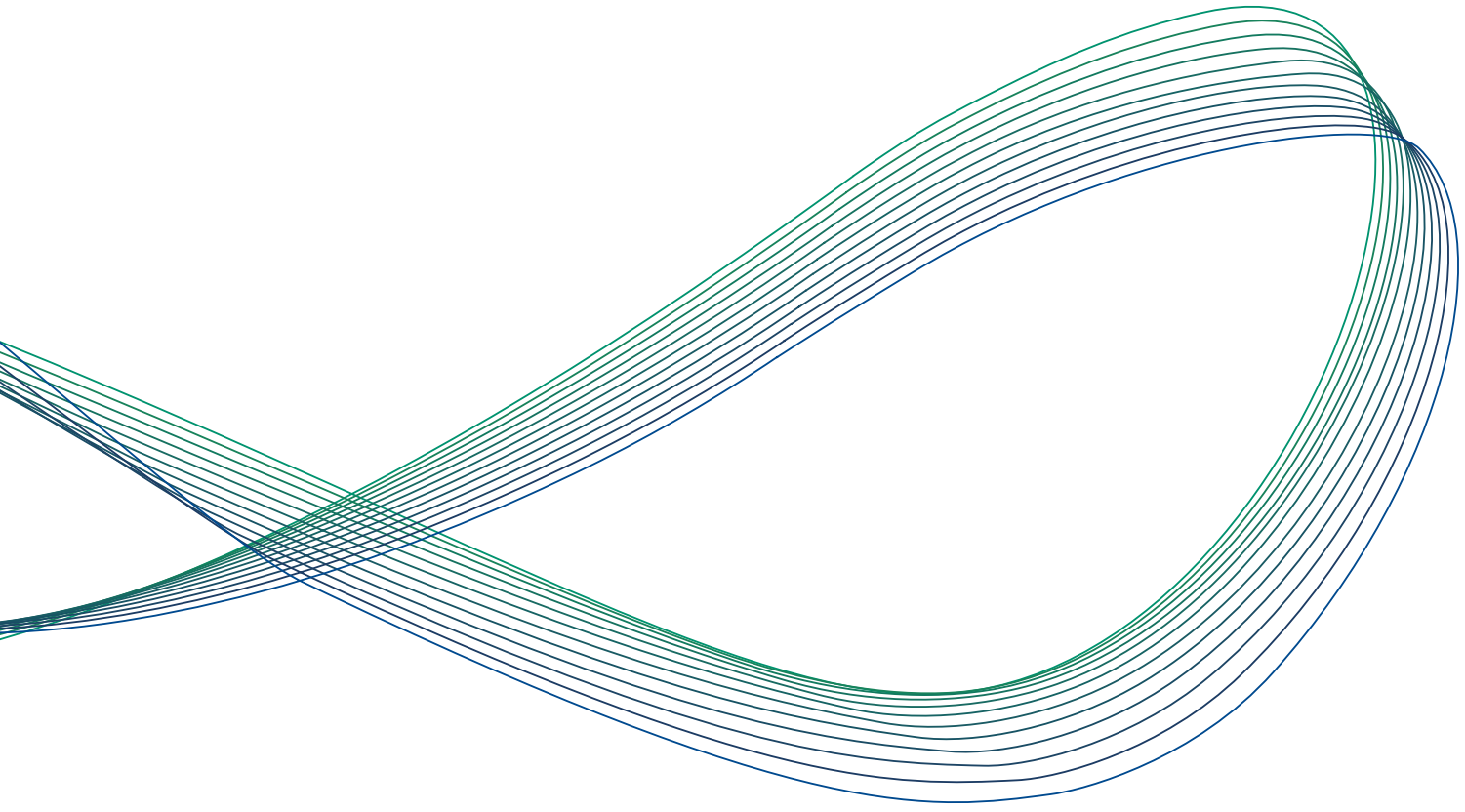
Improving Lives

Sustainability Report 2015-2016



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President's letter to stakeholders

Praveen Singhavi

As President of APRIL, one of the world's largest pulp and paper companies, ensuring we operate responsibly and deliver on our sustainability commitments sits squarely on my desk.

Executing these responsibilities requires and gets the full endorsement of our shareholders, and is brought to life by a dedicated team of employees and partners, from the corporate office to the forest and local communities where we operate.

In this report, we set out our core purpose: to improve people's lives through sustainable management of natural resources. That includes caring for the people who depend on us and for the natural resources on which we depend to be a viable business. For APRIL, this means being commercially successful and being sustainable go hand-in-hand. In fact, we can't achieve one without the other.

As we grow our business, we must do so within the capacity of the landscape we manage. We must do so by ensuring the environment is protected at the same time as we positively contribute to the economic and social needs of communities and the country. It is not an easy balance to achieve.

Ensuring actions on the ground match our words takes enormous effort, time and resources. The scale of our operations and the complexity of the landscape where we produce and protect mean there are always challenges involved at the same time as progress is made.

Our yardstick for success and our drivers for acting go beyond just satisfying our many stakeholders. We must constantly ask ourselves, are we really making a difference where it counts? Are we truly delivering on our protection and production approach to landscape management? And are we a force for the improvement of people's lives and livelihoods at a local community level?

> We must constantly ask ourselves, are we really making a difference where it counts?

Delivering the right answers to these questions guides our approach. Finding and executing on those answers requires engagement with a broad range of stakeholders. We welcome feedback, suggestions and constructive criticism, but we also believe direct engagement through collaboration is the most productive way to learn and evolve.

Boots on the ground, site visits and face-to-face interaction with local communities provide a far more realistic view of the landscape we operate in than a distant or desktop discussion. Through this report, I would encourage our stakeholders to come and see first-hand the landscape we operate in and the progress we are making on the ground, in addition to reading the pages ahead.

During the period under review, we delivered important progress, including a commitment at COP 21 in Paris of US$100 million to be spent on landscape management, conservation and restoration over multiple years.

In June 2015 we launched our Sustainable Forest Management Policy (SFMP) 2.0. The Policy governs how we manage our natural resources for optimal social, environmental and economic outcomes and is an updated version of our original 2014 SFMP. It includes the elimination of deforestation from our supply chain and only developing areas that are not forested, as identified through independent peer-reviewed HCV and High Carbon Stock (HCS) assessments.

Our sustainability activities under our SFMP 2.0 are overseen by the Stakeholder Advisory Committee (SAC). Its members include independent forestry and social experts. The Committee selects an independent verification auditor and monitors APRIL Group's progress towards meeting its policy goals. As 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 the company's blog site APRIL Dialog.

During the period under review in this report, the SAC made 98 recommendations to APRIL, of which 59 have been implemented, 30 are in progress, three are in development and six of which are subject to further guidance to be provided by the SAC to the company. 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 our SFMP 2.0, we are working towards an effective landscape approach and tightened commitments for forest protection, conservation and peatland management. We optimise the operations of production forests, renew and restore previously degraded forests and protect High Conservation (HCV) areas within our concessions.

Responsible peatland management is another of our key commitments guided by the Independent Peat Expert Working Group (IPEWG), established in January 2016, and comprising some of the world's leading scientists in this field.

> Our SFMP 2.0 governs how we manage our natural resources for optimal social, environmental and economic outcomes and is an updated version of our original 2014 SFMP.

Our flagship restoration initiative, Restorasi Ekosistem Riau (RER), is a public-private partnership initiated by APRIL and implemented with key NGO and expert partners, namely local social NGO Bidara, Fauna and Flora International (FFI) and The Nature Conservancy (TNC). Together we are working to restore more than 150,000 hectares of ecologically important peat forest in Indonesia's Kampar Peninsula.

Fire in Indonesia continues to be a major national and international concern. One of our most ambitious and successful community initiatives to target the root causes of fires is the Fire Free Village Programme (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 the Indonesian government.

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 organizations with an interest in preventing forest and land fires to create a fire and haze free environment in Indonesia.

Our community engagement and development efforts were also enhanced during the period under review with ongoing programmes for livelihood creation, local economic development and enhanced infrastructure, education and healthcare for local communities.

We remain committed to the International Labour Organisations (ILO) labour principles, Universal Declaration of Human Rights, United Nations Global Compact (UNGC) principles and to the achievement of the Sustainable Development Goals (SDGs).

Our Founder Sukanto Tanoto believes that good business is that which is good for the **Community, Country, Climate, Customer and Company**. These 'five C's' continue to underpin our value creation strategy.

I am pleased to report that during the period under review we have made good progress on a number of important fronts. I also recognise that much work remains to be done.

APRIL will continue to challenge itself, and be challenged by others, by asking whether the company, its people and its practices are delivering on our 'five C's' and making a positive difference.

Praveen Singhavi
APRIL President

Highlights

Jan 2015 → Dec 2016

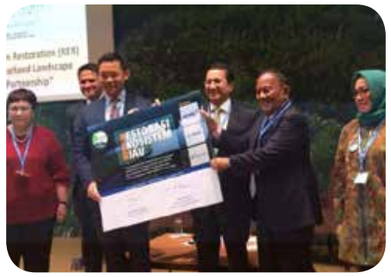
June 2015

Sustainable Forest Management Policy (SFMP 2.0) is launched in June 2015.

