-	-	-	0.0%
Total	369,420	3	-	762.4	0.2%

As the table shows, this led to a significant increase in the amount of area, particularly forested conservation area, recorded as being under claim or encroached. This process was not fully complete at the end of 2017 and has not yet been completed by Supply Partners. As a result, the reported figures above are APRIL's best estimate as there remains significant uncertainty as to the exact amount of forested conservation that has historically been lost through encroachment activities and the area that is still pending the resolution of a claim.

APRIL and supplier concession areas currently inactive due to unresolved land cases are as follows:

Wood Supplier	Ha Inactive due to unresolved land claims	# of cases identified	Ha with cases identified	% identified
PT. RAPP	31,915	593	16,128	51%
Supply Partners	72,163	287	5,446	8%
Total	104,078	880	21,574	21%

Community Fiber Plantation

Community Fiber Plantation programs offer a potential source of plantation fiber that is relatively close to the mill. Expansion of local fiber sourcing can provide economic benefits to local communities and the opportunities for expanding this source have been discussed with APRIL's SAC. To date, the number of hectares of plantation in these community out-grower programs remains relatively small at 14,355 Ha which is 3% relative to the overall plantation area for PT. RAPP and its supply partners.

APRIL currently supports 15 Community Fiber Plantations:

Community Fiber Plantation/Hutan Rakyat (HR)
HR SERING
HR KOPERASI TUNAS HARAPAN
HR KOPERASI BAHTERA MANDIRI
HR DELIMA SAKTI
HR BEDAGUH
HR KOPERASI PENARIKAN JAYA
HR KELOMPOK TANI SOTOL
HR PAYAKUMBUH
HR KELOMPOK TANI SITUGAL
HR KELOMPOK LUBUK KEBUN
HR KELOMPOK TANI RAMBAHAN
HR KELOMPOK TANI TARAKAN BARU
HR KELOMPOK GUNUNG MELINTANG
HR PETAPUSAN
HR KELOMPOK TANI PARIT GUNTUNG

1-for-1 Commitment Progress

The latest reported figures, covering January to December 2017, place APRIL's ratio of conservation to plantation area at 81%. This includes 455,015 hectares of plantation area against 369,420 hectares of conservation and restoration area.

The reduction in reported conservation and restoration area from 419,159 hectares in 2015-2016 to 369,420 hectares in 2017 was due to the return of a number of Supply Partner licenses to government during the period due to the lack of development options, and improved data on areas subject to land claims. Areas subject to land claim are excluded from the definition of conservation areas used in the calculation.

Accordingly, significant uncertainty exists as to the exact amount of conservation area that is still pending the resolution of a claim and the reported figures reflect a best estimate of all outstanding encroachment and claims in conservation areas.

We continue to seek opportunities to support the Indonesian Government at national and local levels in order to fulfil our 1-for-1 commitment. Our interest is in projects where we can apply our production-protection model that involves active management of the conservation areas versus a simple funding approach which characterizes some of the available opportunities.

Supply Chain Compliance

APRIL and its supply partners supply approximately 71% of the mill's fiber needs, the remainder being met by open market sources.

All fiber supply to our mill is bound by APRIL's SFMP 2.0. The policy is enforced through socialisation, internal due diligence processes, compliance monitoring including internal land cover change monitoring through satellite data, and independent assurance process under the auspices of APRIL's SAC.

In 2017, we made significant improvements in enhancing transparency across our supply chain and our ability to access supplier data during the year. This includes data from Open Market suppliers and is a focus area for the company and the SAC.

A list of all our Wood Fiber suppliers, 100% of PT. RAPP and Supply Partner maps and 80% of open market supplier maps are publicly available on our Sustainability Dashboard.

Similarly, all PT. RAPP (11 of 11) and Supply Partner (16 of 16) HCV reports are publicly available on the same platform as well as 2 Open Markets Supplier reports. A further 6 Open Market Supplier HCV reports are available from the supplier's website.

We have a Policy of Association (see Sustainability Dashboard) which defines direct and indirect accountability for compliance with APRIL SFMP 2.0.

The supplier compliance process includes a series of elements including the socialisation of the policy and due diligence and baselines assessments of supplier compliance and a policy of association. The supplier due diligence process was implemented during 2017 and was applied to all new suppliers with 75% of new suppliers undergoing the on-site due diligence process prior to the first wood delivery. This is supported by land cover change monitoring and verification and a publicly available grievance resolution mechanism to raise concerns with suppliers.

APRIL Group Companies

APRIL Group Companies
PT. RIAU ANDALAN PULP & PAPER (RAPP)
PT. SINAR MUTIARA NUSANTARA
PT. THE BEST ONE UNITIMBER
PT. GEMILANG CIPTA NUSANTARA
PT. APRIL MANAGEMENT INDONESIA
PT. ANUGERAH KERTAS UTAMA
PT. RIAU ANDALAN KERTAS
PT. RIAU PRIMA ENERGI
PT. INDOKARYA BANGUN BERSAMA
PT. INTIGUNA PRIMATAMA
PT. INTIGUNA PRIMATAMA
PT. ASIA PRIMA KIMARAYA

•••• Certification

National Certifications

- 1. Sustainable Plantation Forest Management (SPFM):** Since 2006, Riau Andalan Pulp & Paper (PT. RAPP), the operations unit of APRIL Group, has been certified for SPFM, under the Indonesian Ecolabel Institute (LEI) standards.
- 2. Sustainable Production Forest Management (PHPL) certified by Ministry of Forestry:** PT. RAPP holds PHPL certification, a mandatory certification for all Indonesian forestry companies. This certification ensures PT. RAPP's compliance with production, ecological, and social requirements set by the Government of Indonesia.
- 3. Timber Legality Verification (SVLK):** The SVLK system was jointly developed by the Indonesian Government and the European Union (EU) to meet the anti-illegal logging laws and requirements. Our products are accompanied by a V-Legal document to certify the legality of the fiber from which the pulp and paper was produced. V-Legal Documents are issued by the Indonesian Ministry of Environment and Forestry and certify the legality of wood harvested. The V-Legal document has functioned as a FLEGT (or Peat Ecosystem Protection Function) license since 15th November 2016.
- 4. Occupational Health and Safety Management System:** APRIL Group's operations in Riau Province, Indonesia are mostly certified under SMK3, which is based on Government Regulation No. 50/ 2012 for mill and forestry sector; a mandatory certification by the Government of Indonesia.
- 5. National Standard of Indonesia (SNI):** Certification for paper products. SNI labeling ascertains that the prescribed quality product specification is met.

- 6. Indonesia Eco Label for paper product:** Ensuring that product is produced in line with environmental best practice standards.
- 7. Certificate of Authorized Economic Operator (AEO):** In 2016, the pulp and paper company under APRIL Group received AEO certification for international trade related facilities issued by the World Customs Organization (WCO).

International Certifications

- 1. OHSAS & ISO:** APRIL Group's operations in Riau Province, Indonesia are mostly certified under OHSAS 18001 (Safety Management Systems), ISO 9001 (Quality Management Systems), and ISO 14001 (Environment Management Systems).
- 2. PEFC-CoC:** Since 2010, APRIL Group's production facilities have been certified under the 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.
- 3. PEFC-Sustainable Forest Management (SFM):** In 2015, more than 300,000 hectares of concession are certified under PEFC-SFM. This certification recognizes forestry operations that maintain forest's ecological, social and economic values.
- 4. ISEGA Germany, Certificate of Compliance:** For paper that is safe for food packaging use.
- 5. Singapore Green Label – for paper products:** PaperOne™ product has maintained this certification since 2013, issued by the Singapore Environmental Council (SEC).

APRIL goes beyond legal compliance toward achieving sustainable forest management. Our company pursues relevant national and international certifications and has in place full third party traceability

Fiber Supply Legality and Certification

The following table summarises the percentage of Fiber supply covered by legality certification as at 31 December 2017.

Supplier	% of Kerinci mill fiber inputs between 1 January 1 2017 – 31 December 2017	Legality Certification	Types of certification
PT. RAPP	32.79% ✓	Yes	PHPL, IFCC and VLK
Supply Partners	38.55% ✓	Yes	PHPL, IFCC and VLK
Open Market Supplier	28.67% ✓	Yes	PHPL, IFCC, VLK and FSC Controlled Wood
Community Fiber Plantations	0.00% ✓	Yes	N/A

Commitment to FSC Process

APRIL has been in dialog with the Forest Stewardship Council since early 2016 on APRIL's process to end its disassociation. In December 2017, the FSC performed a re-evaluation of APRIL's readiness, which was presented to and confirmed by the FSC Board of Directors. In 2018, FSC has continued its constructive dialogue with APRIL and interested stakeholders in view of developing a roadmap towards ending its disassociation. Part of this process is a baseline assessment to inform the roadmap and which will be carried out by an independent team of experts appointed by FSC. In the meantime, APRIL continues to focus on the delivery of its SFMP 2.0 commitments and on internal readiness initiatives towards strengthening compliance with relevant FSC standards.



STAKEHOLDER

ENGAGEMENT



Stakeholder engagement is central to the building and maintaining of trust with a diverse community of stakeholders

Stakeholder engagement is central to the implementation of APRIL's Sustainable Forest Management Policy and to the building and maintaining of trust with a diverse community of stakeholders. APRIL actively participates in a range of stakeholder activity and engagement, including:

- Regular meetings with and updates to customers and financial partners.
- Materiality consultation with external stakeholders as part our Sustainability Reporting process.
- Regular stakeholder forums at local and national level, reported on our Sustainability Dashboard and APRIL Dialog.
- Regular engagement with our advisory boards - RER, IPEWG and SAC - which coordinate as required and can also undertake engagement with stakeholders.
- Engagement with provincial, national and international NGOs.
- Regular interactions with government.
- Participation in certification forums and processes (FSC, PEFC)
- Participation in global forums, such Responsible Business Forum, Innovation Forum, TFA 2020, Global Landscapes Forum, and the World Peatland Congress.



Stakeholder Advisory Committee

Since 2014, the SAC has met three to four times a year, monitoring APRIL progress towards meeting its Policy commitments.

Since its inception till end 2017, it has made 118 recommendations to APRIL, of which 65 have been implemented, 17 are in progress, two are in development and the remainder were guidance, consolidated or no longer applicable.

Key themes across these recommendations include landscape level management, supply chain compliance and monitoring, social programs and improvement of internal data analysis and management.

As part of its verification and monitoring role, the SAC selects an independent assurance provider to monitor APRIL Group's progress towards meeting its policy goals. This forms part of our commitment to maintaining transparency. Summary reports of SAC meetings as well as any updates on recommendations made by SAC and status progress reports by APRIL Group are made public by posting them on APRIL Dialog and circulating them to various stakeholders. That current assurance provider is KPMG.

The Minutes of Meetings of the SAC and the IPEWG are published in Bahasa Indonesia and English on APRIL Dialog.

•••• SFMP 2.0 Reporting

The report on APRIL Group's Implementation of Sustainable Forest Management Policy 2.0, published in July 2018 reviews the period from 1 January to 31 December 2017 and was commissioned by APRIL's SAC. The framework covers APRIL's performance against 45 baseline measurement indicators and was developed following inputs from two rounds of stakeholder forums and public consultation.

The report on APRIL's implementation of SFMP 2.0 includes an evaluation of the company's performance, identifying any non-conformances as well as 'opportunities for improvement'. For transparency, all reports and summaries are distributed to stakeholders and published on the Sustainability Dashboard and APRIL Dialog.

Since the SFMP 2.0 inception in June 2015, annual assurance reports on either the full set of indicators or a sub-set of priority indicators have been commissioned by the SAC since the beginning of 2016.

•••• Memberships and National and Global Participation

APRIL interacts with a wide range of national and international stakeholders who inform or influence the company's approach to sustainability. These include:

- UN Global Compact (Global)
- UN Global Compact Network (Singapore)
- Tropical Forest Alliance 2020
- World Economic Forum
- World Business Council on Sustainable Development
- Indonesia Forestry Certification Cooperation
- Indonesia Peatland Society
- International Peatland Research Alliance
- Singapore Environment Council
- The Programme for the Endorsement of Forest Certification (PEFC)
- Fire Free Alliance
- HCS Approach Steering Group (membership application in process)
- Forest Stewardship Council (APRIL is engaged in a process working towards ending disassociation)
- Indonesian national industry associations including KADIN, IBCSD, APHI, APKI

•••• Indigenous Peoples and Community Engagement

Respecting the Rights of Indigenous Peoples and Communities

APRIL is committed to the principle of free, prior and informed consent by indigenous peoples and rural communities. There were no new concessions in 2017 and, as such, no formal agreements to be made.

Resolving Community Land Claims

APRIL works actively to resolve community land claims and encroachment. Resolution processes are applied to land claims and the settlement of these claims is reflected in MoUs with individuals and villages when resolved. Encroachment is reported to local authorities.

In 2015, APRIL implemented a system to more accurately track the status of encroachment activity and areas subject to land claims. This system tracks the location, status and resolution of land claims, which are primarily located in conservation areas. During 2017, PT. RAPP updated the system to incorporate historical or pre-2015 claims and encroachment data for all its concessions. This increased the amount of forested conservation area recorded as under claim or as being encroached. This process remained underway with Supply Partners at the end of 2017, so exact numbers cannot be reported.

The progress made during 2017 in cataloging legacy claims and encroachment represented a significant step forward.

Grievance Resolution Procedure

APRIL is committed to the resolution of complaints and conflicts through mutually agreed, transparent and consultative processes that respect communities' rights. Following consultations with stakeholders, it finalised and introduced its Grievance Resolution Procedure in 2016 to transparently record and address complaints. For more details, see <http://sustainability.aprilasia.com/category/grievance-mechanism/17>.

This procedure applies to the settlement or resolution of grievances relating to the implementation of SFMP 2.0 within APRIL and supply partners' operations.

The focus in 2017 was on socialising the procedure with communities to promote its use for lodging grievances. As well as making the system publicly available, community development teams in estates continue to include the management of local community concerns as part of their day-to-day activities. Tracking of grievance cases and their resolution can be viewed on the APRIL Sustainability Dashboard.

During 2017, 8 grievances were received, all of which were addressed within 10 days, with 6 of these were resolved in accordance with standard operating procedure as of 31 December, 2017. There remains opportunity to continue to improve awareness of the Grievance Resolution Procedure and to enhance the accuracy of reporting processes. This is a focus in 2018.



RESPONSIBLE PEATLAND MANAGEMENT

APRIL aims to achieve biodiverse, flourishing and resilient peatland landscapes

In line with the Indonesian Government objectives and regulations, and working with other stakeholders, APRIL aims to achieve biodiverse, flourishing and resilient peatland landscapes which provide livelihoods and support the well-being of local communities, as well as deliver fiber supply for our business.

To achieve this, we have been working to develop a long-term, science-based peatland management approach for our concessions, while also discussing with the Indonesian Peatland Restoration Agency and the Ministry of Environment and Forestry (MoEF).

We are committed to continually improving and evolving our approach and practices in line with the latest scientific data and thinking. Scientific research identifies two primary risks and managing them forms the critical components of our overall plan.

They are first, minimizing subsidence and identifying, monitoring and establishing management options for high flood risk areas; and second, improved water-table management to reduce GHG emissions.

Fire prevention and management will continue to be an imperative where community engagement and capacity building are essential. Equally crucial is the need to understand the impact of population growth and continuing community development needs which must be balanced with protection goals.



Ratio of Conservation to Plantation on Peatland

The following table details the ratio of conservation to plantation area on peatland (as of 31 December 2017).

In hectares	PT. RAPP	Community Fiber Plantations	Supply Partners	Open Market suppliers
Plantation on peatland	111,206	6,653	138,823	Data is incomplete as at 31 December 2017
Conservation* on peatland	44,413	-	101,869	
Ratio of conservation to plantation	0.4 : 1	-	0.7 : 1	
Ecosystem Restoration on peatland	150,852	-	-	
Total conservation and eco-system restoration	195,265	-	101,869	
Ratio of conservation and ecosystem restoration to plantation	1.8 : 1	-	0.7 : 1	

* Conservation area includes forested and open areas as well as small amount of agriculture and infrastructure and excludes conservation area under land claim.

The overall ratio of conservation area to plantation area for PT. RAPP remains the same as reported in 30 June 2016. For Supply Partners, the return of a number of licenses to government during 2017 due to a lack of development options and improved data relating to historic land claims contributed to a slight decline in the ratio of conservation to plantation area, recalling that areas subject to land claim is excluded from the definition of conservation areas used in the calculation.

Restorasi Ekosistem Riau

RER restoration method



APRIL's flagship restoration initiative, Restorasi Ekosistem Riau (RER), is a public-private partnership initiated by APRIL and implemented with key NGO and expert partners, local social NGO BIDARA, and Fauna & Flora International (FFI). Established in 2013 to protect, assess, restore and manage the ecologically important peat forests on Kampar Peninsula and Padang Island, Riau province, RER covers approximately 150,000 hectares, an area twice the size of Singapore.

RER is supported with US\$100 million committed by APRIL over ten years for long-term restoration and conservation. It is the largest peatland restoration programme to be funded and managed by a private sector company in Southeast Asia.