APRIL was the first forestry company in Indonesia to receive the Programme for the Endorsement of Forest Certification (PEFC) Sustainable Forest Management certification.

July 2015

The Fire Free Village Programme was launched, a multi-stakeholder, community-based fire prevention initiative to achieve a fire free landscape.



December 2015

The expansion of Restorasi Ekosistem Riau (RER) program was announced at COP 21 in Paris; from 40,000 to 150,000 hectares with USD 100 million committed.

January 2016

APRIL initiated the Fire Free Alliance (FFA), scaling up the Fire Free Village Programme to other companies and landscapes.

The Independent Peat Expert Working Group (IPEWG) was established to help APRIL fulfil the commitments in the Sustainable Forest Management Policy (SFMP 2.0) in relation to operations on peatland.

Independent Peatland Expert Working Group
IPEWG

May 2016

APRIL established a network of monitoring towers to measure GHG flux across production and conservation landscapes.

December 2016

APRIL's conservation and restoration area is 419,159 hectares, meeting 83% of APRIL's aim to conserve one hectare for every hectare planted.

About the Report

The report structure refers to the Global Reporting Initiative standard for sustainability reporting, known as the GRI Standard, of the Core framework. The full list of the GRI referenced disclosures used in the report is available at the GRI Content Index section.

In addition, relevant forestry and social indicators from APRIL's Sustainable Forest Management Policy (SFMP 2.0) are also included. Reporting for the January 2015 – December 2016 period, this report focuses on the progress and challenges in implementing the economic, environmental and social responsibilities of APRIL Group and fibre supply partners' operations in Indonesia where manufacturing, industrial forest plantations, conservation and restoration areas are located.

Supply partners are fibre suppliers who are long-term partners of APRIL and contribute to the One for One commitment, while open-market suppliers are fibre suppliers that do not contribute to the One for One commitment and are fibre suppliers contracted for open-market log purchases.

APRIL's last sustainability report covers January 2013 – December 2014.

The assurance statement covering this report is presented on page: 89

Please contact
sustainability@aprilasia.com
for questions regarding this report.

This report covers APRIL Group and, where data is available, fibre supply partners' operations in Indonesia, where manufacturing, industrial forest plantations, conservation and restoration areas are located.

Material Aspects and Boundary

The four GRI reporting principles for defining the materiality of the content of a report - Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness - determine the content of this Sustainability Report.

Following our interactions with various stakeholders, most notably in the Stakeholder Advisory Committee (SAC) and the Independent Peat Expert Working Group (IPEWG), below are the key topics and concerns raised as well as the outline of APRIL's response. We aim to address these issues throughout the report.

One of the most important topics for APRIL's stakeholders is fibre suppliers' traceability, and compliance with the Sustainable Forest Management Policy 2.0 (SFMP 2.0). We will continue to ensure that suppliers are engaged and implement the SFMP 2.0. Therefore, our approach with suppliers is included in this report.

Key topics and concerns raised in stakeholder engagements and APRIL's response are as follows:

Material issues to stakeholders	APRIL's Response
Forest management	
• Forest plantation on peatland • Supply chain traceability and compliance with the Sustainable Forest Management Policy (SFMP)	• Legal compliance • One for One goal of conserving one hectare for every hectare planted. • High Conservation Value set-aside • Restorasi Ekosistem Riau (RER) progam • Implementation of SFMP with independent assessment. • Policy for Association for all wood fibre suppliers • Standard Operating Procedures for supplier selection and compliance monitoring
• Land and forest fire	• Fire prevention: Fire Free Village Program (FFVP) • Founding member of Fire Free Alliance (FFA) • Fire detection and suppression capability
Social issues	
• Economic • Land	• Community development program • Entrepreneurship program • Established grievance mechanism • Integrated Farming System (IFS) • Support Indonesian government's OneMap policy • Legal compliance • Application of Free, Prior, Informed Consent (FPIC)

Stakeholder Engagement

GRI 102-13, 102-40, 102-42, 102-43

We are held accountable by our key stakeholders who challenge us every day to do better.

Regardless of the Sustainability Report preparation process, APRIL regularly interacts with a wide range of national and international stakeholders that have significant impact or are impacted by the company's activities.

In January 2014, the Stakeholder Advisory Committee (SAC) of independent forestry and social experts began its work in overseeing the implementation of APRIL Group's Sustainable Forest Management Policy. The Committee meets three to four times a year, selects an independent verification auditor, and monitors APRIL Group's progress towards meeting its Policy goals.

As mandated by APRIL's SFMP 2.0, in 2015 the Independent Peat Expert Working Group (IPEWG) commenced work in advising the company on responsible peatland management in production and conservation areas.

The Minutes of Meeting of the Stakeholder Advisory Committee (SAC), the Independent Peat Expert Working Group (IPEWG) and stakeholder forums held in Jakarta and Riau are available in Indonesian and English at: www.aprildialog.com

Internal and external stakeholders:

Internal	External	
	National	**International**
Mills, forestry and social capital directors	• Regulators • Academia • Social and Environmental NGOs • Community groups • Labor groups • Pulp and paper industry associations • Indonesia Chamber of Commerce • Customers • Financial institution • Media	• UN Global Compact • The Tropical Forest Alliance 2020 • International social and environmental NGOs • Intergovernmental agencies • Academia • World Business Council for Sustainable Development (WBCSD) • Customers • Financial institutions • Media

About APRIL Group

Our founder, Sukanto Tanoto, says 'good business is about what's good for community, country, climate and company – only then will it be sustainable.' This is our core belief.

About APRIL Group

APRIL Group is one of the largest, integrated, technologically advanced and efficient makers of pulp and paper in the world.

With offices in Singapore and Jakarta, Indonesia, APRIL Group collectively refers to a privately held group of companies.

Our acacia and eucalyptus forest plantation as well as the pulp and paper mills are located in Pangkalan Kerinci, Riau province, Indonesia. The mills are capable of producing up to 2.8 million tonnes of pulp and 850,000 tonnes of high quality paper a year, sold to markets around the world.

Our flagship product PaperOne™ office paper is made from 100% renewable and globally certified fibre plantations, exported from Indonesia and sold worldwide.

Governed by the Sustainable Forest Management Policy 2.0 (SFMP 2.0), implemented in June 3, 2015, APRIL Group believes that responsible production, including a deforestation-free supply chain, is the way to balance long-term environmental, social and economic imperatives.

For close to two decades now, we have been working to fulfil our purpose of improving people's lives through the sustainable management of natural resources. It means that our business thrives because it cares for the people who depend on it and the environment on which it depends.

Our founder, Sukanto Tanoto, says 'good business is about what's good for community, country, climate, customer and company – only then will it be sustainable.' This is our core belief.

Our goal is to be a responsible neighbor to the local, national and global community.

Pangkalan Kerinci, Riau province

We are working towards meeting our One for One goal of conserving one hectare of natural forest for every hectare planted. As of December 2016, we've met 83% of this goal.

APRIL is an Advanced Level member of the United Nations Global Compact (UNGC), upholds the International Labor Organisation (ILO) labor principles and supports the Sustainable Development Goals (SDGs) of 'protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, and reverse land degradation and biodiversity loss'.

APRIL complies with prevailing laws and regulations and applies a strict anti-corruption policy and mandates our suppliers to commit to the same principles. We acknowledge and respect the Universal Declaration of Human Rights, national laws and ratified international treaties on human rights and indigenous peoples.

Any allegation raised in good faith is examined in detail and appropriate measures are taken, where necessary, in the event of non-compliance with the anti-corruption policy.

Member Companies Under APRIL Group

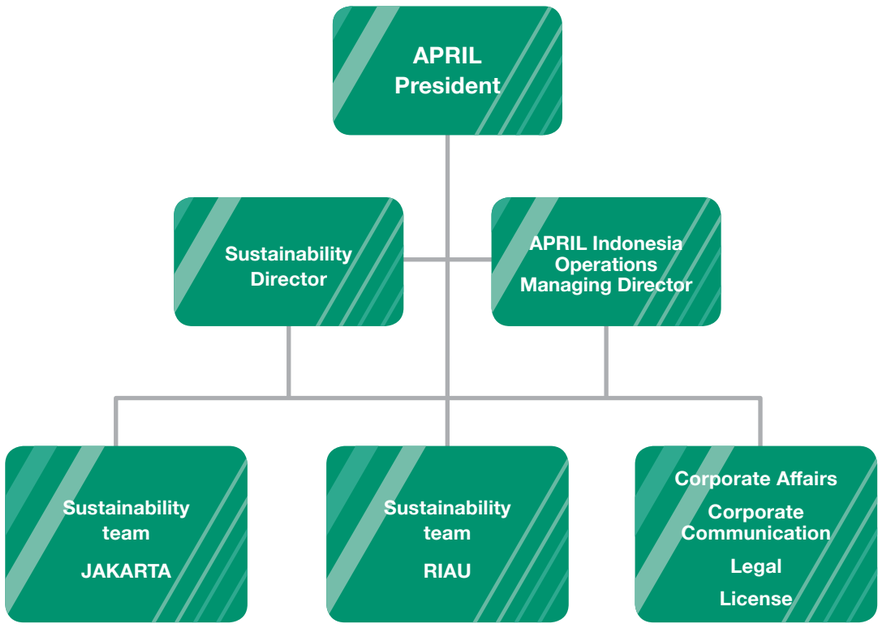
1. PT. Indokarya Bangun Bersama
2. PT. Sinar Mutiara Nusantara
3. PT. The Best One Unitimber
4. PT. Gemilang Cipta Nusantara
5. PT. APRIL Management Indonesia
6. PT. Anugerah Kertas Utama (AKU)
7. PT. Riau Andalan Kertas (RAK)
8. PT. Riau Prima Energi (RPE)
9. PT. Riau Andalan Pulp & Paper (RAPP)
10. PT. Intiguna Primatama
11. PT. Asia Prima Kimiaraya

Governance Structure

We are committed to conducting our business in an environmentally and socially responsible manner, and we comply with prevailing laws and regulations with independent verification of our practices.

Leadership structure as at December 2016	
Bey Soo Khiang	Chairman, APRIL Group
Alagaratnam Joseph Devanesan	Vice Chairman, APRIL Group
Praveen Singhavi	President, APRIL Group
Tony Wenas	APRIL Indonesia Operations Managing Director

The Stakeholder Advisory Committee (SAC) 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.



National Certifications

1. **Sustainable Plantation Forest Management (SPFM)**: Since 2006, Riau Andalan Pulp & Paper (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**: RAPP holds PHPL certification, a mandatory certification for all Indonesian forestry companies. This certification ensures 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 Ministry of Forestry and the European Union (EU) to meet the anti illegal logging laws and requirements. Our products are accompanied by V-Legal document to certify the legality of the fiber from which the pulp and paper was produced. The V-Legal document has functioned as FLEGT license since 15th November 2016.
4. **Occupational Health and Safety Management System**: SMK3 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. **Blue 'PROPER' rating (Program for Pollution Control, Evaluation and Rating)**: for Paper Mill from the Ministry of Environment. A blue rating indicates that the mill's environmental performance is in full compliance with Indonesian regulations that relate to water and land management, air and water emissions, hazardous waste and the implementation of Environmental Impact Assessment (AMDAL)
8. **Blue 'PROPER' for HTI (industrial forest plantation)** in 2016 from the Ministry of Environment and Forestry.
9. **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

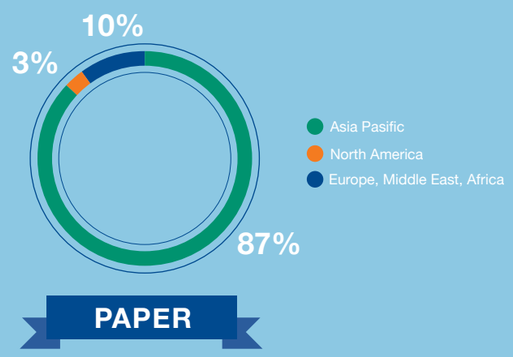
1. **OHSAS & ISO**: APRIL Group's operations in Riau Province, Indonesia are certified under OHSAS 18001 (Safety Management Systems), ISO 9001 (Quality Management Systems), and ISO 14001 (Environment Management Systems).
2. **PEFC-CoC**: Since 2010, APRIL Group's production facilities have been certified 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 certifications since 2013, issued by the Singapore Environmental Council (SEC).

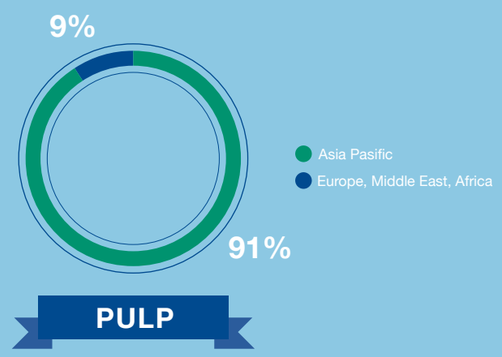
APRIL Highlights

70 Countries

Our products are marketed and sold in more than 70 countries around the world.

Markets Served

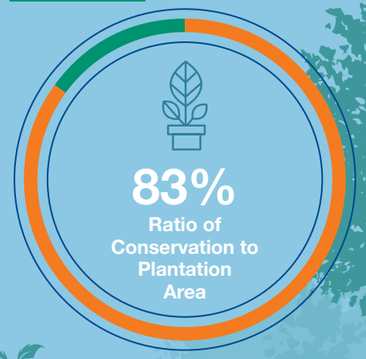




Total Area managed by APRIL and supply partners

±476,000 Ha
Total industrial forest plantation

±262,000 Ha
Located on Peatland



±419,000 Ha
Total conservation and ecosystem restoration areas

±322,000 Ha
Peatland under conservation and restoration

about 90% classified as forested

±8,600 Ha Community Tree Farming

±37,000 Ha Livelihood Plantation

5,966 people
Direct employment

11,214 people
Contractors

Sustainable Forest Management

Launched in June 2015, the SFMP 2.0 is an updated version of the 2014 Sustainable Forest Management Policy and includes significant new commitments.

Indicators	2015	2016
Hectares of conservation and restoration area (Forest, agriculture, infrastructure, open area, scrub) and change from prior period	421,843 Ha	419,159 Ha Change: 2,684 Ha
Ratio of conservation area to total plantation area *As part of our continuous work to improve data collection and records in relation to land disputes and encroachment, a concerted effort was made in 2017 to ensure all supply partners appropriately measure and record existing land disputes in APRIL's land management system. Between January 1 and June 30, 2017, 13,182 hectares of land disputes on conservation land were entered into the database, decreasing the ratio of conservation area to total plantation area to 80% from 83% (including ecosystem restoration area and excluding livelihood area). At this point, it is not possible to determine with precision the exact date of the origination of the land disputes over the past several years, as such, we will include these land disputes in our reported indicators on a go-forward basis.*	83%	83%
Hectares of new development* **New development is the clearing of land for planting or building of infrastructure*.	Zero	Zero
Percentage of fibre covered by legality certification	100%	100%

Data for APRIL and its supply partners. Market-based suppliers excluded

APRIL and its supply partners operate in areas that have been designated by the Government of Indonesia for fibre plantation development and abide with the laws and regulations that apply to our industry.

Launched in June 2015, the SFMP 2.0 is an updated version of the 2014 Sustainable Forest Management Policy and includes significant new commitments. The SAC continues to provide independent oversight on the Policy implementation and transparency in reporting progress, challenges and learning as well as recommendations to APRIL on areas of improvements.

In the updated Policy, we committed to eliminate deforestation from our supply chain, and only develop areas that are not forested, as identified through independent peer-reviewed High Conservation Value (HCV) and High Carbon Stock (HCS) assessments.

We support the conservation and ecosystem restoration of natural forests, and forested peatlands, and other ecologically, hydrologically and culturally important areas and we do not operate in internationally or nationally designated protected areas.

Critically, we will not establish additional pulp manufacturing capacity until we are certain that it can be 100% plantation supply reliant.

SFMP 2.0 also focuses on achieving reduction in our carbon footprint, the proactive support of local communities, respecting the rights of indigenous peoples, responsible working practices, and good governance.

Forest protection and conservation, and peatland management commitments, were tightened and expanded in the new policy; both subject to a landscape approach, and in the case of peatland, with oversight from a newly established Independent Peat Expert Working Group (IPEWG), composed of some of the world's foremost scientists in this field.

In 2016, KPMG Performance Registrar Inc. (KPMG PRI) completed a limited assurance engagement over APRIL Group's implementation of its Sustainable Forest Management Policy (SFMP 2.0) commitments for APRIL's independent Stakeholder Advisory Committee.

The report, issued in December 2016 can be viewed in full here:
http://sustainability.aprilasia.com/download/preview/144

APRIL's action plans and status on all findings found in the assessment is available here:
http://sustainability.aprilasia.com/download/preview/169

Fibre Supply Chain

We maintain an integrated pulp and paper mill in Pangkalan Kerinci, in Riau Province, Sumatra, Indonesia.

The mill is capable of producing

2.8 million
tonnes of pulp/year

850,000
tonnes of paper/year

Fibre for the pulp and paper mill is derived from approximately 476,000 hectares of plantations maintained by PT. Riau Andalan Pulp and Paper (PT. RAPP) and from 40 supply partners located in Sumatra and nine market-based suppliers located in Sumatra, Kalimantan and Malaysia.

Our operations and our supply partner plantations currently supply approximately 79% of the mill's fibre needs, the remainder being met by purchase supply sources from Sumatra, Kalimantan and Malaysia.