There are five concessions: PT. Gemilang Cipta Nusantara, PT. Sinar Mutiara Nusantara, PT. The Best One Unitimber and PT. Global Alam Nusantara operating under 60-year ecosystem restoration licenses granted by the Indonesian Ministry of Environment and Forestry. The restoration programme is part of APRIL's commitment to conserve one hectare of natural forest for every hectare of plantation.

RER's 2017 Progress Report noted the sightings of rare and endangered birdlife, the growth of sustainable forest-related alternative community livelihoods, and the continued absence of fire are just three of the highlights.

Another notable highlight was the discovery of the restoration area's 300th bird species. Known as the Blue-winged Pitta (*Pitta Mollucensis*), it joins several IUCN-listed endangered or rare species, and now means that representatives of 18 per cent of Indonesia's bird species have found safe haven inside RER.

At the end of the year, RER's technical staff had identified 718 species of fauna and flora, 70 species of mammals, 107 species of amphibian and reptile, 89 species of fish and 112 different types of tree and 40 non-tree species within the restoration area.

Many of these species are rare, threatened or endangered, with no fewer than 48 classified as globally threatened by IUCN, with 79 listed in the CITES Appendices, and 101 listed as a protected species under Indonesian law. As at 31 December, 2017, the overall approach to species recovery and the number of species specific recovery plans that can practically be developed remains subject to baseline studies.

There were no fires detected inside the RER area. This positive result was largely due to the presence of RER personnel at each of the main access rivers into the restoration area, ongoing socialisation efforts with communities to encourage alternatives to fire as a land management tool, as well as the implementation of APRIL's Fire Free Village Program with communities neighbouring or associated with RER.

Hydrological and forest restoration demonstrated steady progress in 2017. RER produced over 39,000 seedlings in its nurseries which contain over 70 different tree species, utilising over 1,900 seedlings on 12.5 ha of degraded land for planting and assisted natural regeneration.

Since 2015, nine old drainage canals measuring 29.5 km in length have been closed using 25 hand-built dams. The objective of damming is to maintain the water table to reduce peat drying during the twice annual dry season. Maintaining peat moisture is necessary to allow for growth of peat forming plants and minimising the hazard of fires.

Landscape level plans are in progress for Kampar peninsula, which includes 16 concessions and four ecosystem licences, and are in progress in Pulau Padang, which includes 2 concessions and 1 ecosystem licence.

Approximately 17,000 people live in nine villages within the Kampar Peninsula, while another 24,000 people live in 10 villages on Padang Island.

As part of its efforts to educate the community about the importance of environmental and biodiversity conservation, the RER team invests time and resources to promote traditional activities such as

farming, fishing and gathering Riau Forest Honey or Madu Hutan Riau, where RER provides support to market and sell production output and return profits to the community.

Landscape Level Planning

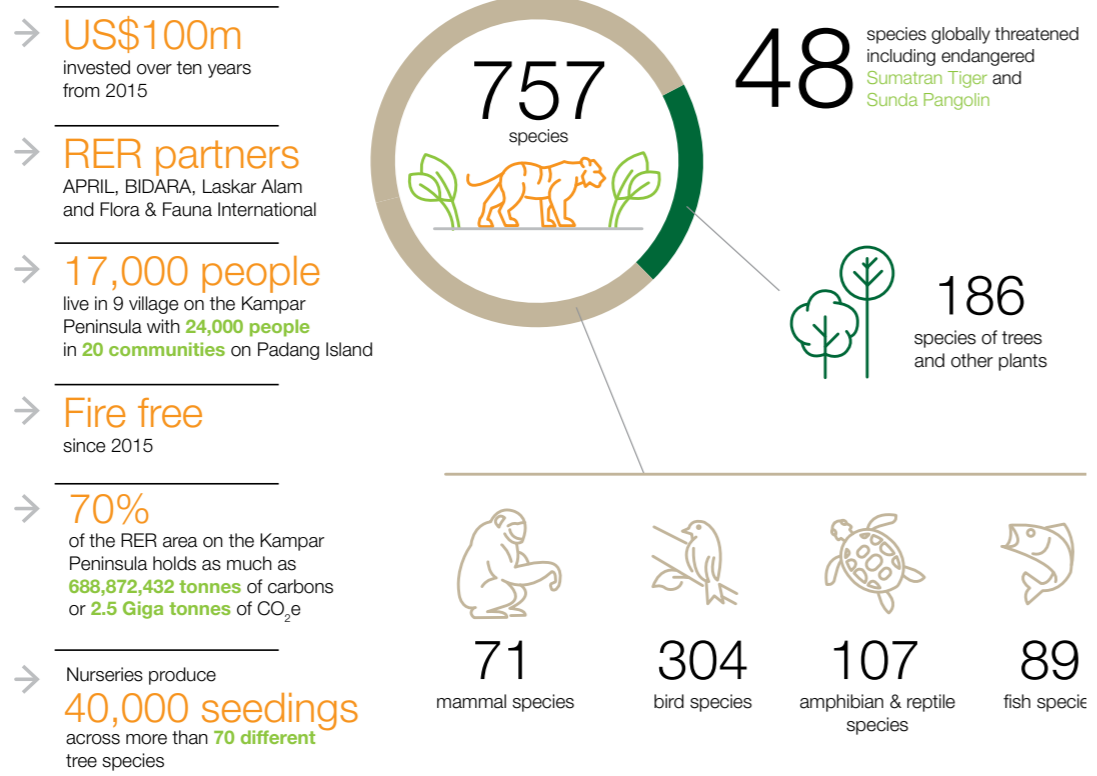
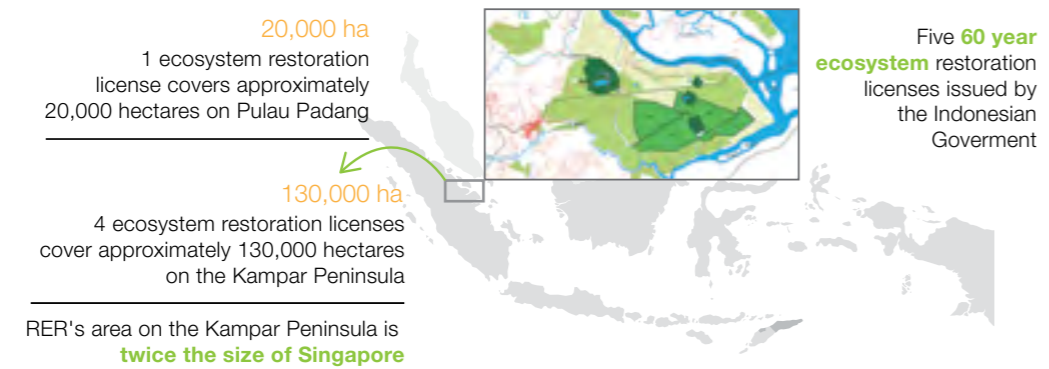
A Landscape Approach is defined by SFMP 2.0 as 'a long-term collaborative approach bringing together diverse stakeholders to achieve a balance between multiple and sometimes conflicting objectives in a landscape and/or seascape, where landscapes are defined as a heterogeneous social-ecological systems in space.'

APRIL is tasked with developing a landscape level plan for the Kampar Peninsula, following detailed criteria set-out by the SAC. The landscape level plan for the Kampar Peninsula covers a large and relatively contiguous area of approximately 384,000 hectares including four ecosystem restoration licences covering approximately 130,000 hectares, while the landscape level plan for Pulau Padang covers an area of approximately 56,000 hectares, including 21,000 hectares under a restoration licence.

Development of the landscape plan for Pulau Padang will follow the implementation of the approach for the Kampar Peninsula.

To date, there has been continuing activity on the development of a landscape level plan for the Kampar Peninsula, related to stakeholder engagement processes and the collection of community and biodiversity data, with the plan largely in design phase.

RER at a Glance



Government Work Plan (RKU) Implementation

APRIL's revised long term work plan, including those of its Supply Partners, was approved by MoEF in early 2018. This was a lengthy and well-publicised process that included the following key developments:

- In February 2017, the Ministry of Environment and Forestry (MoEF) introduced new regulations on peatland management, including Ministerial Regulation (Permen LHK) 17/2017. The new regulations required companies operating on peatland in their concessions to revise their work plans.
- In March 2017, the implementation of the new laws was discussed with representatives of HTI (plantation forest) companies at a meeting in Bogor. The companies were provided with new FLEG or Fungsi Lindung Ekosistem Gambut (protected peatland ecosystem) maps of peatland areas, which outlined the areas that were subject to the new regulations.
- In May 2017, PT. Riau Andalan Pulp & Paper (PT. RAPP), the operating arm of APRIL, submitted a revision of its Rencana Kerja Usaha (RKU), or 10-year work plan. In subsequent months, over the period from May 2017 to August 2017, the RKU was revised on a number of occasions.
- On 2 October, 2017, the Indonesian Supreme Court announced its decision to invalidate several clauses in Ministerial Regulation (Permen LHK) 17/2017. The Court reached this decision, which arose following an application filed by a local labor union in Riau, on the grounds that these clauses were contradictory to the Indonesia Forestry Law, No. 41/1999.

- On 16 October, 2017, the MoEF cancelled PT. RAPP's existing RKU and on 24 October, 2017, following a meeting between MoEF officials and representatives of PT. RAPP, the MoEF announced that PT. RAPP was able to continue operations, but without being allowed to carry out plantation after harvesting in the concession areas designated by the new regulations as being part of the newly zoned FLEG areas.
- In November 2017, PT. RAPP filed an application with the State Administrative Court (PTUN) in East Jakarta seeking the court's clarification and requesting the MoEF to revoke its cancellation on PT. RAPP's existing RKU. This application was based on existing Government Regulations (PP) No. 71/2014, supplemented by Government Regulation (PP) No. 57/2016 on peatland management, that include a transition clause protecting licenses already in operation.
- On December 21, 2017, the PTUN announced that the application by PT. RAPP is declared inadmissible. The company subsequently submitted a revised version of the RKU to the MoEF. On January 9 2018, the revised RKU was approved by the MoEF.

During this period, four legal sanctions related to PT. RAPP and its supply partners' forestry operations were also delivered and subsequently observed. See further details on page 93.

Strategic Fire Management

Fire poses a significant threat to our key assets: our plantations and people. They damage forests, reducing their value and productivity, as well as generating the smoke and haze that causes harm to people's health.

APRIL continues to enforce a strict no-burn policy, as well as supporting programs to heighten awareness of the risks posed by fire during the fire danger periods. This involves working with communities to signal when fire restrictions are in place and to raise awareness in support of government fire prevention messages.

Our strategic approach to fire management and response concentrates on prevention, detection and suppression. APRIL's pioneering Fire Free Village Program is the core prevention strategy, supported by world-class detection and fire suppression capability.

Fire Free Communities

One of APRIL's most ambitious and successful community initiatives to target the root causes of fires is the Fire Free Village Program (FFVP). Initiated in July 2015, the FFVP is founded on close engagement with local villagers and stakeholders.

The success of this programme in directly and dramatically reducing the incidence of fires in and near our concessions has been recognised by various stakeholders. The FFVP was then expanded into the Fire-Free Alliance (FFA) in 2016 of which APRIL is a founding member. The FFA is a multi-stakeholder group composed of key industry players such as Wilmar, Musim Mas and Sime Darby, as well as other organisations with an interest in preventing forest and land fires to create a fire and haze free environment in Indonesia

Our strategy for dealing with fire is to treat the cause before the effect, focusing on prevention. To achieve this end, APRIL implemented the FFVP as a community led fire prevention strategy that enables villages to qualify for infrastructure grants in return for achieving 'no burn' targets. The FFVP also works to raise awareness of the wider and damaging impacts of fire, and to build capacity as well as leadership in finding alternative ways to develop community land required for agriculture. In its introductory year, burned land reduced by 90% despite that year being one of Indonesia's worst for fire and haze, with fires raging across 2.1 million hectares.

In 2016, the FFVP had successfully reached 18 villages (up from 9 at outset) leading to a 38% increase in community land coverage compared to 2015. This continued the year-on-year increase in areas covered by FFVP Memoranda of Understanding (MOUs) – from 352,146ha in 2014, 427,876ha in 2015, to 592,080ha in 2016. In 2017, the FFVP aimed to achieve coverage of 700,000 hectares of community land – almost 10 times the area of Singapore.

Through the FFA, the 2016 report confirmed engagement with 218 villages on fire prevention at various fire-prone areas in Indonesia.

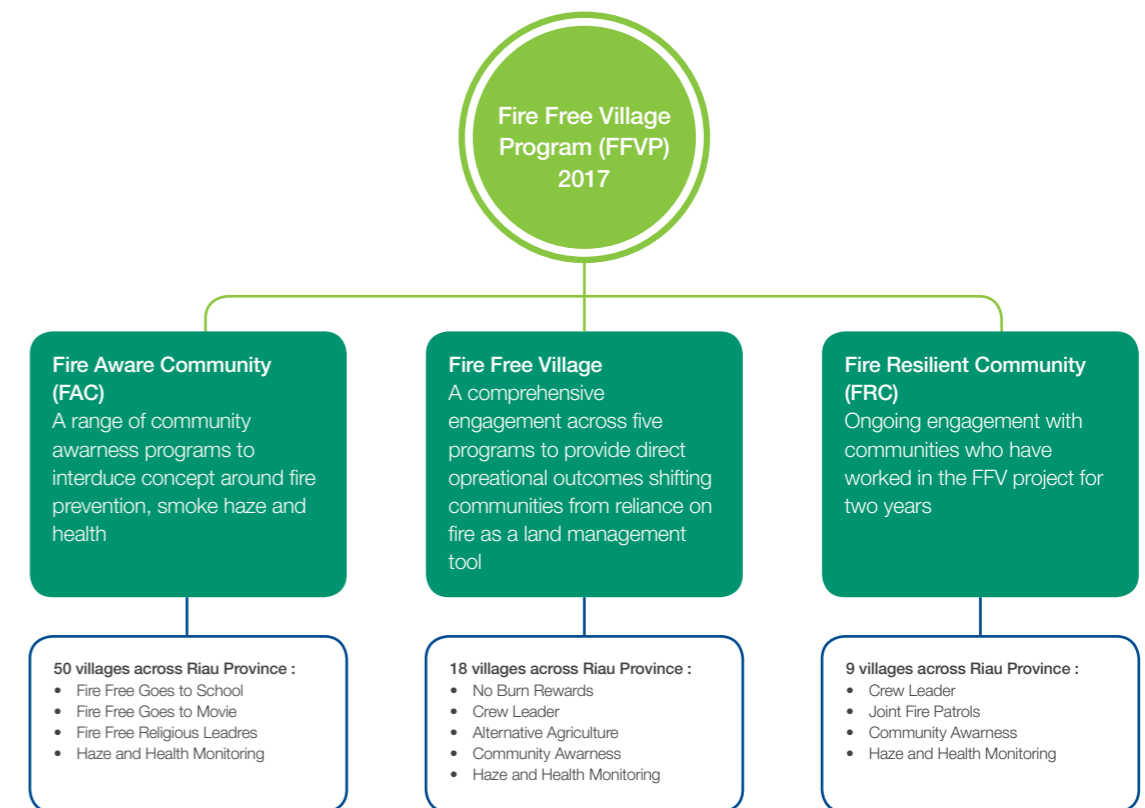
In 2017, nine new villages across Riau agreed to enroll in the FFVP for 2018, and 15 of 18 participating villages received the full No-Burn village rewards in the form of village infrastructures for zero burn incident in their villages.

The area of burnt land at participating villages saw a decrease from 390.6 hectares in 2016 to 159.3 hectares, representing a reduction of 42.6% in 2017. It is noted that the two areas that contributed the most to fires in 2017, Lukit and Pulau Muda, were in remote areas, largely outside the control of the relevant village populations, where fires once started, are difficult to contain.

Importantly, this meant that the other fires only contributed 3%, or five hectares, of burnt area, across the villages in the program.

APRIL and Third-Party Fire Incidents

During 2017, PT. RAPP reported 25 fire incidents inside its concession area, with APRIL Supply Partners reporting a further 11 incidents. Open market supplier data is not complete, with two-of-ten suppliers reporting a combined 34 incidents. All fire incidents were initiated by third parties.



Highlights

- In 2017, nine new villages across Riau agreed to enroll in the FFVP for 2018, while 15 of 18 participating villages received the full No-Burn village rewards.
- The area of burnt land at participating villages saw a decrease from 390.6 hectares in 2016 to 159.3 hectares in 2017, representing a reduction of 42.6%.
- The 2017 recipients added to the success of the program, which has significantly reduced incidences of fire. Independent consultant, Carbon Conservation, reported that the program has supported an overall reduction of 97% in burnt land since 2014, while the area of burnt land decreased from 390.6 hectares in 2016 to 159.3 hectares in 2017.
- In 2017, the FFVP achieve coverage of 700,000 hectares of community land – almost 10 times the area of Singapore.