In order to embed social, ethical and environmental best practice within our supply chain, all suppliers are subject to the Sustainable Forest Management Policy 2.0 (SFMP 2.0). APRIL has built and is implementing a broad-based monitoring system to assess compliance with the Policy.

The complete list of fibre suppliers is available at the APRIL Sustainability portal:
http://sustainability.aprilasia.com/

Measuring Greenhouse Gas Flux In Different Forest Landscapes

One of the most exciting initiatives we have introduced recently is a complex network of monitoring equipment that measures with a considerable degree of accuracy the greenhouse gas emissions versus sequestration rates of mixed natural and production forest and mixed landscapes vegetation that also includes smallholder and community activities.

This is based on a widely respected technique called Eddy Covariance that provides GHG measurements at ecosystem scale.

In due course we will have a complete picture of not just CO_2 exchange rates but also N_2O (nitrous oxide), CH_4 (methane), water vapour fluxes, and heterotrophic respiration, critical in understanding the rate of peat oxidation.

The system is a complex of three 40 meter towers, ground-based soil chambers and water table monitors, all feeding into a real time monitoring software suite that is automatically sent to the 'cloud' so that the information is readily accessible from any internet enabled computer location.

Winrock International, a company that combines scientific and technical expertise with entrepreneurial innovation to deliver market-based solutions, was engaged to develop a customized GHG calculation toolkit and operationalize the improved data collection and monitoring system on different types of land use.

Responsible Peatland Management

Peatland in Riau province comprises 3.8 million hectares, or 60 percent of the province's total land area, according to Indonesian government data.

A top priority for us is to minimize greenhouse gas emissions and its impacts on peatland by halting further development on forested peatlands and implementing best practices on established plantations.

In this, a landscape management approach featuring plantation buffer zones that surround conservation forest has been implemented as a way to protect peat swamp forest domes and riparian corridors from encroachment, unmanaged drainage and fire.

The driver for this threat has always been pressure to secure land for traditional agriculture, but this pressure will ease as the local economy matures and diversifies.

Protecting peatland while securing viable production forest requires the deployment of a wide range of analytic tools across the entire landscape. High Conservation Value (HCV) assessments have informed the identification of the most appropriate opportunities to affect real conservation on the ground. We then carried out biophysical surveys, fire management and hydrology assessments, all of which have enabled us to protect central peat domes and other environmentally sensitive sites.

The most degraded portions of the landscape have been developed as productive tree plantations, and these in turn create a physical buffer that helps to protect the conserved natural forest.

At the same time, the revenue generated supports the management of substantial areas of set-aside sensitive peatland under Restorasi Ekosistem Riau (RER) that was initiated in 2013 and to date spans over approximately 150,000 hectares on the Kampar Peninsula and Padang Island, Riau province.

Peatland management methodologies

The intensively organic soils of peat landscapes, if unmanaged, are sensitive to moisture loss and oxidation which results in ground level subsidence and greenhouse gas (GHG) emissions. In Riau, rainfall varies seasonally anywhere between 50 mm per month during drier periods to more than 500 mm during wet months. Water management entails closely monitoring this variation and intervening to control the outflow of water. Our water management is planned at a landscape scale with a focus on how to moderate flows throughout seasonal variance, rather than focusing solely on drainage.

The water management framework is largely based on advice and outcomes from a Science Based Management Support Programme (SBMSP: 2008 – 2010) delivered by a consortium of international specialists headed by Deltares. We continue to expand and fine-tune the implementation of the project recommendations, including an extensive monitoring, adjustment and reporting system. The plantation management target is to maintain wet season water levels at 0.4 m below the soil surface. In order to achieve this, we have established more than 1,400 water zones controlled and managed by a total of 1,560 dams and 2,215 overflow weir structures. These optimize ground water levels for the purposes of maintaining the health both of plantation and natural forests, preventing fire, prolonging the lifespan of soils and limiting GHG emissions. We maintain a network of over 400 peat subsidence monitoring points distributed throughout the plantation and conservation landscape.

We carried out biophysical surveys, fire management and hydrology assessments to protect central peat domes and other environmentally sensitive sites.

Changes in Peatland Regulation

Significant changes in the regulatory framework for plantation development and management on peatland occured during the reporting period, resulting in the following:

Between March and September 2016, PT. RAPP planted approximately 600 hectares of recovered peatland in Dayun Village, Pelalawan which were previously encroached. This was based on the company's approved business plan and annual work plan. Subsequently, in December 2016, the Ministry of Environment and Forestry (MoEF) instructed the Company to suspend all activities, remove planted Acacia trees and close completed canals at seven points, invoking Circular Letter No. S. 494/MenLHK-PHPL/2015 and PP No. 57/2016 (Peat Ecosystem Protection and Management regulation issued in December, 2016).

As of the date of this report, the Company had completed actions requested by the Ministry of Environment and Forestry specific to the recovered peatland in Dayun Village.

On October 18, 2017, APRIL informed stakeholders of the suspension of forestry operations of PT. RAPP as a result of the cancellation of PT. RAPP's current long-term work plan (Rencana Kerja Usaha, RKU) by the MoEF. The long-term work plan was canceled based on the rejection by the MoEF of the company's latest RKU revision, which it considers does not meet the current ministerial decree on peatland forests. The Ministry requires PT. RAPP to immediately designate a significant part of its current plantation into protection areas. PT. RAPP states this would result in the loss of more than 50% of APRIL's production areas and lead to significant socio-economic losses and environmental risks, and seeks to continue working with the MoEF to resolve the situation.

PT. RAPP's operations, excluding planting on areas identified on the MoEF's map, were subsequently permitted to resume on October 24, pending resubmission of a revised RKU on October 30.

Moving Forward

Progress is being made in finding best ways to manage the existing plantation landscape for fibre production, while also minimizing GHG emissions. The science in this area continues to rapidly evolve. Expertise is drawn from many sources - from scientists, NGOs, governments, local communities, and plantation forestry companies such as APRIL Group – and these help to enrich not only the scientific debate but also policy and practices. We are committed to having a voice in that discussion and to contributing to the growing body of knowledge and best practice for responsible peatland management.

Possible ways forward must be rationally and holistically considered against what is do-able, while balancing environmental, commercial and developmental goals. Effective and science-based peatland management also requires significant, long-term funding. Many parties, including peatland experts and the APRIL Group, favor a balanced, landscape approach for long-term peatland protection and conservation.

APRIL cannot achieve this on its own. The Independent Peat Expert Working Group (IPEWG), a group of national and international scientists with extensive expertise in peatland dynamics, was formed in 2015. The role of this group is to provide solid, science-based understanding of the consequences of different approaches and action, in order to underpin best practice management of existing plantations on peat, as well as supporting APRIL and other stakeholders in the development of a vision for peat, which delivers the right balance of production, protection and restoration.

Case Study

Pulau Padang

In December 2016, the construction of a 606-meter canal in a 40 hectare block located in Pulau Padang, Riau, eventually led to a major misunderstanding between APRIL and two of our valued stakeholders, Greenpeace and the Worldwide Fund for Nature (WWF) Indonesia. At the heart of this misunderstanding was an erroneous translation of a government guideline on peatland management, i.e., specific clauses in the Forest and Land Fire Control regulation (PerMenLHK No.32 year 2016). Consequently, both NGOs suspended their active participation in APRIL's SAC.

We reaffirm that it is never our intention to mislead the SAC, IPEWG or our stakeholders. We take seriously Greenpeace and WWF's decision to suspend their membership from the SAC, which provides guidance and scrutiny on our sustainability commitments and implementation. We have invested significant time and resources in establishing platforms such as the SAC and IPEWG, and in building trust as well as good relations with external members of these groups.

It is vital that we get our actions on sustainability and the communication of them right, given the focus and progress on implementing our Sustainable Forest Management Policy (SFMP) commitments over the past 18 months.

Our SFMP commitments include conserving forest areas, restoring previously degraded land, preventing and suppressing fires in and around APRIL's concessions, engagement with NGOs on sustainability and the commitment of US$100 million over 10 years to conservation and restoration efforts.

We cooperated fully with a joint task-force including Indonesia's Peatland Restoration Agency (BRG) and the MoEF to review and address the social issues and any other matters on our forestry concessions at Pulau Padang. Despite our mistakes in referencing the PerMenLHK No.32, we will uphold and regard it as a legal regulation that instructs companies to put in place facilities and infrastructure for the prevention and management of forest and land fire. This mistake will not affect our core strategy and focus on protecting our forestry concessions from fire risks.

APRIL Action:

- APRIL apologises unreservedly to the Stakeholder Advisory Committee (SAC) and other stakeholders for incorrectly referencing specific clauses of the Forest and Land Fire Control regulation (PerMenLHK No.32 year 2016) in relation to a canal constructed in Pulau Padang forestry concession.
- We will rely only on certified legal translations to ensure the accuracy of material referenced in presentations to the SAC and IPEWG, particularly of documents that are legal or official
- We recognize that positive engagement with all our stakeholders, including our critical friends, is essential, not just for trust in our business but also for the implementation of the company's ambitious sustainability plans. Our commitment to our sustainability policy remains steadfast and we will work hard to deliver on the goals which are core to our operations. We hope that over time trust will be rebuilt with stakeholders where it has been lost as we implement our SFMP going forward.

Our full statement regarding the Pulau Padang canal incident is available at:
http://www.aprildialog.com/en/2016/12/21/april-statement-ngos-suspension-stakeholder-advisory-committee-pulau-padang-canal/

Case Study

Restorasi Ekosistem Riau (RER)

Initiated by APRIL in 2013 to protect, assess, restore and manage the ecologically important peat forest in Kampar Peninsula and Padang Island, Riau province, RER covers approximately 150,000 hectares, or an area twice the size of Singapore. RER is supported with US$100 million committed by APRIL for long-term restoration and conservation. It is the largest peatland restoration programme to be funded and managed by a private sector in Southeast Asia.

Within this rich landscape, RER partner, Fauna & Flora International (FFI), has thus far identified 220 species of bird, 152 species of plant, 72 mammals, and 75 amphibians and reptiles. FFI conducts baseline assessments related to biodiversity, climate and communities.

Other partners of RER are: The Nature Conservancy (TNC), engaged to establish an integrated landscape management model at the Kampar Peninsula to balance conservation, social, and economic imperatives; and Indonesia's social non-governmental organization, BIDARA, which works on developing the skillsets of communities in nearby RER areas to support ecosystem restoration.

One of the most important protection measures we have put in place is called the “ring concept”. This is where we have deliberately sited commercial plantations around a core area of natural forest in order to protect it.

APRIL’s experience shows that where human activity (usually precipitated by the presence of roads and tracks) is minimized, the protected forest is better able to recover and thrive.

Still, this system will require further research over time. We remain keen to engage with other partners for the purpose of achieving effective protection and conservation of the RER areas.

See RER Biodiversity Report here:
http://www.rekoforest.org/multimedia/rer-biodiversity-report

Strategic Fire Management

Fires pose a significant threat to our plantations, our business' key asset. Fires damage forests, reducing the value and productivity of these assets, as well as creating smoke and haze and causing damage to human health.

The 2015 fire and haze crisis is a reminder of just how socially and economically damaging the consequences of fire can be.

Accordingly, we will continue to enforce our no-burn policy. To heighten awareness and increase vigilance during the dry season, APRIL announces a 'Fire Danger Period' to alert APRIL staff and local communities. It also signals to the surrounding communities that fire restrictions will come into force in APRIL's managed forest areas. Notice boards, village meetings and other communication tools are used to inform the Fire Danger Period.

Our strategic approach to fire management and response concentrates on three areas:

1 Prevention

We seek to treat the cause of fire before we have to deal with the effect. Most fires are caused by neighboring communities burning to clear land for agriculture, so we seek to invest in community education and capacity-building on the basis that these investments are far more effective than money spent on fire suppression. We do this in a number of ways, most recently through the creation of the incentive and resource based Fire Free Village Programme (FFVP), a proven community led fire prevention strategy which reduced the area of burned land within the programme by 90% in its first year. In 2016, the method of FFVP was adopted by members of the Fire Free Alliance (FFA), a pan industry alliance with agricultural companies and NGOs designed to significantly expand the initiative to other geographies.

2 Detection

The speed with which we can respond to fires if they do break out depends on their accurate detection. It is essential that we understand our risk and prepare the appropriate resources. Every estate has it own trained Fire Team with fire suppression equipment. During the dry season, we operate regular land, air and water patrols to quickly detect and respond to fire risks and ground-truth every single hot spot. We also use advanced satellite hotspot monitoring from two NASA based systems, fire monitoring towers and CCTV.

3 Suppression

We have developed a world-class suppression capability that includes helicopters equipped with expert fire crews, water bombing, fire trucks, airboats as well as teams on the ground that are rapidly deployed to contain and extinguish fires when detected, using 215 water pumps. We have 380 full time fire fighters in our rapid response team as well as 90 additional trained staff to assist. We have also trained 54 community based fire alert and control groups (Masyarakat Peduli Api) comprising 724 people. Our suppression efforts extend three kilometers from our concession boundaries, to prevent it from entering concession areas, and we have invested US$6 million in fire suppression equipment with an annual operating cost of approximately US$2 million.

Indicator	2015	2016
Number of instances of fires on concessions by cause.	RAPP : 285 incidents	RAPP : 3 incidents
	Supply partners : 105 incidents	Supply partners : 237 incidents
	All incidents initiated by third party	

Data for APRIL and its supply partners. Market-based suppliers excluded.

Case Study

Fire Free Village Programme (FFVP)

Our strategy for dealing with fire is to treat the cause before the effect, and to treat the cause not by stick but by carrot. To that end, APRIL created the Fire Free Village Programme (FFVP) in 2015 as a community led fire prevention strategy that enables villages to qualify for infrastructure grants in return for achieving 'no burn' targets.

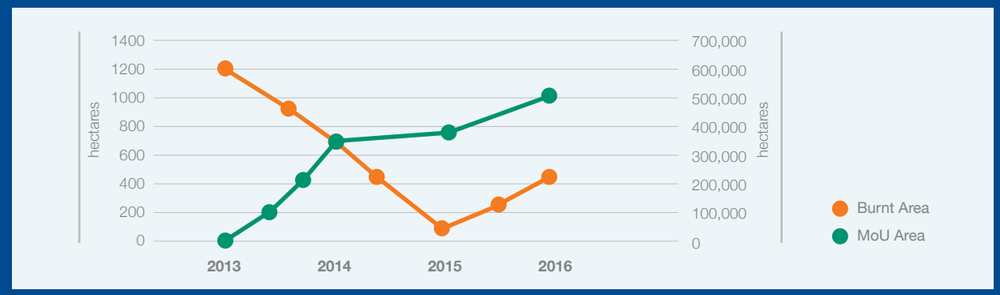
The FFVP also works to raise awareness of the wider and damaging impacts of fire, and to build capacity as well as leadership in finding alternative ways to develop community land required for agriculture.

In its introductory year, burned land shrank by 90%, in spite of that year being one of Indonesia's worst for fire and haze with fire 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 aims to achieve coverage of 700,000 hectares of community land – almost 10 times the area of Singapore.

APRIL was also the founding partner of the pan-industry Fire Free Alliance (FFA), alongside other major players such as Wilmar, Musim Mas and Sime Darby. According to the FFA Members Review 2016 report, the FFA has engaged 218 villages on fire prevention at various fire-prone areas in Indonesia.



Management of Grievances and Disputes

In respect for the rights of indigenous peoples and rural communities throughout operation areas, the enhanced grievance resolution mechanism was introduced in August 2016 to address any type of stakeholder or community issue except for land disputes, for which there is a separate, defined procedure, and where government input or official process is often required.

In Indonesia, where overlapping land tenure creates complexities, we believe that aligning closely with communities, the government and other related stakeholders is the best path to achieving executable and long-term solutions.

Where land disputes occur, APRIL Group follows all relevant Indonesian laws and prioritizes dialogue and consensus-based conflict resolution processes.

For grievances related to land disputes, the Grievance Processing Unit (GPU) will refer to the process outlined in APRIL's SOP on land dispute resolution.

Complainants can raise their grievances with Estate personnel or online, and have the option to remain anonymous. To enable third parties to air any grievances related to the implementation of our SFMP 2.0, we have developed a Grievance Resolution Procedure to ensure all grievances are transparently recorded and managed in a timely fashion with the involvement of concerned parties.

Grievances cases are logged and tracked on the APRIL Sustainability Dashboard: http://sustainability.aprilasia.com/category/grievance-mechanism/17

Indicators	2015	2016
Hectares and percentage of new operations* (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities. [1] **New operations: Large scale developments of previously un-accessed areas or new concessions which require Free, Prior, Informed Consent (FPIC). New operations relates to first-time clearing on a concession.*	Zero	Zero
Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts[1] *As part of our continuous work to improve data collection and records in relation to land disputes and encroachment, a concerted effort was made in 2017 to ensure all supply partners appropriately measure and record existing land disputes in APRIL's land management system. Between January 1 and June 30, 2017, 18,055 hectares of land disputes were entered into the database (including those disputes on conservation area), increasing the total number of hectares of APRIL and supply partner concessions currently inactive due to unresolved conflicts to 104,009 hectares. At this point, it is not possible to determine with precision the exact date of the origination of the land disputes over the past several years, as such, we will include these land disputes in our reported indicators on a go-forward basis.*	80,417	85,954
% of grievances addressed within 10 days[2]	N/A - new process in 2016	100% (of 1 grievance received as of Dec 31, 2016)

[1] Data for APRIL and its supply partners. Market-based suppliers excluded
[2] The grievance received in 2016 relates to APRIL's operations, however the mechanism is available to third-party in relation to APRIL and its suppliers' activities

People

We consider the diverse expertise and cultures of our employees as a competitive advantage with different nationalities working across APRIL Group in an environment of continuous learning.