2017

- 18 Fire Free Villages
- 9 Fire Resilient Communities
- 50 Fire Aware Communities

The Fire Free Village Program

1. No-burn village rewards: Incentivizing villages to keep their land fire-free.
2. Village Fire Crew Leader: Appointing and working with crew leaders to promptly detect, report and extinguish fires.
3. Sustainable agriculture: Providing alternatives to land preparation, eliminating the use of fire.
4. Community awareness: Raising public awareness on the dangers of fire and haze.
5. Air quality monitoring: Installing air quality monitoring devices with regular data assessments.

Fire Detection and Suppression

Every APRIL estate operates its own trained fire team with fire suppression equipment. During fire danger periods, we operate regular land, air and water patrols to quickly detect and respond to fire risk and ground-truth every single hot spot and report the findings. We also use advance satellite hotspot monitoring from two NASA-based systems, fire monitoring towers and CCTV.

APRIL Group closely coordinates its fire suppression activities closely with local police, the disaster management agency and government fire teams.

To date, we have invested more than US\$6 million in fire suppression resources, including 2 helicopters, 2 airboats, 39 lookout towers, 215 water pumps, and firefighting training for 724 volunteers across 39 Riau villages as part of 28 community-based fire prevention and control groups. In total, we now have 989 Rapid Response Team members, including 380 full-time members and 609 back-up members.

APRIL Group also provides its concession maps to the World Resources Institute, where Global Forest Watch track and report on incidents of fire and hotspots.



SUPPORTING THE COMMUNITY

AND LOCAL ECONOMY



APRIL is fundamentally committed to contributing to the sustainable social and economic development of the communities where it operates

GRI 203-1 | 203-2 | 413-1

SFMP VA | VB | VC | VD | VE
VF | VH | VI

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APRIL's 5Cs and the Sustainable Development Goals

APRIL is fundamentally committed to contributing to the sustainable social and economic development of Indonesia and the communities where it operates, and to supporting the achievement of the UN Sustainable Development Goals.

As a member of RGE Group, APRIL implements the 5Cs that is, to operate in a manner that is good for Community, Country, Climate, Customer and Company. APRIL seeks to measure impact along the 5Cs, and the SDGs provide a framework to do so in a way that is holistic and consistent with the global agenda.

APRIL has engaged PwC to undertake an impact assessment of its operations in Riau, Indonesia, and its contribution to sustainable development, benchmarking its current impact against the SDGs. The project is broadly divided into three phases:

1. Prioritising SDGs based on our current contributions and potential for greatest impact
2. Developing a framework to measure our impact
3. Monitoring and reporting how we contribute to the achievement of prioritised SDGs.

The SDGs provide a universal approach to evaluate APRIL's efforts and identify ways to improve programme delivery or tighten focus on key development areas. PwC's assessment will influence future priorities, strategy, and community-level contributions.

The project also involves the participation of the UNDP (United Nations Development Programme) in Indonesia, building on its work with the Tanoto Foundation on the localisation of SDGs in three districts in Riau to similarly prioritise focus areas and contribution. This project covered multiple components, including the policy framework, inclusive government, capacity building, and preparation for implementation. The project is in the process of extending into a second phase to expand in four additional districts.

The assessment process is expected to be completed by early 2019.

Supporting Local Communities

As a leading economic contributor and major employer in Riau Province, APRIL is fundamentally committed to contributing to the sustainable social and economic development of the communities where it operates, and to supporting the wider achievement of the UN SDGs in Indonesia.

Respect for the rights of communities and proactive support is embedded in our SFMP 2.0 in two key sections:

- Section V: Proactive Support of Local Communities
- Section VI: Respect the Rights of Indigenous Peoples and Communities

Through a range of programs that deliver education, skills training, healthcare services, small business development and infrastructure enhancement,

APRIL continues to work towards building skilled and economically resilient communities in Indonesia, particularly in the rural areas of Riau province. Together these programs help to alleviate poverty in Indonesia's rural areas.

Performance by APRIL on its commitments to the communities in which it operates is measured annually.

A total of 27 social infrastructure projects were completed by PT. RAPP and supply partners in 2017, compared to 15 by PT. RAPP in 2016. Also, materials and/or equipment were provided for 374 social infrastructure projects in 2017 by PT. RAPP and supply partners, well up from 61 by PT. RAPP the previous year. PT. RAPP held 79 multi-stakeholder forums in 2017, down from 171 in the previous year.

Indicators	2016	2017
Total \$ spent on social infrastructure projects.	PT. RAPP: USD 256,975	PT. RAPP: USD 141,769 ✓ Supply partners: N/A ¹
Kilometers of road built.	PT. RAPP: 3.10	PT. RAPP: zero ✓ Supply partners: 3.5 ✓
Number of social infrastructure projects completed	PT. RAPP: 15	PT. RAPP: 8 ✓ Supply partners: 19 ✓
Number of social infrastructure projects for which materials/equipment were provided	PT. RAPP: 171	PT. RAPP: 152 ✓ Supply partners: 222 ✓
Number of multi stakeholder forums (rembuk desa) by location	PT. RAPP: 61	PT. RAPP: 79 ✓ Supply partners: No formal forums, conducted village surveys.
Number of attendees at multi stakeholder forums	-	PT. RAPP: 1,666 ✓
Education scholarship provided	PT. RAPP: High school: 361 University: 45	PT. RAPP: High school: 300 ✓ University (talent pool program and non-talent pool): 127 ✓ Supply partners: High school: 4 ✓ University: 0 ✓

¹ 2017 was the first year during which supply partners reported their community development activities to APRIL. However, as we did not have access to supply partner financial data supporting community spending, the community development spend of supply partners were unable to be substantiated.

Social Infrastructure Development

Social infrastructure projects include the building of schools, mosques, village centres, sports arena, community halls, roads and related facilities and materials to support the social, cultural, religious and other activities and needs of local community. The Community Development team consults with the communities on the type of in-kind assistance needed at a particular area.

The projects are supported by signed contracts acknowledging completion with the heads of village in which the project was completed. Materials provided include materials to complete the construction of a project such as cement, and equipment includes computer equipment, school furniture and sports equipment.

Healthcare

APRIL Group is committed to improving access to healthcare for communities in rural areas, particularly those which are beyond the reach of government health services. More than 20 health campaigns are organized each year to engage and educate communities on health, hygiene and nutrition. The company also focuses on supporting public health officers at the village level. APRIL Group also sponsors nutrition supplement programs for mothers and babies at the village level.

Economic Contribution

APRIL Group makes a significant contribution to the economy locally, regionally and nationally as demonstrated in a study by the Economic and Social Research Unit of the University of Indonesia conducted in 2015. The study showed that APRIL - which employed 7,627 personnel, as of December 2017 - provides consequential employment opportunities for up to 90,000 people and generates up to 4.49% of the gross domestic product of Riau Province¹.

¹ The latest study by University of Indonesia is undergoing peer review by the University of Riau and is expected to be released by the end of 2018. ✓

Small and Medium Enterprises

As part of APRIL's economic contribution, the company supports the creation and prosperity of small and medium sized enterprises (SMEs). The long-term goal of the SMEs program is to foster entrepreneurship of the local communities where we operate, not by providing capital, but in the form of providing technical skills and mentorship in obtaining financing from local banks and opportunities to market their product and services.

The number of small and medium enterprises contracted by the company rose to 145 in 2017, up from 130 the previous year. Another 97 SMEs were contracted by the company's supply partners in 2017.

We believe those who know how to successfully start a business venture, manage its associated risks and opportunities would be well-positioned to expand in other areas, helping to create economic multiplier effect for Indonesia.

Indicators	2016	2017
Number of SMEs contracted by APRIL and suppliers	PT. RAPP: 130	PT. RAPP: 145 ✓ Supply partners: 97 ✓

Education

APRIL provides scholarship programs covering primary to university levels, teacher training, and also supplies school education facilities and equipment. Under the company's Talent Pool scholarship program, students receive financial assistance to obtain university degrees and a job with APRIL upon graduation.

As many in Riau's rural areas still struggle to obtain high school diploma due to financial and school facilities limitations, we also provide scholarships for high school students. In 2017, PT. RAPP provided 300 high school scholarships and 127 university scholarships.

Integrated Farming System (IFS) Program

In 1999, APRIL pioneered an IFS program, to provide a holistic approach to equipping local farmers with sustainable farming skills and agricultural assistance that lead to economically viable farming activities.

The program now covers more than 2,300 hectares of community agricultural land with more than 300 farmer groups trained at PT. RAPP farmers' training center. Three training centers were built at the beginning of the program, two of which were subsequently handed over to the local government. The number of farmer groups supported with agricultural materials increased to 56 in 2017, up from 44 in 2016. Another 10 farmer groups were supported by supply partners in 2017.

Indicators	2016	2017
Number of Farmers trained to cultivate farmland	PT. RAPP: 248	PT. RAPP: 167 ✓ Supply partners: 0 ✓
Number of Farmer groups supported with agricultural materials	PT. RAPP: 44	PT. RAPP: 56 ✓ Supply partners: 10 ✓



CASE STUDY

•••

Former Employee Seizes Business Opportunity with Support from APRIL



M. Rafi remembers when not many people understood his decision to leave his stable job of 15 years at APRIL Group.

"I was in a comfortable position as a supervisor and making a good income. So it was understandable that they saw me as crazy then," Rafi, 42, said.

Born and raised on the banks of the Kampar River in Pelalawan, Riau in Indonesia, Rafi never imagined the success he has achieved today would be possible. Having always harbored the dream of being a businessman, Rafi decided to quit his job to establish his own business in 2014, coinciding with APRIL's plans to develop its third paper factory.

Thinking that venturing into labour supply would be a good idea, Rafi used his savings to establish a business named 'PT Riau Due Berlian', which would provide outsourcing services. However, starting a business was not as easy as Rafi thought it would be. Demand was initially lower than he had anticipated, and his lack of business experience led to cash flow problems.

As a result, Rafi used up his savings of almost 15 years to cover the company's operating costs

- but that soon ran out and he was forced to consider shutting his business after just four months.

"I was lucky because my wife and son were supportive the whole way," he said.

Thanks to PT. RAPP and its community and entrepreneurship program, Rafi was able to persist and build a viable business. Apart from becoming a customer for his business services, the company provided Rafi with business management training and guidance on how to obtain bank loans.

"Initially, my company supplied four employees to PT. RAPP. Now, I have 90 people working for them," he said. "We are professional and work according to the company's procedures so that we can continue to retain PT. RAPP trust," Rafi added.

To Rafi, however, being able to help locals to get decent jobs and income with his company is the most fulfilling aspect of his work. "Most of them are locals who have just graduated from school and come to me for a job - it makes me feel good to be able to help them," Rafi said.



How APRIL Helps Local Women through its Cloth Weaving Program

Rahmi (30) admitted she felt extremely heavy-hearted when she learned that she had to leave her husband and two children far away and spend three weeks without them. "I've never been far from my family. Moreover, my daughter was only two years old at the time," she recalled.

However, Rahmi knew she had to leave in order to improve her life - and her family's. Up until then, she had been living in a small house with her family, with her husband being the sole breadwinner in the family working at a car wash place.

As she was yearning to contribute to the family's livelihood, Rahmi was therefore happy when she was one of the two people selected by the Community Development team at PT. RAPP to receive training in the art of fabric weaving in Pekanbaru, Riau.

Pekanbaru was 139km away from Pelalawan where Rahmi lived with her family but she was adamant that temporarily leaving to go and learn how to weave would be key to improving their lives economically. During the training, Rahmi learned basic weaving techniques and studied various weaving patterns, discovering the functions of each part of the loom.

Today, Rahmi has been transformed into an expert weaver in her village. She now weaves cloth in her house using a loom which was

provided by PT. RAPP. "I am able to finish one piece of woven fabric every four to five days," Rahmi shared, adding that she is able to earn IDR 1 million to IDR 2 million per month from the cloth she weaves.

Rahmi expressed pride at the fact that her first piece of woven fabric had been purchased by a then-director of PT. RAPP. "He was happy with it, so I was even more motivated (to continue weaving cloth after that)," she said.

Unfortunately, learning how to weave cloth didn't come as naturally to Sri Mardiah, who was also selected by PT. RAPP to undergo the training. Sri found it difficult to develop the necessary skills at first but eventually succeeded with PT. RAPP's guidance and assistance. "They were very helpful and patient, and they also helped to promote and market the final product," Sri said.

PT. RAPP's cloth weaving program, which began in 2017, is part of the company's efforts to create income generation in the rural communities in Indonesia by giving them the chance (and required training) to earn a livelihood. As part of the program, the company provides participants with training, looms and raw materials, and helps the weavers to sell their products.

CASE STUDY

• • •

Community Farming Scheme Transforms Villagers' Prospects



A few years ago, life was tough for Apo (32), and her family. She grew fruit and vegetables on her small plot of land in Penyengat village, but a lack of equipment and skills meant that yields were low. Her monthly income ranged from IDR300,000-IDR500,000 (USD20-34). "Maybe because the land is not large, and we were not focused, the result was not really much," said Apo.

Seeking improvement, she joined the local Bina Tani farmer cooperative, which introduced Apo and other members of the village to the One Village One Commodity (OVOC) program, run by PT. RAPP, as part of its Community Development Program.

The OVOC program works with villages to choose a suitable product to specialize in, then provides training on modern agricultural methods.

Gading Sayoga, Community Development Coordinator at PT. RAPP, said the OVOC program encourages each village to choose one product that is most suitable for that location. "As Penyengat village is suitable for pineapple growing, we all agreed this would be ideal for the community," said Gading. With the crop selected the produce soon began to be marketed under the Penyengat Pineapple brand.

The OVOC operates in four districts of Riau Province. Other villages include West Kerinci, which produces crystal guava, and Lalang Kabung, which specializes in honey water apples. The program begins with training in how to grow the selected product, then the provision of modern equipment, seeds, fertilisers and pesticides. The villagers also receive assistance in how best to market their products.

In the case of Penyengat village, it was decided to divide the pineapples into two categories. Grade A sell for IDR5,500 each, while grade B are slightly cheaper at IDR3,500.

In less than two years, the people of Penyengat village can already see the results. "In the past our income was only around IDR300,000-500,000 per month," said Apo. "Now it can be up to IDR2.5 million and I can afford to pay for tuition for my children."



PEOPLE

Upgrading local talent is a priority for APRIL, ensuring it attracts, trains and retains world-class employees

APRIL continues to contribute to Indonesia's economic growth through job creation and skills development, particularly in the rural areas where it is needed most.

As much of the company's work is in remote parts of the country, upgrading local talent skills sets is a priority for APRIL, ensuring it attracts, trains and retains world-class employees who implement the company's values and support APRIL's growth.

APRIL invests significant time and resources in employee training and development. Average training hours per employee were 12.3 per year during the year in review.

Courses include leadership and people management and business ethics and planning, mainly delivered at APRIL Learning Institute (ALI) at Kerinci. Other training and development activities include:

- Management Development Programme
- External training, including the WBCSD's Sustainability Leadership Program, and supporting employees to undertake tertiary post-graduate study in sustainability as part of their employment.

At APRIL's operations in Pangkalan Kerinci regency, it provides housing, health, sports and recreation facilities for employees and schools with international baccalaureate syllabus for their children.

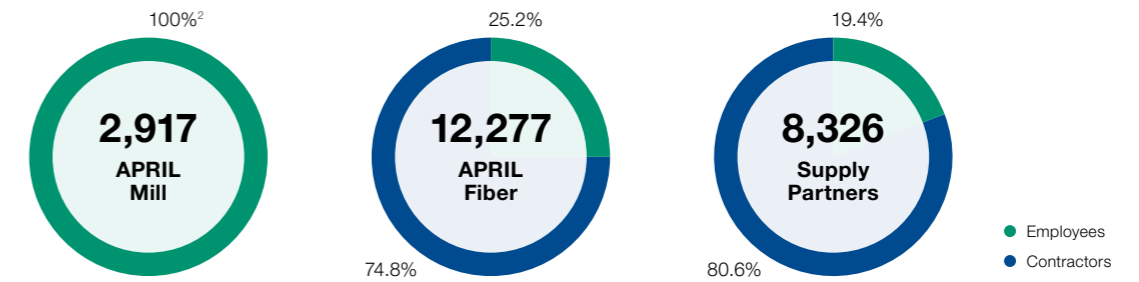
As a policy and in compliance with International Labor Organization (ILO) and Indonesian labor laws, we do not employ child labor; we strictly implement a no forced or compulsory labor policy as well as prohibiting discrimination in respect of employment and occupation. Grievance resolution mechanisms for employees are in place to address concerns related to work conditions.

We will continue to contribute to Indonesia's economic growth through job creation and skills development, particularly in the rural areas of the country where it is needed most

All employees receive annual performance and career development reviews with their respective supervisors. APRIL rewards and promotes employees in a fair and transparent manner, based on merit, not personal preferences.