The APRIL Team

Our mission is to create a working environment in which people are valued, engaged in our core principles and are provided with the right conditions in which they can perform at their best.

We consider the diverse background of our employees as a competitive advantage, with different nationalities working across APRIL Group in an environment of continuous learning.

Our operation is located in the rural part of Indonesia where job creation is important, as is knowledge exchange and exposure to international standards gained through collaborations between Indonesian staff and international team members. This adds significantly to our employees' skill sets in meeting the expectations of the unique Indonesian environment and those of our global stakeholders.

As we operate in a remote location in Riau province, we provide our employees with quality housing, recreational facilities, medical care and insurance, and access to national and international baccalaureate syllabus schools for their children. Many employees' children have also received scholarships to further their studies and offered employment opportunities with the company.

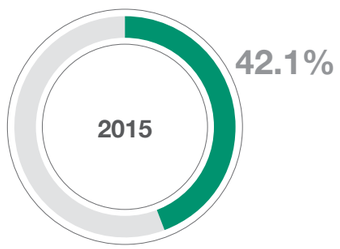
Over the years, APRIL has developed systematic training programmes at the APRIL Learning Institute (ALI) in the Kerinci compound that focuses on developing technical and leadership skills for employees. We delivered 60,840 hours of training to employees and all employees receive annual performance and career development reviews.

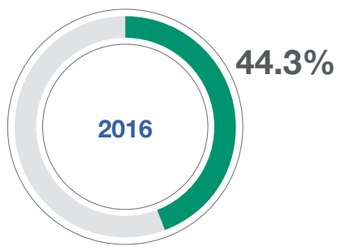
APRIL Group adheres to national labor laws and regulations, as well as our employment codes of practice that includes strict rules against the use of child or forced labor. We do not tolerate violence, intimidation or bribery.

We respect collective bargaining rights and the majority of our employees are members of trade and labor unions.

Labor groups

In 2015 42.1% percent of APRIL's employees were members of four labor groups. In 2016 this was 44.3%.





Labor groups:
1. SP-Riaupulp
2. SP-Riaupaper
3. SP-Riaupower
4. SP-RiauFibre

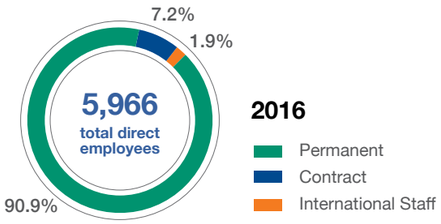
Human resources data relates to APRIL's own operations and excludes supplier data

Our employee gender split

Based on Human Resources Department data per 31 December 2016

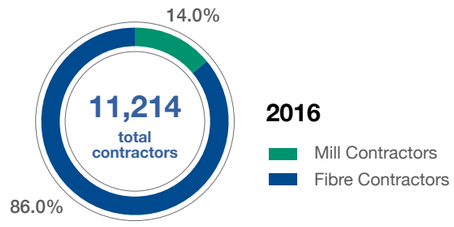
Direct Employees

	2015		2016	
	Male	Female	Male	Female
Permanent	4,806	520	4,862	560
Contract	340	90	361	71
International staff	84		112	
Total direct employees	5,840		5,966	



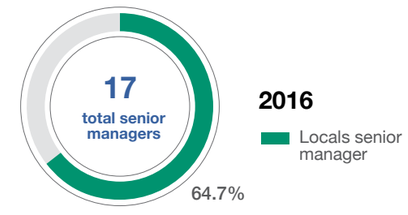
Contractors

	2015	2016
Mill	1,452	1,566
Fibre	8,671	9,648
Total contractors	10,123	11,214



Locals in Strategic Management Positions

	2015	2016
No. of senior managers	17	17
No. of senior managers who are locals	12	11
	70.6%	64.7%



New Hires

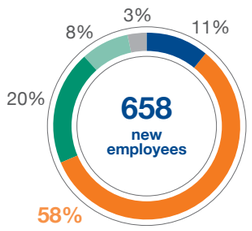
	No. of New Hires		Rate of New Hires	
By Gender	**2015**	**2016**	**2015**	**2016**
Male	805	583	87%	89%
Female	122	75	13%	11%
Total	927	658	100%	100%

By Age Group	**2015**	**2016**	**2015**	**2016**
≤ 20	194	73	21%	11%
21 – 30	515	380	56%	58%
31 – 40	139	129	15%	20%
41 – 50	54	55	6%	8%
≥ 51	25	21	3%	3%
Total	927	658	100%	100%

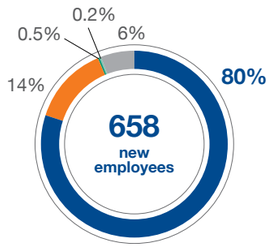
By Region	**2015**	**2016**	**2015**	**2016**
Sumatera	750	527	81%	80%
Java	137	89	15%	14%
Kalimantan	4	3	0.4%	0.5%
Sulawesi	2	1	0.2%	0.2%
International	34	38	4%	6%
Total	927	658	100%	100%

New hires in 2016 by gender

New hires in 2016 by age group



New hires in 2016 by region



Human resources data relates to APRIL's own operations and excludes supplier data

Turnover

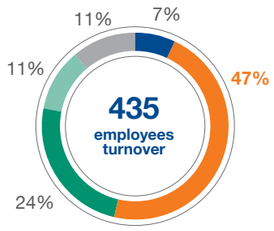
	No. of Turnover		Rate of Turnover	
By Gender	**2015**	**2016**	**2015**	**2016**
Male	497	387	91%	89%
Female	47	48	9%	11%
Total	544	435	100%	100%

By Age Group	**2015**	**2016**	**2015**	**2016**
≤ 20	96	31	18%	7%
21 – 30	268	203	49%	47%
31 – 40	109	106	20%	24%
41 – 50	44	47	8%	11%
≥ 51	27	48	5%	11%
Total	544	435	100%	100%

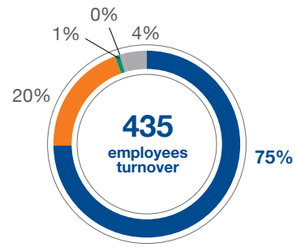
By Region	**2015**	**2016**	**2015**	**2016**
Sumatera	405	327	74%	75%
Java	120	86	22%	20%
Kalimantan	4	4	1%	1%
Sulawesi	2	1	0%	0%
International	13	17	2%	4%
Total	544	435	100%	100%

Turnover in 2016 by gender

Turnover in 2016 by age group



Turnover in 2016 by region



Health, Safety and Security

APRIL's Health and Safety Policy reflects our commitment to a safe work culture. Our principle is zero tolerance for unsafe behaviour that could lead to injury or harm, and this applies to all our employees and contractors.

The Management Safety Committee is committed to ensuring safety for all and we ensure that employees are engaged and involved in this process.

Our Occupational Health and Safety (OHS) Program consists of four major elements:

- Management commitment and employees' involvement: management safety committee and KAIZEN initiatives.
- Workplace analysis: General safety inspections, non-conformity report, Job Safety Analysis (JSA), emergency drill and safety audits.
- Hazard prevention and control: OHS promotion and campaign, safe work procedures and 5 Behavioural Based Safety (BBS) implementation (think through task, evaluate exposure, risk assessment, precautionary action, executing job in a safe manner).
- Fire Occupational Health and Safety (OHS) training and education: training and certification (internal and external).

Our plantation and mill operations were certified under the Health & Safety Management System OHSAS 18001 requiring yearly audits. We are also reviewed under Indonesia's principle of Occupational Health and Safety Management System or Sistem Management Keselamantan Kesehatan Kerja (SMK3).

Occupational Safety

In spite of our focus on health and safety, 12 contractor workers in forestry and one contractor worker at the mill operations lost their lives during the reporting period of 2015 to 2016.

Analysis of these incidents showed that they were related to tree harvesting and non-conformance to safety standards.

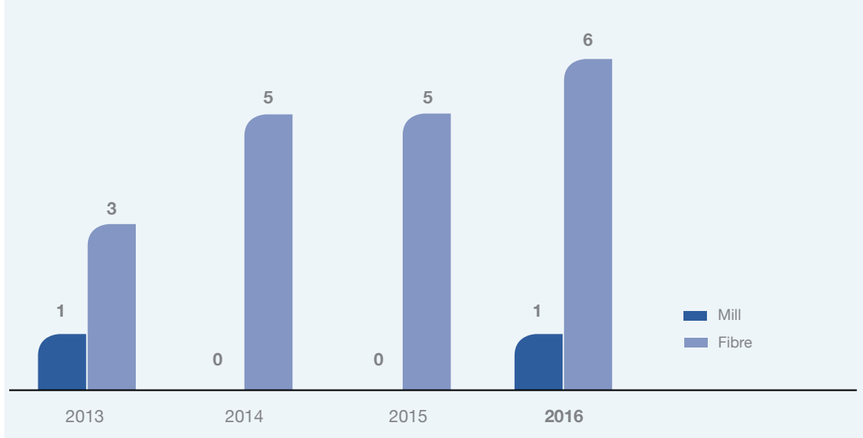
The loss of even one life is completely unacceptable and we continue to implement a series of measures to address the causes of these incidents to ensure that the recurring risk is reduced.