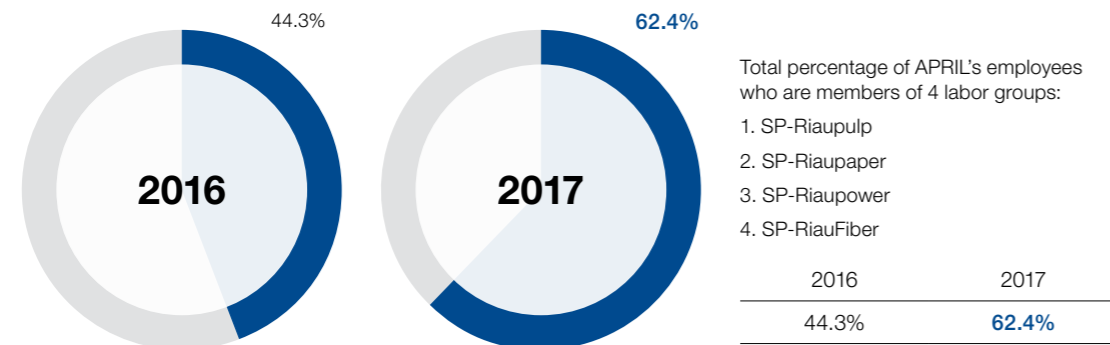
	Male		Female		Total
	Employees ¹	Contractors	Employees ¹	Contractors	
APRIL Mill	2,638	Not available	279	Not available	2,917
APRIL Fiber	2,724	6,798	371	2,384	12,277
Supply partners	1,507	4,896	108	1,815	8,326
Total	6,869	11,694	758	4,199	23,520

¹ APRIL employees include both permanent and short-term employees.



² Data on contractors at the APRIL Mill was unavailable and could not be quantified.

Labour Force Participation



Total percentage of APRIL's employees who are members of 4 labor groups:

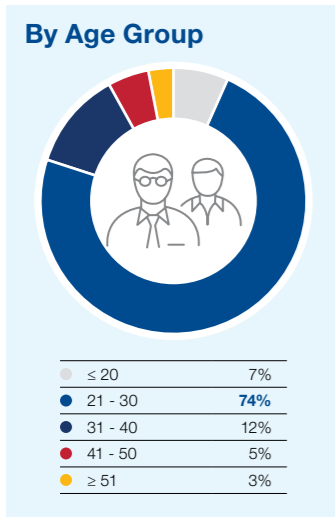
1. SP-Riaupulp
2. SP-Riaupaper
3. SP-Riaupower
4. SP-RiauFiber

	2016	2017
	44.3%	62.4%

Local employees in strategic management positions at APRIL

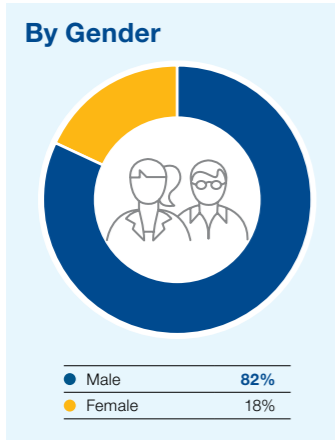
	2016	2017
Total senior managers	17	19
Local senior managers	11	12



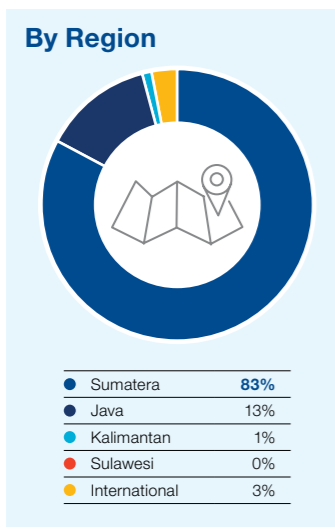


434 New Hires

	Number		Proportion	
	2016	2017	2016	2017
≤ 20	73	31	11%	7%
21 - 30	380	319	58%	74%
31 - 40	129	53	20%	12%
41 - 50	55	20	8%	5%
≥ 51	21	11	3%	3%
Total	658	434	100%	100%



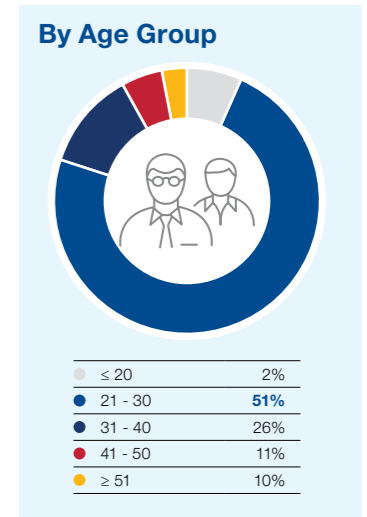
	Number		Proportion	
	2016	2017	2016	2017
Male	583	354	89%	82%
Female	75	80	11%	18%
Total	658	434	100%	100%



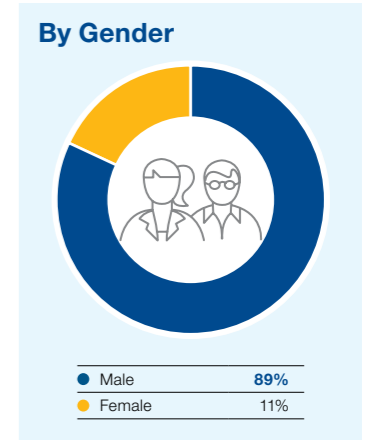
	Number		Proportion	
	2016	2017	2016	2017
Sumatera	527	360	80%	83%
Java	89	57	14%	13%
Kalimantan	3	3	0.5%	1%
Sulawesi	1	2	0.2%	0%
International	38	12	6%	3%
Total	658	434	100%	100%

578 Employee Turnover

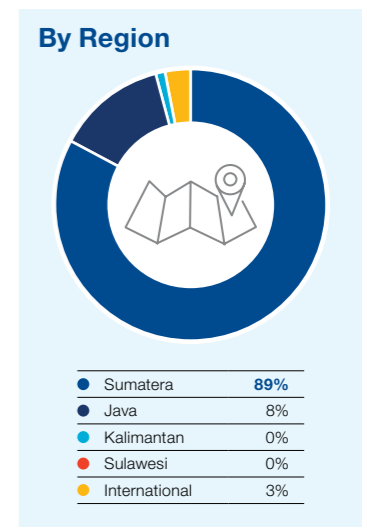
	Number		Proportion	
	2016	2017	2016	2017
≤ 20	31	13	7%	2%
21 - 30	203	297	47%	51%
31 - 40	106	151	24%	26%
41 - 50	47	61	11%	11%
≥ 51	48	56	11%	10%
Total	435	578	100%	100%



	Number		Proportion	
	2016	2017	2016	2017
Male	387	513	89%	89%
Female	48	65	11%	11%
Total	435	578	100%	100%



	Number		Proportion	
	2016	2017	2016	2017
Sumatera	327	514	75%	89%
Java	86	45	20%	8%
Kalimantan	4	1	1%	0%
Sulawesi	1	1	0%	0%
International	17	17	4%	3%
Total	435	578	100%	100%



HEALTH AND SAFETY



APRIL is committed to ensuring the implementation of health and safety standards for workers

Health and safety continues to be an utmost priority, with ongoing efforts to embed a behavior-based safe work culture across operations, both within the mill and on plantations. As such, APRIL is committed to:

- Increased frequency and availability of courses and training sessions on safety.
- Ensuring the implementation of health and safety standards for manual workers, including contractors, in forest, plantation and mill operations.

Plantation and mill operations are mostly certified under the Health & Safety Management System OHSAS 18001 and audited annually. The company is also subject to review under Indonesia's principle of Occupational Health and Safety Management System, or Sistem Manajemen Keselamatan Kerja (SMK3).

The company's Occupational Health and Safety (OHS) Program is made up of the following four key elements:

1. Management commitment and employee involvement: Management safety committee and KAIZEN initiatives.
2. Workplace analysis: General safety inspections, non-conformity reports, Job Safety Analysis (JSA), emergency drill and safety audits.
3. Hazard prevention and control: OHS promotion and campaign, safe work procedures and five Behavioral Based Safety (BBS) implementation (think through task, evaluate exposure, risk assessment, precautionary action, executing job in a safe manner).

4. Fire Occupational Health and Safety (OHS) training and education: Training and certification (internal and external).

Occupational Safety Improvement Measures continue to include the following:

- Ensure proper training and briefing to all employees, new hires and contract workers on OHS principles and work procedures for their specific tasks.
- Strengthen inspection programs, such as safety observation programs, non-conformance reports and violation tickets, to prevent and correct unsafe behavior.
- Conduct regular meetings on OHS issues with top management and department heads.

Indicator	2015	2016	2017
Percentage of operations covered by Occupational Health and Safety (OHS) certification	PT. RAPP: 83%	PT. RAPP: 83%	PT. RAPP: 83% ✓
	Supply partners: 5%	Supply partners: 8%	Supply partners: 17% ✓
			Open market suppliers: 40% ✓

Fatalities

We regret that one contract worker from the forestry operation lost his life during this reporting period. The worker was found drowned in the reservoir pool at the tree nursery area and was presumed to have slipped close to the pool. The incident was investigated by the Forestry's Occupational Health and Safety unit and reported to the authorities.

As a result of ongoing improvement measures on health and safety, the company's mill operations recorded zero fatalities in 2017.

Year	Mill	Fiber	Supply partners	Open market suppliers
2015	Zero	5	Not Available	Not Available
2016	1	6	Not Available	Not Available
2017	Zero	1	Zero	Not Available

Fiber Operations

PT. RAPP + Fiber suppliers (Total)	2017		2016	2015
	Male	Female	All	All
Frequency rate	2.18	0.22	0.31	0.46
Severity Rate	225.84	-	3.34	2.95
Injury rate (IR)	0.44	0.04	0.31	0.46
Lost day rate (LDR)	6.99	-	3.34	2.39

Note: Frequency rate and severity rate are calculated based on Indonesian government regulation (Kep.84 BW year 1998).

Frequency rate =
Number of accidents x 1,000,000 / man hours

Severity rate =
number of lost days x 1,000,000 / man hours

Injury rate =
number of injury x 200,000 / man hours

Injury rate is calculated based on OHSAS regulation.

	2017	2016	2015
Fiber suppliers			
Type of injury	-	-	-
Injury rate	0.76	1.32	2.32
Fatalities	-	-	-

Mill operations

PT. RAPP + Contractors (total)	2017		2016		2015	
	Male	Female	Male	Female	Male	Female
Frequency rate	0.63	0	7.7	0	7.97	0
Severity Rate	186.04	0	736	0	32.95	0
Injury rate (IR)	1.27	0	1.54	0	1.59	0
Lost day rate (LDR)	37.2	0	147.19	0	6.59	0

Note: Frequency rate and severity rate are calculated based on Indonesian government regulation (Kep.84 BW year 1998).

Frequency rate =
Number of accidents x 1,000,000 / man hours

Severity rate =
number of lost days x 1,000,000 / man hours

Injury rate =
number of injury x 200,000 / man hours

Injury rate is calculated based on OHSAS regulation.

RESPONSIBLE

MANUFACTURING

OPERATIONS



The company's long-term objectives are to increase the mill's energy and water-use efficiency and the use of renewable fuel sources

Mill contractors	2017		2016		2015	
	Male	Female	Male	Female	Male	Female
Type of injury	33	0	43	0	30	0
Injury rate	2.64	0	1.34	0	1.9	0

Major illness incidents	Gender	
	Male	Female
Upper Respiratory Tract Infection	11,613	12,968
Non gastroenteritis motility disorder	1,505	1,733

Pulp is the basis of many paper products, including corrugated boards used in packaging, paper and tissue

The pulp mill has an installed capacity of 2.8 million tonnes annually and the paper mill is capable of producing 1.15 million tonnes per year.

The company's long-term objectives are to continually increase the existing mill's energy and water-use efficiency and also the use of renewable fuel sources. Of equal importance is the work conducted towards establishing an accurate baseline for greenhouse gas emissions upon which to base reduction targets.

The mill's water and energy use is benchmarked against global peers and is one of the five most efficient in the world. All emissions and effluent produced by the mill's operations are measured against external standards and monitored regularly to ensure compliance with Indonesian regulations.

Indicator	2017
Tonnes and % of fiber supply (includes supplier deliveries)	10,151,949 tonnes 100% plantation wood
Number of tonnes of mixed hardwood (MHW) deliveries utilized by the Kerinci mill (includes supplier deliveries)	Zero
Percentage change in mill fiber consumption capacity	No change

Materials

From renewable resources harvested from plantations, APRIL produces wood pulp and high-quality paper through a process that ensures water, energy and cost efficiency. This is achieved by adopting the latest technology relevant to operations and international best practices – along with intensive research and development - to maintain competitive advantage.

APRIL re-uses most of its solid waste, such as wood chip residues, and black liquor, which are by-products of the process that converts wood chips into pulp.

Materials used for pulp production

Renewable

Materials Used	Unit	2014	2015	2016	2017
Wood	tonnes (mil)	9.50	9.96	10.10	10.44
	adt/adt	4.12	4.16	3.95	3.86
Water	m ³ (mil)	73.93	77.49	73.83	63.48
	m ³ /adt	29.44	29.55	27.48	25.31

100% renewable fibre from PEFC-certified plantations

Non-renewable

Materials Used	Unit	2014	2015	2016	2017
Salt	kg/adt	26.38	25.89	25.25	24.83
	tonnes	66,245	67,907	67,841	67,211
Sodium Sulphate	kg/adt	14.59	12.51	11.89	11.39
	tonnes	66,245	67,907	67,841	30,819
Limestone	kg/adt	10.65	26.08	62.00	25.50
	tonnes	26,756	68,406	166,572	69,019
Lime	kg/adt	0.008	0.009	0.001	0.74
	tonnes	21,257	22,444	4,002	2,010
Caustic Soda	kg/adt	15.16	13.26	13.74	15.16
	tonnes	38,073	34,771	36,913	41,037
Talc	kg/adt	0.61	0.47	0.46	-
	tonnes	1,526	1,223	1,223	-

Materials used for paper production

Renewable

Materials Used	Unit	2014	2015	2016	2017
Precipitated Calcium Carbonate (PCC)	kg/t	140.18	140.58	144.97	126.95
	tonnes	118,326	114,864	120,775	131,474
Purchased pulp	kg/t	40.51	52.84	93.42	51.10
	tonnes	34,197	43,104	78,399	52,949
Internal Pulp	kg/t	748.56	741.20	691.90	737.50
	tonnes	631,839	605,623	580,665	763,811
CO ₂ (Internal)	kg/t	61.68	61.85	63.79	55.86
	tonnes	52,063	50,540	53,141	57,849
Starch (Purchased)	kg/t	41.11	42.03	42.08	41.29
	tonnes	34,699	34,343	35,315	42,763
Water	m ³ /t	7.96	7.58	7.43	7.75
	m ³ (mil)	6.72	6.19	6.61	8.02

Non-renewable

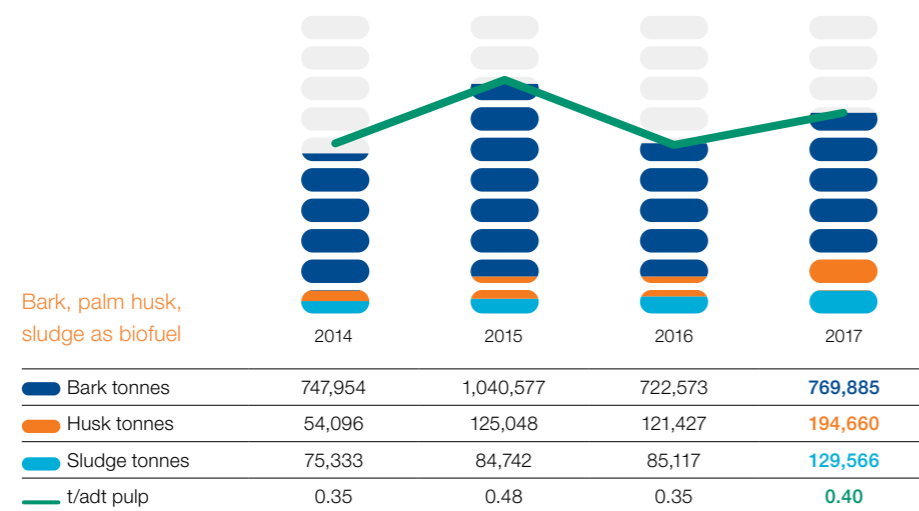
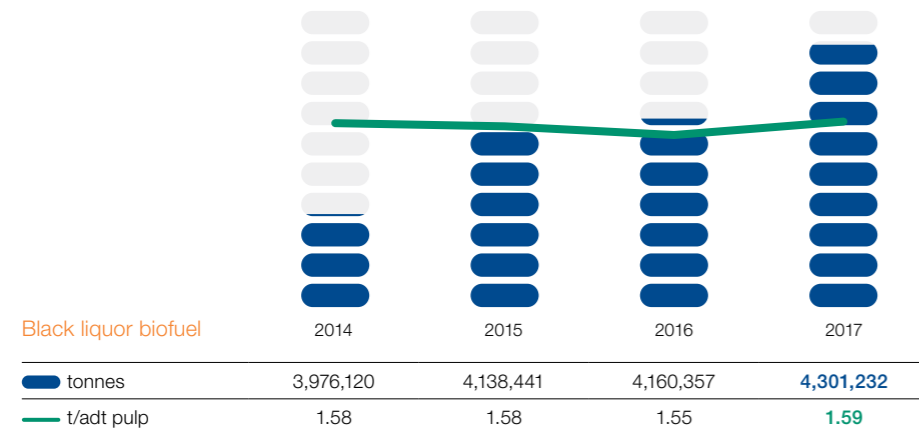
Materials Used	Unit	2014	2015	2016	2017
Ground Calcium Carbonate (GCC)	kg/t	73.30	73.96	80.20	92.43
	tonnes	61,869	60,431	66,815	95,727

Recycled Materials

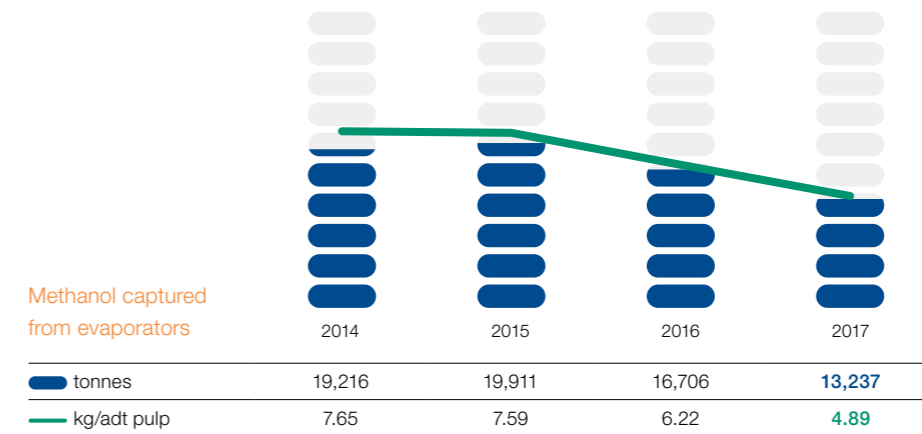
APRIL generates more than four million tonnes of biofuel per year, as well as about 16,000 tonnes of methanol from black liquor through a process of evaporation and distillation. Introduced in 2010, this process produces a valuable methanol supply that is then used in the mill's boiler as a substitute for fossil fuels.