Occupational Safety Improvement Measures

- 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.

Fatalities (employees & contractors)

In addition to APRIL's own operations, for the 2015-2016 reporting period, we included reported fatalities from APRIL's fibre supply partners. The data excludes market-based suppliers.



Occupational Health and Safety Certification

Indicator	2015	2016
Percentage of operations covered by Occupational Health and Safety (OHS) certification.	Total RAPP = 83% Total Suppliers = 5%* Total = 32%	Total RAPP = 83% Total Suppliers = 8%* Total = 33%

* Data includes both supply partners and open-market suppliers

Injury Rate (employees & contractors)

Injury[1]	2015	2016
Fibre	0.46	0.31
Mill	1.59	1.54

Injury rate is calculated based on OHSAS regulation
Injury rate=Number of injury x 200,000/manhours

Major Illnesses[1]	2013	2014	2015	2016
Upper Respiratory Tract Infections (URTI)	5573	5153	5888	5635
Non GE Motility Disorders	166	258	252	31
Malaria	150	72	18	10

[1] Data includes both supply partners and open-market suppliers

Community Development and Fostering Entrepreneurship

GRI 203-1, 203-2, 413-1, SFMP V A

In line with the business philosophy that what's good for the community is good for the company, we continually work to promote socio-economic development in the communities in which we operate.

The purpose of APRIL's Community Development programs is to contribute to poverty alleviation in Indonesia's rural areas where it is needed most, as well as to contribute to the overall effort of creating educated, economically independent and resilient communities in Indonesia.

During this reporting period, 361 students received scholarships to complete their high school diploma. Under the Talent Pool scholarship program, 45 students received financial assistance to obtain university degree and a job with APRIL upon graduation.

In determining the type of social infrastructure needed, the Community Development team consults with communities on the type of in-kind assistance needed at a particular area.

Social infrastructure projects are in the form of buildings and the provision of building materials, improving and building roads for public use, education and health support, religious and sports facilities.

Indicator	2015	2016
Total amount spent on social infrastructure projects	USD 847,068	USD 256,975
Kilometers of road built for public use	9.40	3.10
Number of social infrastructure projects completed	12	15
Number of social infrastructure projects for which materials were provided	165	171
Number of multi stakeholder forums by location (rembuk desa)	83	61

Data for APRIL's own operations only. Supply partners and market-based suppliers excluded.

Integrated Farming System (IFS)

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.

Since the program's commencement, we donated two training centres to the local district government and continue to manage one training facility.

Indicators*	2015	2016
Farmers trained to cultivate farmland	195	248
Farmer groups supported with agricultural materials	41	44

Supporting Small and Medium Enterprises

APRIL launched the Small and Medium Enterprise (SMEs) development programme with the objective of providing aspiring entrepreneurs with technical and financial expertise.

Examples of SME businesses that directly support our operations are fibre plantation planting and maintenance teams, harvesting contractors and transport services.

Indicators*	2015	2016
Number of Small and Medium Enterprises (SMEs) contracted by APRIL	134	130

* Data for APRIL's own operations only. Supply partners and market-based suppliers excluded

Profiles

Sulaiman

Cocopeat Entrepreneur

After stints as a contractor on a number of government projects, Pangkalan Kerinci resident Sulaiman established his company Rifky Pratama Sanjaya, which now supplies 200 tons of cocopeat per month to Riau Andalan Pulp and Paper (RAPP).

The father of two explained that as a producer of cocopeat, a planting medium to grow Acacia and Eucalyptus seeds made from coconut husks, he employs 40 staff members, based in Pangkalan Kerinci and Lampung Province, from where he gets his material.

"RAPP doesn't give the capital for the business but provides guidance and recommendations to Bank Mandiri and Bank Rakyat Indonesia," Sulaiman said. He secured up to Rp1 billion ($75,000) in loans from the two banks, which he used to buy machinery to produce cocopeat, build a warehouse in Pangkalan Kerinci and for working capital.

Sulaiman explained that his workers used to do odd jobs that barely generated Rp1 million ($75) a month. At his company, they have a steady income of up to Rp4 million ($300).

In Lampung province, one of the largest coconut producing areas, his company employs 30 people. Every week, the Lampung site sends 70% finished product to Pangkalan Kerinci for completion before being delivered to RAPP.

Sulaiman's cocopeat is utilized at RAPP's central nurseries and two satellite nurseries that are located near the company's main operational area in Pangkalan Kerinci.

> RAPP doesn't give the capital for the business but provides guidance and recommendations to Bank Mandiri and Bank Rakyat Indonesia.

Hari Fitri Ramdhani

Batik Maker

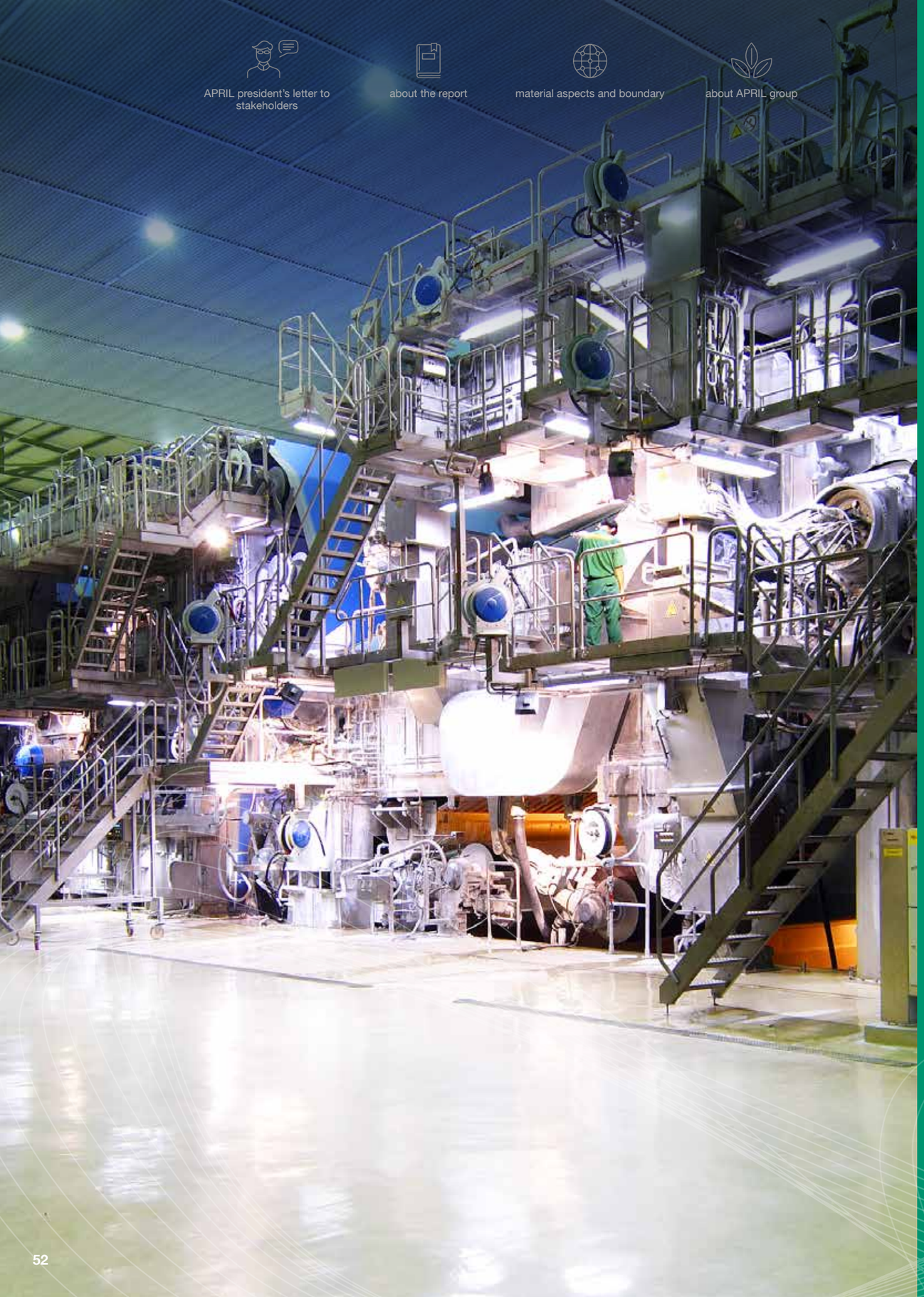
Hari Fitri Ramdhani of Pelalawan district, Riau, never imagined she could make a living from batik, a traditional fabric dyed with natural colours more closely associated with Javanese artisans.

Through the community development programme, RAPP funded the establishment of the Andalan Cooperative, built a workshop for the production house Rumah Batik Andalan (RBA) and a shop to sell the handmade batik.