Black liquor (a product of Kraft pulp making), sludge, palm husks and methanol are all recycled and used for power generation.

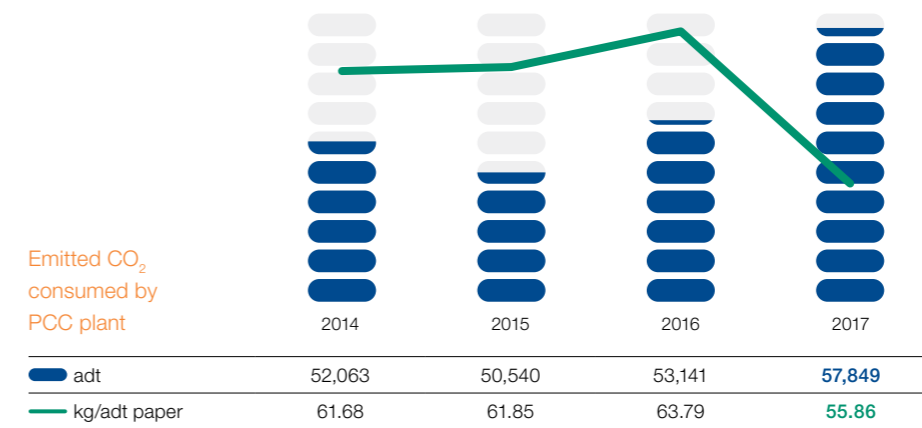
The methanol is derived from the stripping of gases from black liquor, which is then distilled to liquid methanol and used as a separate source of fuel for the mill in the boiler.



The methanol, from weak black liquor, is captured and reused as biofuel in our lime kilns as a fossil fuel replacement.



The Precipitated Calcium Carbonate (PCC) plant combines calcium hydroxide with waste CO₂ captured from our lime kilns. We use lime kilns to convert calcium carbonate to calcium oxide or quicklime in the pulp mill, a process that generates CO₂. Rather than emit this gas as waste, we capture a portion of it to produce calcium carbonate onsite.



Energy

APRIL generates its own electricity with renewable energy sources constituting 79.96% of total energy use, made up of by-product biomass and black liquor, recovered through four processing boilers. It continues to seek and adopt best available technology to reduce the use of fossil fuels.

The recovery boiler located in the mill complex captures energy from materials such as black liquor, a product of Kraft pulp making, bark, palm husks and sludge to generate energy and reduce reliance on fossil fuels. Black liquor accounts for 59.9% of the mill's energy demand, while bark (14.2%) and palm husks (4.5%) are other important renewable energy sources.

A new paper machine was added in mid-2017 increasing paper production by 30%*. Additionally, pulp production increased by approximately 3%. However, overall energy consumption decreased marginally, due to the reduction in pulp drying needs associated with increased paper production and efficiencies in the pulping and chemical processing lines.

Some of the excess capacity created by the mill is used to supply electricity to power the town of Kerinci, supporting the electricity needs of approximately 20,000 households in the area.

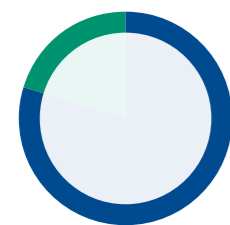
* Comparatives relate to the last full SFMP 2.0 report for the year ended June 30, 2016.

Electricity production

	2015	2016	2017
Total energy production	3,166,269 megawatt-hours	3,208,268 megawatt-hours	3,215,657 megawatt-hours
Sold to local grid	68,415 megawatt-hours	90,940 megawatt-hours	62,826 megawatt-hours

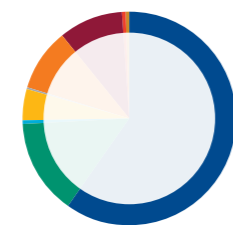
Indicator	2015	2016	2017
Energy consumption within the Kerinci Mill	73,364 TJ	86,513 TJ	84,612 TJ ✓

Energy contribution by fuel type



● Renewable 79.96%
● Non-Renewable 20.04%

Energy contribution by fuel source

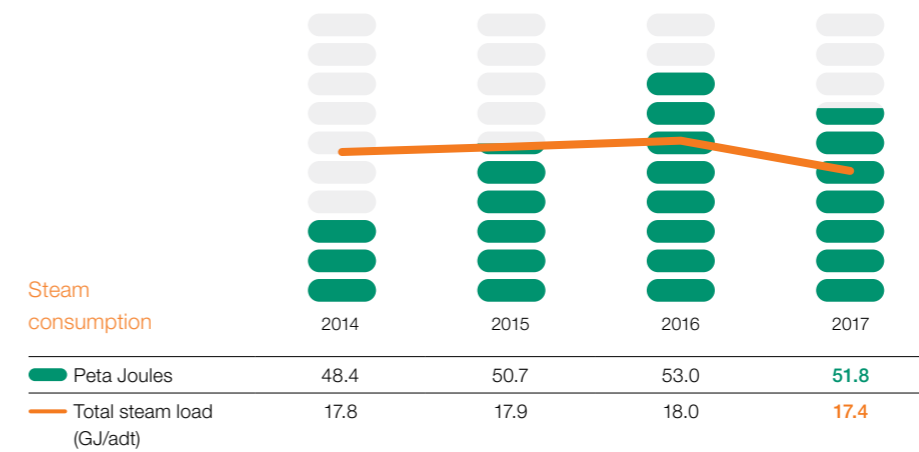
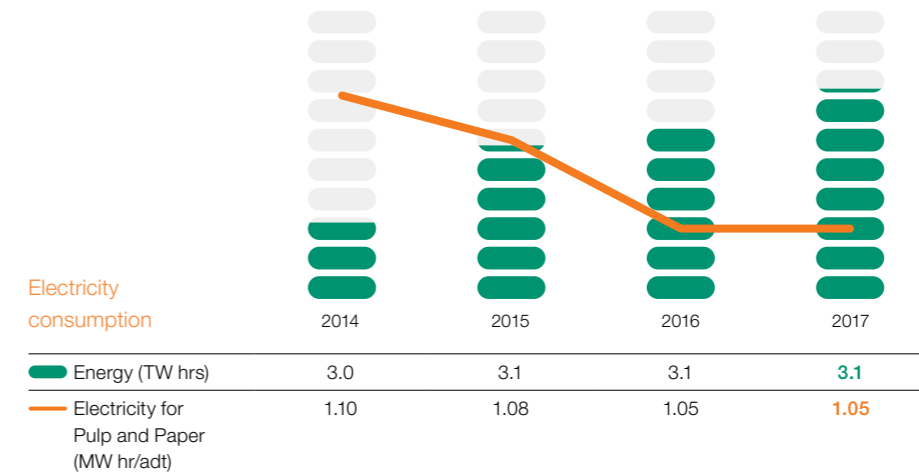


● Black Liquor 59.9%
● Bark 14.2%
● Sludge 0.8%
● Palm Husks 4.5%
● Methanol 0.4%

Electricity consumed by area



● Pulp 54%
● Paper 23%
● Sold 3%



Water

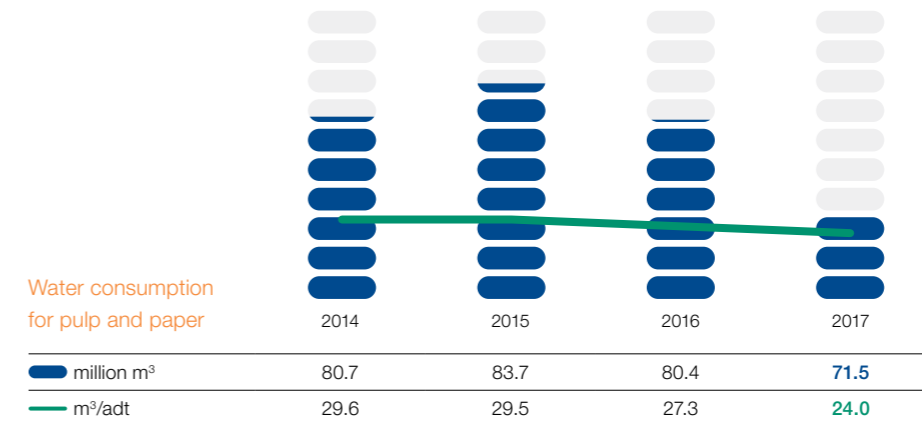
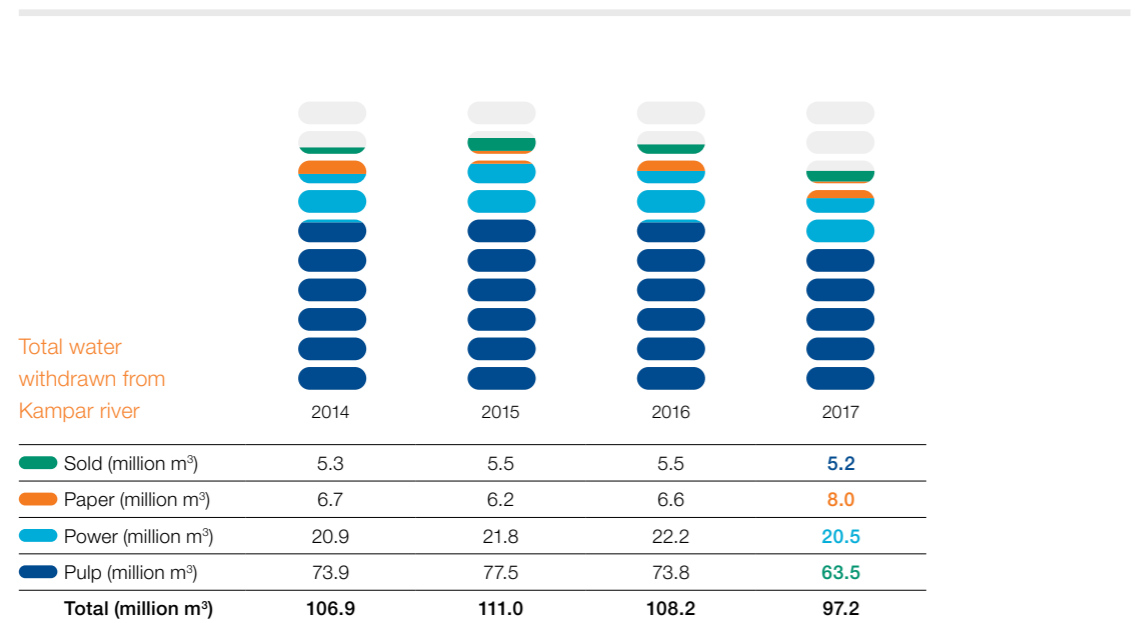
The Kampar River is the primary source of water for APRIL as well as the nearby communities. Water is used in almost every part of the pulp and paper making process as a solvent and in transporting materials such as pulp slurry through the mill and in power generation.

As part of APRIL's efforts to protect and maintain the quality of local waterways, it regularly monitors key indicators such as level of BOD, COD and TSS to ensure compliance with local environmental regulation. Results are reported to the regulator.

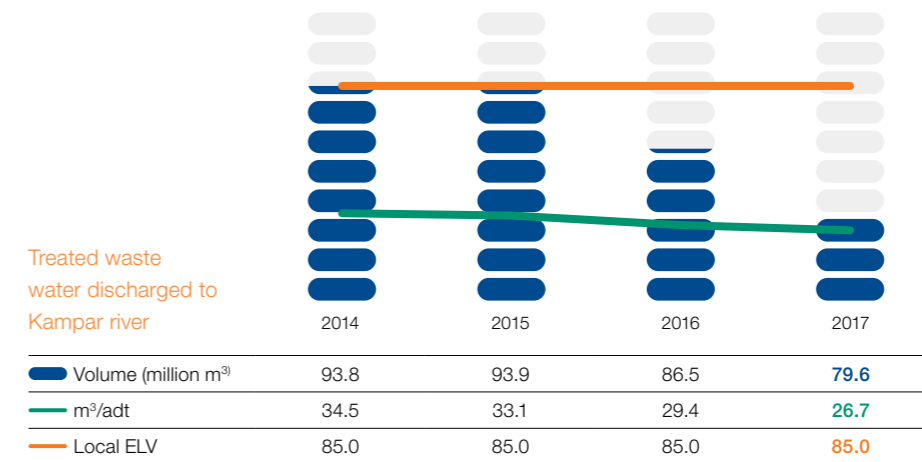
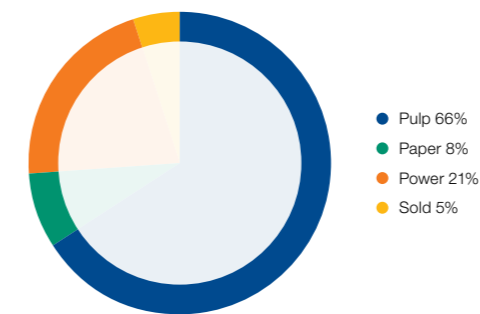
The mill's water treatment facility processes about 265,000 cubic metres of water per day and removes suspended solids and organic contaminants before the treated water is discharged to the river. About 89% of treated water is returned to the nearby Kampar River.

Post-treatment effluent monitoring is carried out by mill technicians and, once a month, by an accredited third-party company.

Water consumption for pulp and paper fell to 24 m³/ADT in 2017, down from 27.3 24 m³/ADT in 2016. The amount of treated waste water discharged to the Kampar river also fell in 2017, down to 26.7 m³/ADT from 29.4 m³/ADT.



Water consumption by area



Emissions

As per its SFMP 2.0 commitment, one of APRIL's long-term goals is to increase mill energy efficiency, use of renewable fuel sources and material use efficiency.

The 2017 performance indicators focus on emissions associated with the Kerinci mill. Research is underway that will allow this data to be supplemented in the future with broader life cycle data that includes land use emissions and sequestration associated with PT. RAPP's plantations.

Greenhouse gas (GHG) emissions from the mill site reduced marginally in 2017, despite increased paper production, as a result of increased use of natural gas and biomass for energy, reduced pulp drying needs, and a reduced reliance on coal.

Greenhouse gas (GHG) emissions for mill operations:

Indicators	2016	2017
Mill tonnes of GHG / tonne of pulp	0.58	0.44 tCO ₂ /ADT Pulp
Mill tonnes of GHG / tonne of paper	0.99	0.72 tCO ₂ /tonne paper
Scope 1 GHG emissions	2,005,826 tCO ₂ e	1,614,853 tCO ₂ e

Reported emissions are based on Scope 1 (fossil fuel) emissions for the mill site and exclude biogenic (CO₂) emissions from the burning of biomass.

Emissions per tonne of paper include the emissions associated with the initial manufacture of pulp that is used as the input to the paper production process.

APRIL follows an established methodology developed by the International Council of Forest and Paper Associations (ICFPA) and the National Council for Air and Stream Improvement (NCASI) to develop its GHG emissions profile and followed the requirements of the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)'s GHG Protocol.

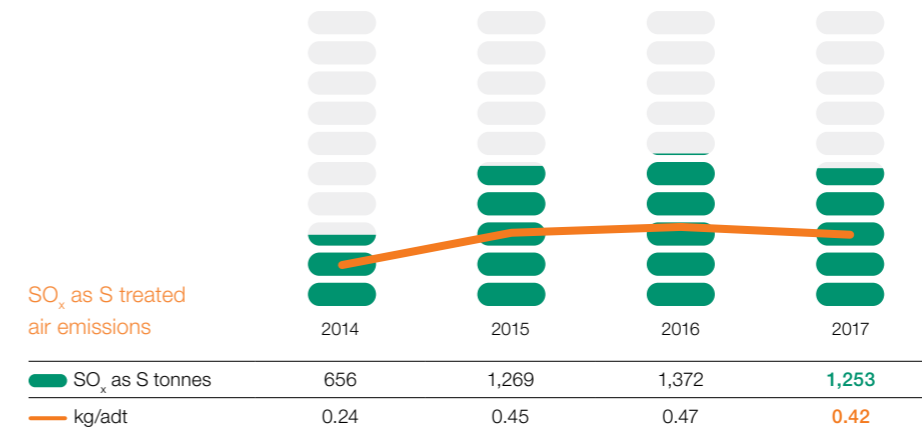
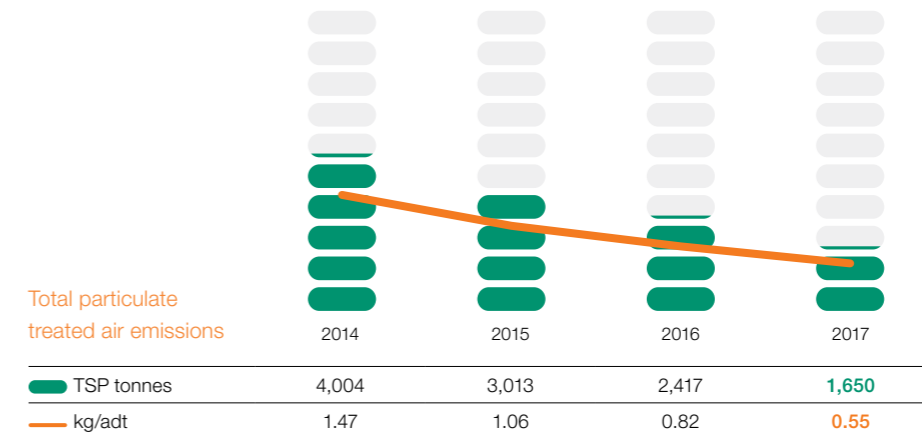
Air Emissions

The main sources of air emissions at mill operations are recovery and power boilers, fiber lines, bleaching plant and lime kilns. Recovery and power boilers are used to generate steam that powers seven steam turbines that generate approximately 535 MW of electricity.

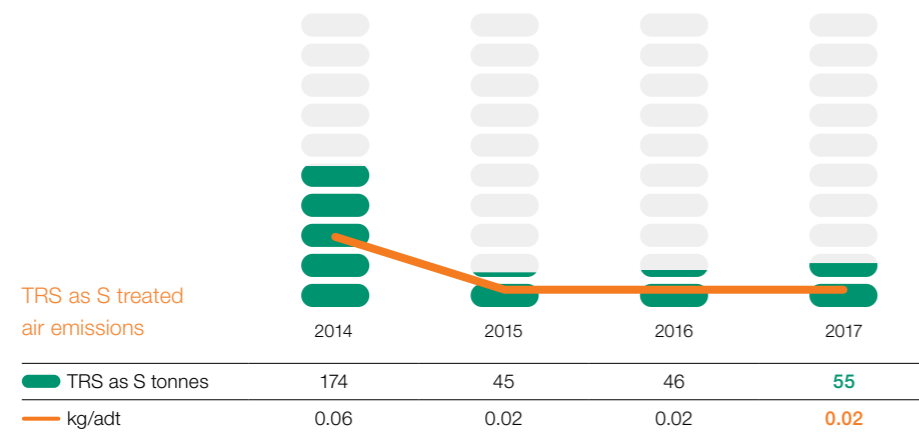
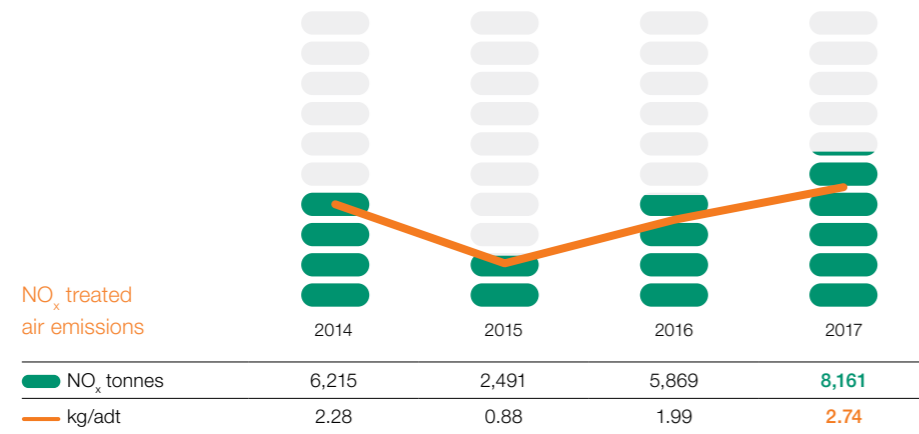
Emission abatement equipment in the form of electrostatic precipitators are fitted in the recovery boiler, power boilers and lime kiln to reduce the particulate loading of air emissions.

The Continuous Emissions Monitoring System (CEMS) equipment installed at main emission sources captures data that are assessed at control rooms in addition to third party monitoring, the results of which are reported to regulators.

In 2017, total particulate treated air emissions fell to 0.55kg/ADT, down from 0.82 kg/ADT. During the same period, Sulphur oxide as Sulphur treated air emissions fell slightly to 0.45kg/ADT, from 0.47kg/ADT the previous year.

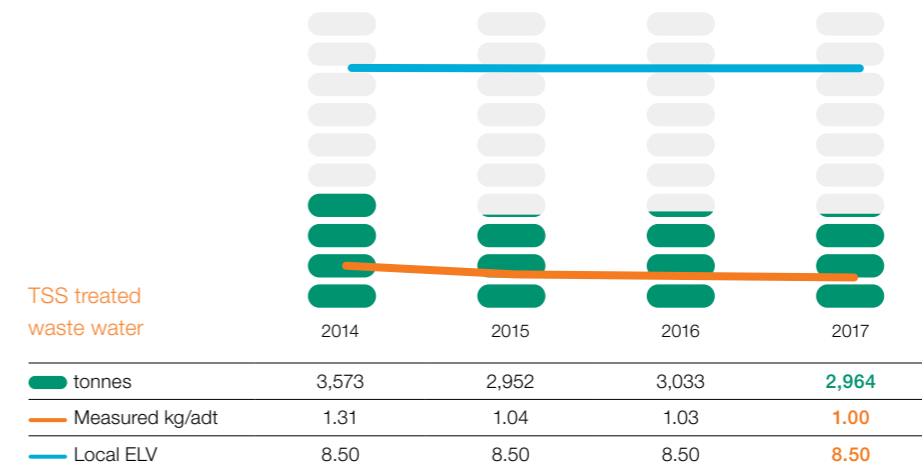


Levels of nitrogen oxide escalated in 2017, due to the increasing temperature needed to burn lime mud that was drier than the previous year. Lime mud is a solid waste product in pulp production.

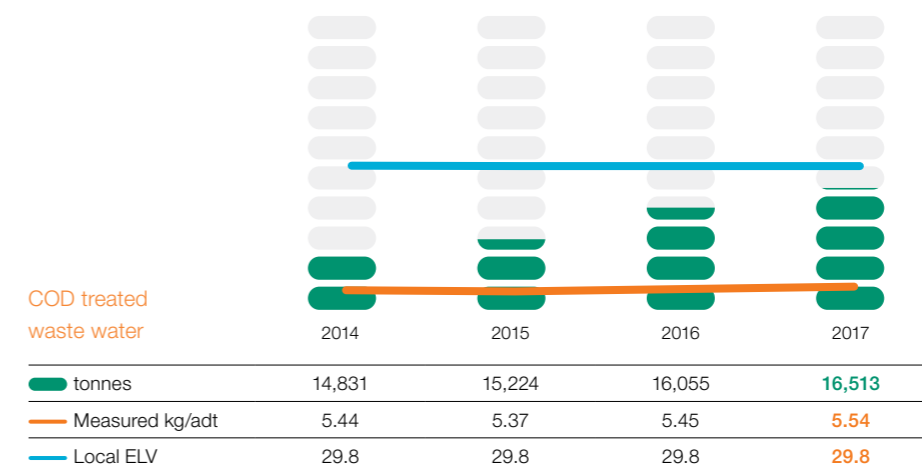


Water Emissions

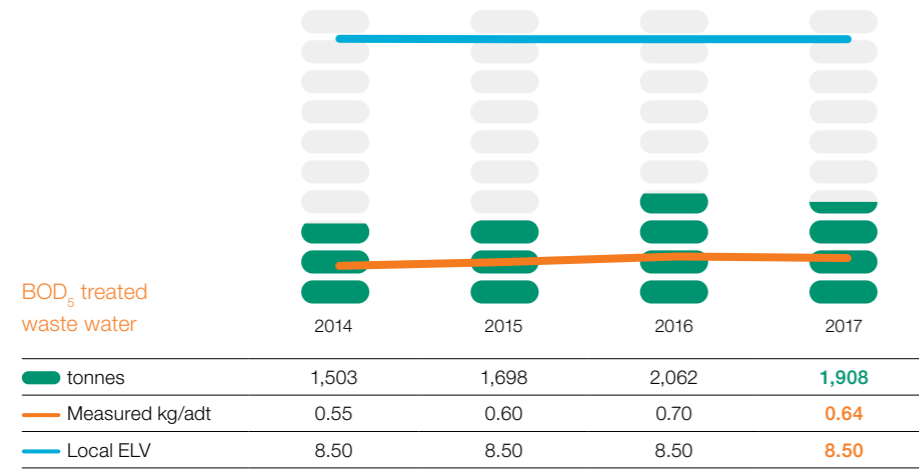
Water discharge – Total Suspended Solids (TSS)



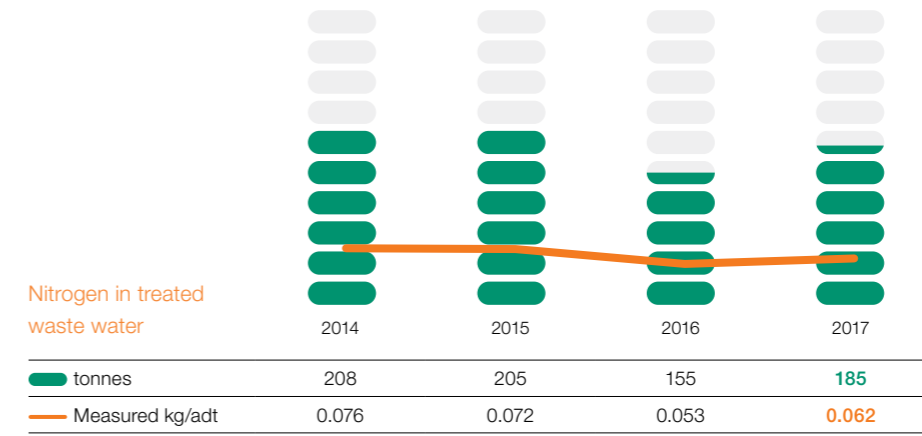
Water discharge – Chemical Oxygen Demand (COD)



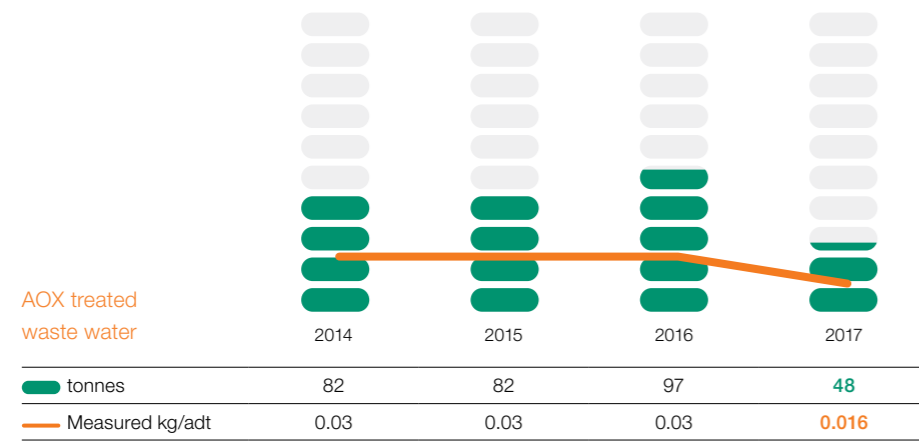
Water discharge – Biological Oxygen Demand (BOD)



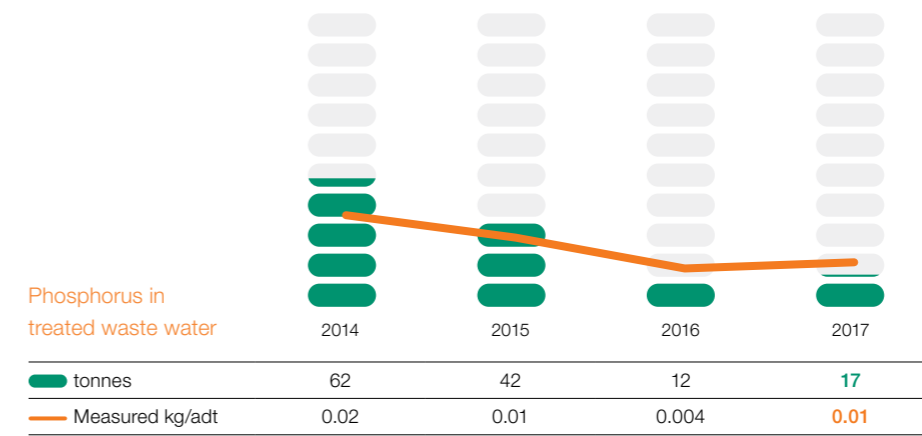
Water discharge – Total Nitrogen



Water discharge – Absorbable Organic Halides (AOX)



Water discharge – Total Phosphorous



•••• Solid waste

Solid waste generated at APRIL's mill is largely a by-product of energy production and the pulp and paper making process. It includes sludge, dregs and grit, lime mud, screen rejects and pin chips (wood).

APRIL reuses most of its solid waste in the recovery and power boilers for energy recovery and material recovery, improving operating efficiency and usage of recycled materials. All nurseries, estates and mills separate their waste for proper handling and disposal.

The mill's landfill is for non-hazardous waste only. A dedicated site for hazardous wastes (B3) such as used oils, air filters and batteries are located at the mill site, managed according to hazardous waste Standard Operating Procedures.

There was an increased disposal of sludge, composed of pulp fibers, pigments and dirt previously burnt in the boilers to generate energy to landfill in 2017.

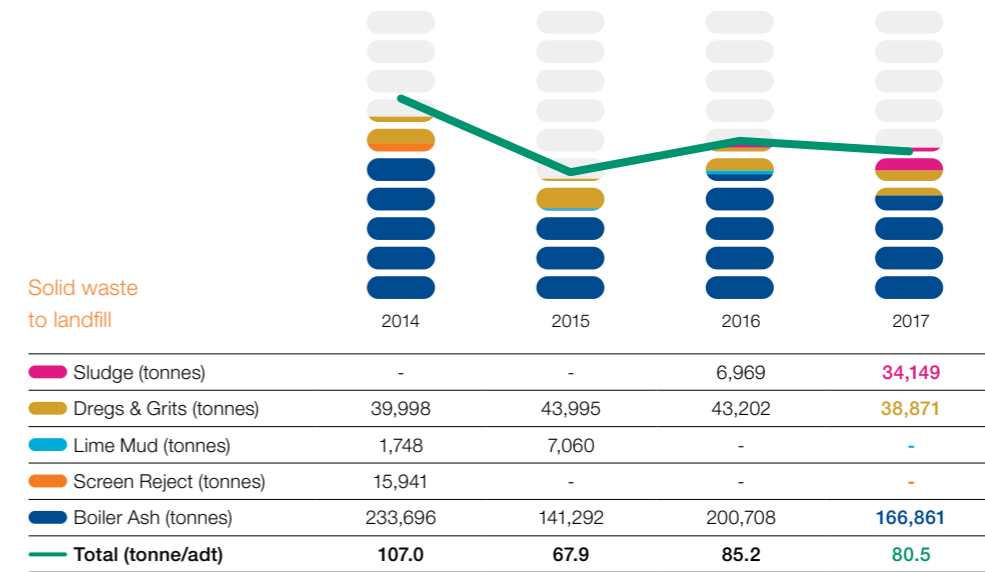
This was highlighted in March 2017 when the Law Enforcement team from the Ministry of Environment and Forestry (MoEF) conducted a routine check on PT. RAPP's waste management and noted that the company utilized sludge as a material for fuel generation. This is done by burning sludge, a waste component, in the power boiler.

The MoEF's team noted in its report that the moisture content of the sludge was more than 15% - exceeding the limit stipulated in MoEF Ministerial Regulation on Utilization of Hazardous Waste No.2/2008, Article 7, paragraph 1b.

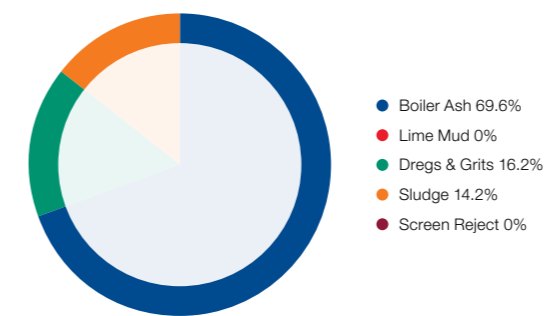
PT. RAPP has explained in previous discussions with the MoEF's Hazardous Waste Monitoring Unit that meeting the 15% moisture content as required in the 2008 Ministerial Regulation is unattainable. The latest power boiler technology adopted by PT. RAPP and benchmarked against global pulp and paper peers, dewateres sludge with moisture content of 35-70%.

Adoption of technology in reusing waste, such as sludge, is permitted in Government Regulation on Utilization of Hazardous Waste No. 101/2014 Article 54, paragraph 2a and 2c by adhering to the applicable environmental quality standard. To burn sludge with more than 15% moisture content requires a separate permit from the MoEF which PT. RAPP is currently processing.

As PT. RAPP is unable to achieve 15% moisture content required in the 2008 regulation and is processing the required permit, its license to reuse sludge by burning in the power boiler was cancelled by the MoEF. As a result, the company no longer reuses sludge for energy generation and disposes it in the landfill site.



Solid waste by type



General GRI

GRI Standards Disclosures	Section and Page	Sustainable Development Goals (SDGs)
GRI 101 Foundation		
GRI 102 General Disclosures		
Organizational Profile		
Disclosure 102-1	Our Company - page 8	
Name of the organization		
Disclosure 102-2	Our Company - page 8	
Activities, brands, products, and services		
Disclosure 102-3	Our Company - page 8	
Location of headquarters		
Disclosure 102-4	Our Company - page 8	
Location of operations		
Disclosure 102-5	Our Company - page 8	
Ownership and legal form		
Disclosure 102-6	2017 Highlights - page 6	
Markets served		
Disclosure 102-7	2017 Highlights - page 6	
Scale of the organization		
Disclosure 102-8	People - page 27-29	8
Information on employees and other workers		
Disclosure 102-9	Implementing our Sustainable Forest Management Policy 2.0 - page 10	
Supply chain		
Disclosure 102-10	Implementing our Sustainable Forest Management Policy 2.0 - page 10	15
Significant changes to the organization and its supply chain		
Disclosure 102-11	Materiality Assessment - page 5	8, 15
Precautionary Principle or approach		
Disclosure 102-12	Our Company - page 8	17
External initiatives		
Disclosure 102-13	Stakeholder Engagement - page 15	17
Membership of associations		
Strategy		
Disclosure 102-14	Message from APRIL President - page 3	
Statement from senior decision-maker		
Ethics & Integrity		
Disclosure 102-16	Our Company - page 8	1, 8, 9, 12, 13, 15
Values, principles, standards, and norms of behavior		
Governance		
Disclosure 102-18	Our Company - page 9	
Governance structure		
Stakeholder Engagement		
Disclosure 102-40	Stakeholder Engagement - page 15	
List of stakeholder groups		
Disclosure 102-41	People - page 27	8
Collective bargaining agreements		
Disclosure 102-42	Stakeholder Engagement - page 16	
Identifying and selecting stakeholders		

GRI Standards Disclosures	Section and Page	Sustainable Development Goals (SDGs)
Disclosure 102-43	Stakeholder Engagement - page 15	
Approach to stakeholder engagement		
Disclosure 102-44	Materiality Assessment - page 5	
Key topics and concerns raised		
Reporting Practice		
Disclosure 102-45	Our Company - page 8-9	
Entities included in the consolidated financial statements		
Disclosure 102-46	Materiality Assessment - page 5	
Defining report content and topic Boundaries		
Disclosure 102-47	Materiality Assessment - page 5	
List of material topics		
Disclosure 102-48	None	
Restatements of information		
Disclosure 102-49	This report includes suppliers' forestry and OHS disclosures.	
Changes in reporting		
Disclosure 102-50	About this Report -page 4	
Reporting period		
Disclosure 102-51	About this Report -page 4	
Date of most recent report		
Disclosure 102-52	About this Report -page 4	
Reporting cycle		
Disclosure 102-53	About this Report -page 4	
Contact point for questions regarding the report		
Disclosure 102-54	About this Report -page 4	
Claims of reporting in accordance with the GRI Standards		
Disclosure 102-55	Reported - page 41	
GRI content index		
Disclosure 102-56	External Assurance Statement - page 48	
External assurance		
Sustainable Forest Management Policy 2.0 (SFMP 2.0) Indicators		
I B) Number of hectares of new development (mineral soil, peatland)	Implementing our Sustainable Forest Management Policy 2.0 - page 10	15
VI A) Number and percentage of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities	Grievance Resolution Procedure - page 16	16
VI B) Hectares of APRIL and supplier concessions currently inactive due to unresolved conflicts	Grievance Resolution Procedure - page 16	16
VII C) Percentage of APRIL, supplier and contractor operations covered by OHS certification	Health and Safety - page 30	8
VIII A) Number of instances of fire on concessions by cause (APRIL or supplier or third party initiated)	Responsible Peatland Management - page 17	13, 15
VIII B) Percentage of fiber covered by legality certification	Sustainable Forest Management -	15

Material topic

GRI Standard	Disclosure	Page	Sustainable Development Goals (SDGs)
Economic			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Supporting local communities - page 23
	103-2	The management approach and its components	Supporting local communities - page 23
	103-3	Evaluation of the management approach	Supporting local communities - page 23
GRI 203 Indirect economic impact	203-1	Infrastructure investments and services supported	Supporting local communities - page 23
	203-2	Significant indirect economic impacts	Supporting local communities - page 23
Anti-corruption			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Our Company - page 7-8
	103-2	The management approach and its components	Our Company - page 7-8
GRI 205 Anti-corruption	203-3	Confirmed incidents of corruption and actions taken	None reported
Materials			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Responsible Manufacturing Operations - page 32-33
	103-2	The management approach and its components	Responsible Manufacturing Operations - page 32-33
	103-3	Evaluation of the management approach	Responsible Manufacturing Operations - page 32-33
GRI 301 Materials	301-1	Materials used by weight or volume	Responsible Manufacturing Operations - page 32-33
	301-2	Recycled input materials used	Responsible Manufacturing Operations - page 34
Energy			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Responsible Manufacturing Operations - page 32-33
	103-2	The management approach and its components	Responsible Manufacturing Operations - page 32-33
	103-3	Evaluation of the management approach	Responsible Manufacturing Operations - page 32-33
GRI 302-1 Energy	302-1	Energy consumption within the organization	Responsible Manufacturing Operations - page 35
	302-4	Reduction of energy consumption	Responsible Manufacturing Operations - page 35
Water			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Responsible Manufacturing Operations - page 32-33
	103-2	The management approach and its components	Responsible Manufacturing Operations - page 32-33
	103-3	Evaluation of the management approach	Responsible Manufacturing Operations - page 32-33

GRI Standard	Disclosure	Page	Sustainable Development Goals (SDGs)
GRI 303 Water	303-1	Water withdrawal by source	Responsible Manufacturing Operations - page 32-33
	303-3	Water recycled and reused	Responsible Manufacturing Operations - page 32-33
Biodiversity			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Implementing our Sustainable Forest Management Policy 2.0 - page 9-10 Restorasi Ekosistem Riau (RER) - page 19-20
	103-2	The management approach and its components	Implementing our Sustainable Forest Management Policy 2.0 - page 9-10 Restorasi Ekosistem Riau (RER) - page 19-20
	103-3	Evaluation of the management approach	Implementing our Sustainable Forest Management Policy 2.0 - page 9-10
GRI 304 Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Implementing our Sustainable Forest Management Policy 2.0 - page 9-10 Restorasi Ekosistem Riau (RER) - page 19-20
	304-3	Habitats protected or restored	Restorasi Ekosistem Riau (RER) - page 19-20
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Restorasi Ekosistem Riau (RER) - page 19-20
Emission			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Responsible Manufacturing Operations - page 32-33
	103-2	The management approach and its components	Responsible Manufacturing Operations - page 32-33
	103-3	Evaluation of the management approach	Responsible Manufacturing Operations - page 32-33
GRI 305 Emission	305-1	Direct (Scope 1) Green house gas (GHG) emissions	Responsible Manufacturing Operations - page 37
	305-2	Energy indirect (Scope 2) GHG emissions	Responsible Manufacturing Operations - page 37
	305-4	GHG emissions intensity	Responsible Manufacturing Operations - page 37
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Responsible Manufacturing Operations - page 37-38

GRI Standard	Disclosure	Page	Sustainable Development Goals (SDGs)
Effluents and waste			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Responsible Manufacturing Operations - page 32-33
	103-2	The management approach and its components	Responsible Manufacturing Operations - page 32-33
	103-3	Evaluation of the management approach	Responsible Manufacturing Operations - page 32-33
GRI 306 Effluents and waste	306-1	Water discharge by quality and destination	Responsible Manufacturing Operations - page 36
	306-2	Waste by type and disposal method	Pulp and Paper Mill - page 33 Materials - page 33 Solid Waste - page 40
Employment			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	People - page 28
	103-2	The management approach and its components	People - page 28
	103-3	Evaluation of the management approach	People - page 28
GRI 401 Employment	401-1	New employee hires and employee turnover	People - page 28
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People - page 28
Occupational health and safety			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Health and Safety - page 30
	103-2	The management approach and its components	Health and Safety - page 30
	103-3	Evaluation of the management approach	Health and Safety - page 30
GRI 403-2 Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and Safety - page 31
Training and education			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	People - page 28
	103-2	The management approach and its components	People - page 28
	103-3	Evaluation of the management approach	People - page 28
GRI 404 Training and education	404-1	Average hours of training per year per employee	People - page 28
	404-3	Percentage of employees receiving regular performance and career development reviews	People - page 28

GRI Standard	Disclosure	Page	Sustainable Development Goals (SDGs)
Rights of indigeneous peoples			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Implementing our Sustainable Forest Management Policy 2.0 - page 10
	103-2	The management approach and its components	Implementing our Sustainable Forest Management Policy 2.0 - page 10
	103-3	Evaluation of the management approach	Grievance Resolution Procedure - page 16
GRI 411 Rights of indigeneous peoples	411-1	Incidents of violations involving rights of indigenous peoples	Grievance Resolution Procedure - page 16
Local communities			
GRI 103 Management Approach	103-1	Explanation of material topic and boundary	Supporting Local Communities - page 23
	103-2	The management approach and its components	Supporting Local Communities - page 23
	103-3	Evaluation of the management approach	Supporting Local Communities - page 23
GRI 413 Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	Supporting Local Communities - page 23

Sustainable Forest Management Policy 2.0 Indicators

The Sustainable Forest Management Policy (SFMP) 2.0 commitments were developed by APRIL with the input of its Stakeholder Advisory Committee (SAC). In 2018, a limited assurance engagement over APRIL Group's implementation of its SFMP 2.0 commitments can be viewed in full here: <https://www.aprildialog.com/wp-content/uploads/2018/08/APRIL-SFMP-2-0-Report-2018.pdf>

SFMP Indicators	Section and page
I Long term sustainability	
a. Tonnes and % of fiber supply by Region (PT. RAPP, suppliers (Concessions, community forests))	Responsible Manufacturing Operations - page 33
b. # of Ha developed by category (Forested, Non-Forested and HCV1/HCS2 and non-HCV/HCS)	Implementing our Sustainable Forest Management Policy 2.0 - page 11
c. # of PT. RAPP and supplier non-compliant new development detected and the % of non-compliances resulting in corrective action (e.g., rehabilitation, implementation of agreed corrective actions, removal of supplier).	Implementing our Sustainable Forest Management Policy 2.0 - page 11
d. # of tonnes mixed hardwood (MHW) deliveries utilized by the Kerinci mill	Responsible Manufacturing Operations - page 33
e. % Change in mill fiber consumption capacity	Responsible Manufacturing Operations - page 33
f. Land or licenses acquired by APRIL after 3 June 2015 and # of hectares of associated development (HCV/HCS and non-HCV/HCS)	Implementing our Sustainable Forest Management Policy 2.0 - page 11
g. Third party mill deliveries (# of tonnes) from post June 3, 2015 clearing of HCV, HCS forests or forested peatlands	Implementing our Sustainable Forest Management Policy 2.0 - page 11
h. Ha of plantation in outgrower programs (Livelihood plantation, Tanaman Kehidupan)	2017 Highlights - page 6 Implementing our Sustainable Forest Management Policy 2.0 - page 13
II Forest Protection and Conservation	
a. Hectares and % of conservation and restoration area impacted by fire or development or encroachment	Implementing our Sustainable Forest Management Policy 2.0 - page 12
b. Ratio of conservation area to total plantation area	2017 Highlights - page 6 Implementing our Sustainable Forest Management Policy 2.0 - page 8, 10, 13
c. # and ha of APRIL and supplier concessions included within landscape level processes	Restorasi Ekosistem Riau - page 19, 20
d. % of ecosystem restoration area with formal plans for protection and/or restoration objectives for rare, threatened and endangered species.	Restorasi Ekosistem Riau - page 19, 20
III Peatland Management	
a. # of Ha of plantation, conservation, and ecosystem restoration on peatland.	Responsible peatland management - page 18
b. # and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule.	Independent Peatland Expert Working Group - page 11
IV Continuous Reduction of Carbon Footprint	
a. Mill tonnes of GHG / tonne of pulp.	Emissions - page 37
b. Mill tonnes of GHG / tonne of paper.	Emissions - page 37
c. % of mill energy needs met by energy source.	Energy - page 36
d. Overall Carbon footprint	Emissions - page 37 Implementing our Sustainable Forest Management Policy 2.0 - page 12

SFMP Indicators	Section and page
V Proactive Support of Local Communities	
a. - Total \$ spent on social infrastructure projects. - KMs of road built. - # of social infrastructure projects completed. - Number of social infrastructure projects for which materials/equipment were provided	Supporting local communities - page 24
b. Contribution to local GDP	Supporting local communities - page 24
c. # of education scholarships provided	Supporting local communities - page 24
d. # of SMEs contracted by APRIL and suppliers	Supporting local communities - page 25
e. # of multistakeholder forums by location	Supporting local communities - page 24
f. # of multistakeholder attendees	Supporting local communities - page 24
g. # of villages in fire free village program	Strategic Fire Management - page 22
h. # of Farmers trained to cultivate farmland	Supporting local communities - page 25
i. # of Farmer groups supported with agricultural materials	Supporting local communities - page 25
VI Respect the Rights of Indigenous Peoples and Communities	
a. # and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities	Respecting the Rights of Indigenous Peoples and Communities - page 16
b. Ha of APRIL and supplier concessions currently inactive due to unresolved land disputes	Implementing our Sustainable Forest Management Policy 2.0 - page 12
c. Established SOP for addressing grievances	Grievance resolution procedure - page 16
d. Existence of publicly available grievance system	Grievance resolution procedure - page 16 http://sustainability.aprilasia.com/category/grievance-mechanism/17
e. % of grievances addressed within 10 days	Grievance resolution procedure - page 16
f. % of grievances resolved in accordance with the grievance SOP	Grievance resolution procedure - page 16
VII Responsible Practices in Our Workplaces	
a. # of fatalities (Mill, PT.RAPP fiber suppliers)	Health and Safety - page 31
b. Grievance resolution mechanism in place for labour concerns raised by APRIL/supplier employees or contractors	People - page 28
c. % of PT. RAPP, supplier and contractor operations covered by OHS certification	Health and Safety - page 31
d. Number of males and females in permanent and part-time positions	People - page 28
VIII Legal Compliance and Certification	
a. # of Instances of fire on concessions by cause (APRIL or supplier initiated or third party initiated)	Strategic Fire Management - page 21
b. % of fiber covered by legality certification	Certification - page 14
c. Number of legal sanctions received and resulting action	Responsible Peatland Management - page 20 Supporting Information - page 47
IX Good Corporate Governance, Verification and Transparency	
a. Total area and HCV/HCS area by concession publicly available	Supply chain compliance - page 13
b. Supplier list publicly available	Supply chain compliance - page 13
c. % of PT. RAPP and supplier concession maps publicly available	Supply chain compliance - page 13
d. Status of SAC Recommendations	Stakeholder Advisory Committee - page 15
e. % of new suppliers for which the supplier due diligence process was completed prior to the first wood delivery.	Supply chain compliance - page 13

SUSTAINABLE DEVELOPMENT GOALS

GOAL 1 End poverty in all its forms everywhere
GOAL 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture
GOAL 6 Ensure availability and sustainable management of water and sanitation for all
GOAL 7 Ensure access to affordable, reliable, sustainable and modern energy for all
GOAL 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
GOAL 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
GOAL 10 Reduce inequality within and among countries
GOAL 12 Ensure sustainable consumption and production patterns
GOAL 13 Take urgent action to combat climate change and its impacts
GOAL 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
GOAL 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
GOAL 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development

Glossary

Acacia crassicarpa and Acacia mangium	Two species of Acacia, characterised by fastgrowing and good pulping qualities. APRIL plants Acacia crassicarpa on peatlands and Acacia mangium on dry, mineral soils.
ADT	Air Dry Tonne, Marketable pulp (air dried) which contains 10% water.
AOX	Adsorbable organically bound halogens (AOX) are a group of chemicals that can be adsorbed from water onto activated carbon. AOX expresses the total concentration of chlorine bound to organic compounds in wastewater. It measures all chlorine compounds both harmful and harmless.
Biodiversity	Total diversity or variation of life within a given ecosystem.
Biofuel	Biofuel is based on raw material derived from living organisms and therefore is classified as a renewable source.
BOD	Biological oxygen demand. A measure of the amount of oxygen that bacteria will consume while decomposing biologically available organic matter. BOD is a measure of the degree of organic pollution in water. Also see "COD".
Carbon footprint	A measure of the total amount of carbon dioxide (CO ₂), nitrous oxide (N ₂ O) and methane (CH ₄) emissions of a defined population, system or activity, considering all relevant sources, sinks and storage within the spatial and temporal boundary of the population, system or activity of interest. Calculated as carbon dioxide equivalent (CO ₂ e) using the relevant 100-year global warming potential (GWP100).
COD	Chemical oxygen demand. COD does not differentiate between biologically available and inert organic matter, and therefore a measure of the total quantity of oxygen required to oxidize all organic matter into carbon dioxide and water.
CoC	Chain of Custody, involves monitoring, tracing and documenting the flow of fiber from the plantation to the mill.
Concession	General term for licenses where plantation forests are established for the production of pulp and paper products.
ELV	Emission Limit Values - relating to national regulations concerning environmental discharges from a pulp and paper factory.
Eucalyptus	A large family of trees, common in Australia. Certain species, like the Eucalyptus pellita, are native to Indonesia. APRIL Indonesia is currently expanding its use of Eucalyptus on dry, mineral soils.
FLEG	Fungsi Lindung Ekosistem Gambut or protected peatland ecosystem.
FLEGT	Forest Law Enforcement, Governance and Trade is the European Unions effort to exclude illegal timber from markets, to improve the supply of legal timber and increase the demand for responsible wood products.
Fiber	Fiber from plantation forests.
FPIC	Free, prior, informed consent, a form of bottom-up participation and consultation with local/ indigenous communities prior to the beginning of development at a particular area.

FFVP	Fire Free Village Programme
FFA	Fire Free Alliance
Grievance mechanism	Grievance mechanism introduced in August 2016 that applies to the settlement or resolution of grievances relating to the implementation of SFMP 2.0 within APRIL and suppliers' operations, recognizing the principle of Free, Prior, Informed Consent (FPIC) as a starting point.
GJ	Gigajoule, a unit of energy equal to one billion joules.
GHG	Greenhouse gas. Gases such as carbon dioxide, nitrous oxide and methane that absorb and re-emit thermal radiation (heat).
GRI	Global Reporting Initiative
Hectare (Ha)	Metric unit of area that is equivalent to 10,000 square metres or 2.417 acres.
HCS	High Carbon Stock assessment
HCV / HCVF	High Conservation Value Forest assessment that comprises six HCV values: HCV 1 Species diversity, HCV 2 Landscape-level ecosystems and mosaics, HCV 3 Ecosystems and habitats, HCV 4 Ecosystem services, HCV 5 Community needs, HCV 6 Cultural values.
ISO	The International Organisation for Standardisation is a worldwide federation of national standards bodies, representing more than 140 countries. ISO is a non-governmental organisation established in 1947, to promote the development of standardisation and related activities globally.
IUCN	The International Union for Conservation of Nature is the world's oldest and largest global environmental network—a democratic membership union with more than 1,000 government and NGO member organisations, and almost 11,000 volunteer scientists in more than 160 countries. The organisation helps the world find pragmatic solutions to the most pressing environment and development challenges. It supports scientific research, manages field projects all over the world and brings governments, non-government organisations, United Nations agencies, companies and local communities together to develop and implement policy, laws and best practice.
IFCC	Indonesian Forestry Certification Cooperation is the national PEFC-endorsed forest certification system in Indonesia.
IFS	Integrated Farming System: Initiated in 1999, this initiative is to enable farmers achieve greater diversification, efficiencies and yields. The main activities of the programme include training and, providing ongoing technical and agricultural support to farmers.
Kerinci	Location in Riau Province, Sumatra, Indonesia. Home to APRIL's Indonesia operations.

Kraft	Kraft process (also known as sulphate pulping process). This process is versatile, allowing most types of wood to be used as raw material. Unbleached kraft pulp is brown in colour, and its uses include brown sack paper and bags. For use as printing or writing papers, it needs to be bleached.
Kampar Peninsula	The Kampar Peninsula is situated in the province of Riau, on the east coast of central Sumatra in Indonesia. It is delimited by sea in the north and east, by Kampar River in the south and the Kutup River in the west.
Land dispute	Land in Indonesia is predominantly state-owned. The right to use the land is given to certain companies and individuals under licensed concessions for which fees or royalties are payable. A major exemption to this is traditional village land, usually small plots on which villagers grow subsistence and cash crops. Disputes may arise through overlapping claims to the same land, or through lack of provable land titles (i.e. encroachment) and questionable recognition of traditional rights.
LTIFR	Lost Time Injury Frequency Rates
Multi stakeholder forum	Multi stakeholder forum or rembuk desa is a consultation forums between community and APRIL representatives to discuss the type of in-kind social infrastructure assistance needed at a particular area.
New development	New development is the clearing of previously uncleared land for planting or building of infrastructure.
NOx	Nitrogen oxides such as nitric oxide and nitrogen dioxide, (NO and NO ₂).
Occupational Health and Safety certification	Defined as SMK3 certification as required by Indonesian law or an equivalent certification for those suppliers operating outside Indonesia.
PIMS	Plantation Information Management System is a software utilized by APRIL, using Geographic Information Systems software linked to databases on plantation stock, inventory, operational status, work-orders and costs.
Pulp	Cellulose fibers used in the production of paper, tissue and board. Can be derived from hard-woods, softwoods and plant fibers.
Petajoule	A unit of energy equal to 10 ¹⁵ joules.
Peatland	Areas of land with naturally formed layers of peat. Peat is dead organic (vegetative) material that has accumulated over thousands of years due to a combination of permanent water saturation, low oxygen levels and high acidity. Peat consists of 90% water and 10% plant material. Peatlands vary widely because of regional and local differences in soils, topography, climate, hydrology, water chemistry, vegetation, and other factors, including human disturbance.

RKU	Rencana Kerja Usaha or General Working Plan, is a 10-year workplan document that includes information on working location, spatial planning and area management, production sustainability, environmental protection and social condition. This document is submitted by concession license holders to the Ministry of Environment and Forestry.
RKT	Rencana Kerja Tahunan or Annual Work Plan, is a document that details the activities as stated in the RKU document.
Riparian	Relating to the immediate surrounding area of a natural watercourse. This includes vegetation as well as the soil.
Road built	Road built by APRIL or supply partner for community's use.
SDGs	The United Nations Sustainable Development Goals are a universal set of goals, targets and indicators that UN member states are expected to use to frame their agenda over the next 15 years to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.
SOx	Sulphur oxides such as sulphur monoxide, sulphur dioxide and sulphur trioxide (SO, SO ₂ , SO ₃).
SFMP 2.0	Sustainable Forest Management Policy 2.0
Social infrastructure projects:	Social infrastructure projects: The building of schools, community halls, roads, bridges, education and health support, religious and sports facilities.
• Completed	Completed: Social infrastructure projects completed within the reporting period.
• Materials provided	Materials provided: Provision of materials for social infrastructure projects.
SMEs	Small and Medium Enterprises; companies or individuals with business revenue of less than IDR 500 million per month with formal, clearly defined agreement to supply goods and/or services to APRIL
SMK3	Sistim Manajemen Keselamatan dan Kesehatan Kerja or Health and Safety management system as set out in Indonesia's Ministry of Manpower Regulation 50/2012.
TRIR	Total Recordable Incident Rate
TSS	Total Suspended Solids, measure of the level of solids in waste water to determine quality.
TRS	Total Reduced Sulphur are compounds released from both natural and industrial sources that produce offensive odors, but not normally considered a health hazard.
UNGC	United Nations Global Compact, one of the largest voluntary corporate citizenship initiatives, consists of 10 principles covering human rights, fair labour, environmental protection and anti-corruption. Established in July 2000, it seeks to promote responsible corporate citizenship by providing a framework for businesses to follow in response to the challenges of globalisation.

Supporting Information

During this period four legal sanctions related to PT RAPP and its supply partners' forestry operations were also delivered and subsequently observed. Below discloses further details and operational status.

Date Issued	Government Agency	Entity	Issue	Operational Status
Nov 2016	MoEF	PT. RAPP	No. SK. 6109 / Menlhk-PHLHK / PPSA /GKM.0 / 11/2016 (PPD) - temporarily stop operational activity	Remedial work completed. No operation until sanction is lifted.
Mar 2017	MoEF	PT. RAPP	No. SK. 1004 / Menlhk-PHLHK / PPSA / GKM.0 /3/2017 (Dayun, Block G) – Removal of planted trees	Remedial work completed.
Oct 2017	MoEF	PT. RAPP	No. SK. 5305 / Menlhk-PHLHK / PPSA / GKM.0 /10/2017 (Pelalawan) - temporarily stop operational activity	Remedial work completed.
Dec 2017	MoEF	PT. SRL	No. SK. 6908 / Menlhk-PHLHK / PPSA / GKM.0 / 12/2017 (Block IV) - temporarily stop operational activity	New RKU approved on 2 February 2018.


Assurance Statement

Independent Limited Assurance Report

To the management of APRIL Group:

We have been engaged by the management of APRIL Group ('APRIL') to undertake a limited assurance engagement in respect of the period from January 1, 2017 to December 31, 2017, on certain performance information disclosed in the Sustainability Report (the 'Report') as described in Appendix A.

Selected Indicators and Applicable Criteria

The scope for which limited assurance is to be expressed, as agreed with management, includes the performance information (the 'Selected Indicators') as described in Appendix A and denoted by the symbol  within the Report.

The Selected Indicators have been determined by management on the basis of APRIL's assessment of the material issues contributing to APRIL's sustainability performance and most relevant to their stakeholders.

There are no mandatory requirements for the preparation, publication or review of sustainability performance metrics. As such, APRIL applies the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, Revised Edition (the 'GHG Protocol') and its own internal reporting guidelines and definitions for sustainability reporting which can be found in the Glossary section of their Sustainability Report.

Management's responsibilities

Management is responsible for the preparation and presentation of the Selected Indicators in accordance with the GHG Protocol and APRIL's internal reporting guidelines and definitions for sustainability reporting current as at the date of our report. Management is also responsible for determining APRIL's objectives in respect of sustainability performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility

Our responsibility in relation to the Selected Indicators is to perform a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements ('ISAE') 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. ISAE 3000 and ISAE 3410 require that we plan and perform our procedures to obtain limited assurance about whether the Selected Indicators are presented fairly, in accordance with the applicable criteria, in all material respects. The firm applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our conclusion does not cover any periods prior to the year ended December 31, 2017.

Assurance approach

We planned and performed our work to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of performance information for the Selected Indicators, and applying analytical and other evidence gathering procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of APRIL's processes for determining the material issues for APRIL's key stakeholder groups;

- Inquiries with relevant staff at the corporate and concession level as well as fiber suppliers to understand the data collection and reporting processes for the Selected Indicators,
- Where relevant, performing walkthroughs to evaluate the design of internal controls relating to data collection and reporting of the Selected Indicators;
- Comparing the reported data for the Selected Indicators to underlying data sources on a sample basis, including comparison of site conditions at the concession level to reported data for a sub-sample of the data;
- Performing site visits to a sample of forestry operations, including APRIL's own concessions and those of its suppliers;
- Completing a mill site visit to assess the completeness of greenhouse gas emission sources, sinks and reservoirs;
- Inquiries regarding key assumptions and the re-performance of calculations on a sample basis; and,
- Reviewing the performance information for the Selected Indicators presented in the Report to determine whether it is consistent with our overall knowledge of, and experience with, the sustainability performance of APRIL.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is obtained.

Our assurance report is provided solely to APRIL in accordance with the terms of our engagement. Our work has been undertaken so that we might report to APRIL on those matters we have been engaged to report upon in this assurance report, and for no other purpose. We do not accept or assume responsibility to anyone other than APRIL for our work, for this assurance report, or for the conclusion we have reached.

The engagement was conducted by a multidisciplinary team which included professionals with suitable skills and experience in both assurance and in the applicable subject matter including environmental, social, and governance aspects.

Our conclusion

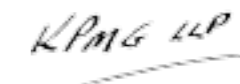
Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that for the period from January 1, 2017 to December 31, 2017, the performance information for the Selected Indicators, as described in Appendix A and disclosed in the Sustainability Report, have not been prepared and presented, in all material respects, in accordance with the GHG Protocol and APRIL Group's internal reporting guidelines and definitions for sustainability reporting, current as at the date of our report.

Emphasis of matter

Without qualifying our conclusion above, we draw attention to the following:

As noted on page 24 of APRIL's Sustainability Report, ongoing improvements in APRIL's data related to historic encroachment activities and land claims is leading to significantly improved data on both the total area subject to claim as well as the amount of conservation area subject to claim or encroachment. As this process remains in progress, we were unable to provide assurance over data related to areas under claim or encroachment and conservation area impacted by claims and encroachment in the following indicators:

- Hectares and % of conservation and restoration area impacted by fire, development or encroachment
- Ratio of conservation area to total plantation area
- Hectares of plantation, conservation, and ecosystem restoration on peatland
- Hectares of APRIL and supplier concessions currently inactive due to unresolved land disputes



Chartered Professional Accountants,
Licensed Public Accountants

November 2, 2018
Vancouver, Canada

Appendix A

Performance Indicators For Assurance	
<p>Long Term Sustainability</p> <ul style="list-style-type: none"> • Tonnes of fibre supply by region (# and %) • Hectares developed by category (Forested, Non-Forested, HCV/HCS and non-HCV/HCS) (#) • Number of new non-compliant new development detected and % of non-compliances resulting in corrective action (#) • Tonnes of mixed hardwood deliveries utilized by the Kerinci mill (#) • Change in mill fibre consumption capacity (%) • Number of land licenses acquired after June 3 2015 and hectares of associated development (#) • Third party mill deliveries post June 3 2015 clearing of HCV, HCS or forested peatlands (# of tonnes) • Hectares of plantation in outgrower programs (#) 	<p>Forest Protection and Conservation</p> <ul style="list-style-type: none"> • Number and Hectares of concessions included within landscape level processes (#) • Ecosystem restoration area with formal plans for protection and/or restoration objectives for rare, threatened and endangered species (%)
<p>Peatland Management</p> <ul style="list-style-type: none"> • Number and % of Independent Peatland Expert Working Group (IPEWG) recommendations implemented on schedule 	<p>Carbon Footprint</p> <ul style="list-style-type: none"> • Mill tonnes of GHG / tonne of pulp • Mill tonnes of GHG / tonne of paper • Percentage of mill energy needs met by energy source • Overall carbon footprint (Scope 1 tCO2e)
<p>Community Development</p> <ul style="list-style-type: none"> • Total dollars spent on social infrastructure projects (USD) • Kilometers of road build for public use (KM) • Number of social infrastructure projects completed (#) • Number of social infrastructure projects for which materials were provided (#) • Contribution to local GDP • Number of education scholarships provided (#) • Number of multi stakeholder forums (#) • Number of stakeholder attendees (#) • Number of villages in fire free village program • Farmers trained to cultivate farmland (#) • Farmer groups supported with agricultural materials (#) • Number of small and medium enterprises contracted by APRIL and suppliers (#) 	<p>Respect the Rights of Indigenous Peoples and Communities</p> <ul style="list-style-type: none"> • Number and % of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities • Established SOP for addressing grievances • Existence of publicly available grievance system • % of grievances addressed within 10 days • % of grievances resolved in accordance with the grievance SOP
<p>Responsible Practices in Our Work Places</p> <ul style="list-style-type: none"> • Fatalities (#) • Grievance resolution mechanism in place for labour concerns raised • Percentage of operations covered by OHS certification (#) • Number of males and females in permanent and part-time positions (#) 	<p>Legal Compliance and Certifications</p> <ul style="list-style-type: none"> • Instances of fire on concessions by cause (#) • Percentage of fiber covered by legality certification (%) • Number of legal sanctions received and resulting actions (#)
<p>Good Corporate Governance, Verification & Transparency</p> <ul style="list-style-type: none"> • Total area and HCV/HCS area by concession publicly available • Supplier list publicly available • Percentage of concession maps publicly available • Status of SAC recommendations • Percentage of new suppliers for which supplier due diligence process was completed prior to the first wood delivery 	

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