The co-op sought out women who wanted to be trained to make batik and today 10 of them are working in RBA. All learned batik-making from scratch but can now make up to 130 pieces of batik cloth and yield about Rp20 million (US$1,500) in monthly sales. They were trained by master batik craftsmen from Solo, Yogyakarta and Pekalongan.

Fitri says the money has helped her and her husband, who does odd jobs as a car mechanic, buy a house. She adds: “We have other buyers now, including (RAPP’s) guests who buy our batik as souvenirs to bring home, local administrators, staff of nearby companies and locals who buy batik from our shop in Pangkalan Kerinci.”

> We have other buyers now, including (RAPP’s) guests who buy our batik as souvenirs to bring home.



Pulp and Paper Mill Operations

The integrated pulp and paper mill is equipped with the best available technology and all emissions and effluent produced are monitored regularly and measured against external standards

Pulp and Paper Mill Operations

Our pulp and paper mills are located in a 1,750 hectare manufacturing complex within our concession areas in Riau Province, central Sumatra. The complex is adjacent to the town of Pangkalan Kerinci.

The integrated pulp and paper mill is equipped with the best available technology and all emissions and effluent produced are monitored regularly and measured against external standards. APRIL complies with all Indonesian environmental regulations.

Our long-term objective is to increase mill energy efficiency and use of renewable fuel sources, and establish an accurate baseline for GHG emissions from which to base reduction targets.

Materials

We re-use most of our solid waste, such as milling residues and black liquor, which are by-products from the kraft process to digest woodchip into paper pulp. These by-products are then reused in the recovery and power boilers for energy recovery and material recovery, improving our operating efficiency and usage of recycled materials.

All our nurseries, estates and mills separate their wastes for proper handling and disposal.

Materials Used For Pulp

RENEWABLE

Materials Used	Unit	2013	2014	2015	2016
Wood	tons (mil)	10.23	9.50	9.96	10.10
	adt/adt	3.99	4.12	4.16	3.95
Water	m3 (mil)	87.96	73.93	77.49	73.83
	m3/adt	33.27	29.44	29.55	27.48

NON - RENEWABLE

Materials Used	Unit	2013	2014	2015	2016
Salt	kg/adt	25.08	26.38	25.89	25.25
	Tons	66,292	66,245	67,907	67,841
Sodium Sulphate	kg/adt	15.95	14.59	12.51	11.89
	Tons	66,292	66,245	67,907	67,841
Limestone	kg/adt	6.44	10.65	26.08	62.00
	Tons	17,029	26,756	68,406	166,572
Lime	kg/adt	0.016	0.008	0.009	0.001
	Tons	42,851	21,257	22,444	4,002
Caustic Soda	kg/adt	21.17	15.16	13.26	13.74
	Tons	55,970	38,073	34,771	36,913
Talc	kg/adt	1.05	0.61	0.47	0.46
	Tons	2,765	1,526	1,223	1,223

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Materials Used for Paper

RENEWABLE

Materials Used	Unit	2013	2014	2015	2016
Precipitated Calcium Carbonate (PCC)	kg/t	128.80	140.18	140.58	144.97
	Tons	108,599	118,326	114,864	120,775
Purchased pulp	kg/t	39.91	40.51	52.84	93.42
	Tons	33,654	34,197	43,104	78,399
Internal Pulp	kg/t	747.55	748.56	741.20	691.90
	Tons	630,321	631,839	605,623	580,665
CO_2 emission consumed by PCC plant	kg/t	56.67	61.68	61.85	63.79
	Tons	47,784	52,063	50,540	53,141
Starch (Purchased)	kg/t	40.71	41.11	42.03	42.08
	Tons	34,329	34,699	34,343	35,315
Water	m3/t	6.58	7.96	7.58	7.93
	m3 (mil)	5.54	6.72	6.19	6.61

NON-RENEWABLE

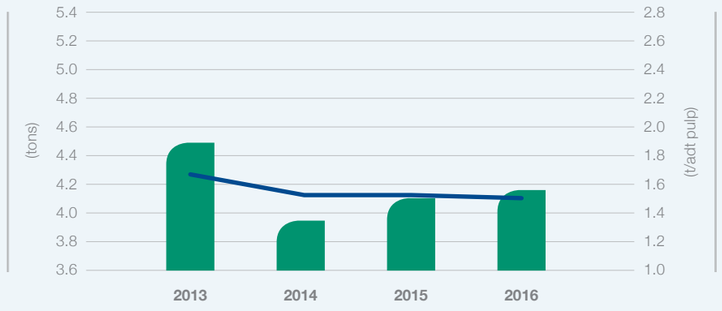
Materials Used	Unit	2013	2014	2015	2016
Ground Calcium Carbonate (GCC)	kg/t	82.30	73.30	73.96	80.20
	Tons	69,390	61,869	60,431	66,815

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Recycled Materials

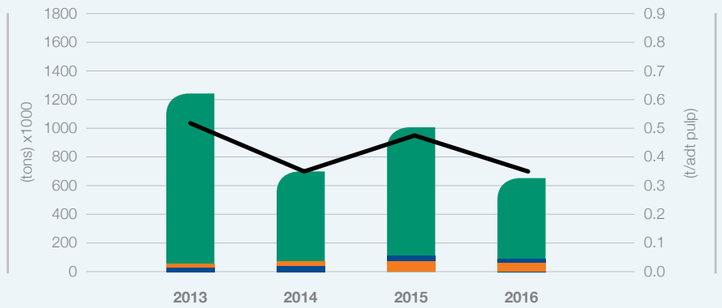
As indicated below, there was a decrease in black liquor production from 2013. This resulted from the processing of more Acacia wood, and the eventual phase out of mixed hardwood as a fibre supply to the mill as of January 1, 2016. Between the wood types, Acacia wood generates less black liquor and bark elements to produce biofuel. We are seeking alternative sources of biomass, such as palm husk and palm shell, to reduce the use of fossil fuels to meet our energy needs. Black liquor, sludge, palm fibre and methanol are recycled and used as fuel.

Black Liquor Biofuel



	2013	2014	2015	2016
tons	4,481,269	3,976,120	4,138,441	4,160,357
t/adt	1.70	1.58	1.58	1.55

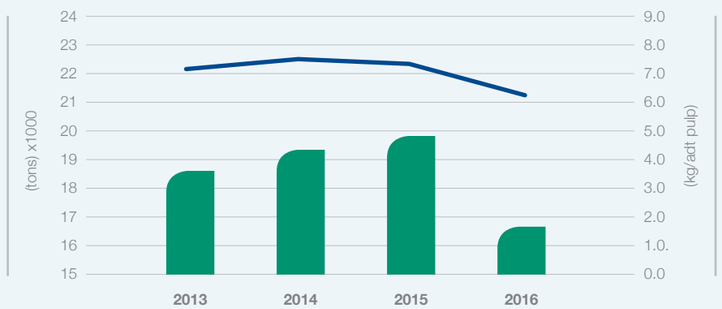
Bark, Palm, Husk and Sludge as Biofuel



	2013	2014	2015	2016
bark tons	1,275,598	747,954	1,040,577	722,573
husk tons	32,971	54,096	125,048	121,427
sludge tons	69,689	75,333	84,742	85,117
t/adt	0.52	0.35	0.48	0.35

We capture methanol from weak black liquor through a process of evaporation and distillation. This valuable biofuel is reused in our lime kilns, replacing fossil fuel.

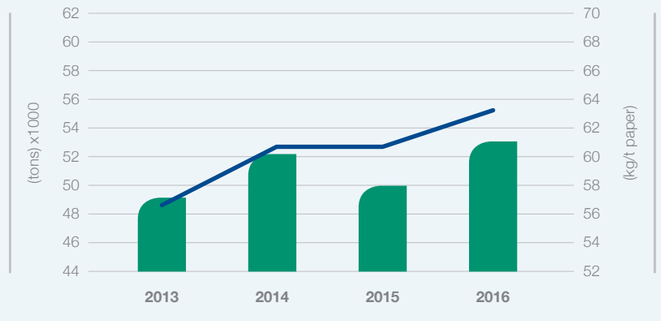
Methanol Captured from Evaporators



	2013	2014	2015	2016
tons	18,535	19,216	19,911	16,706
kg/adt pulp	7.01	7.65	7.59	6.22

Our precipitated calcium carbonate (PCC) plant combines calcium hydroxide with waste CO_2 captured from our lime kilns. As an integrated pulp mill, APRIL uses lime kilns to convert calcium carbonate to calcium oxide or quicklime. This process generates a significant amount of CO_2. Rather than emit this gas as waste, we capture a portion of it to produce calcium carbonate on site.

Emitted CO_2 Consumed by PCC Plant



	2013	2014	2015	2016
adt	47,784	52,063	50,540	53,141
kg/adt paper	56.67	61.68	61.68	63.79

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Energy

Almost 80% of the fuel we use is by-product biomass and black liquor. This fuel is recovered through four processing boilers. We introduced a methanol recovery project in 2010, which is designed to capture this valuable fuel from the evaporation of black liquor.

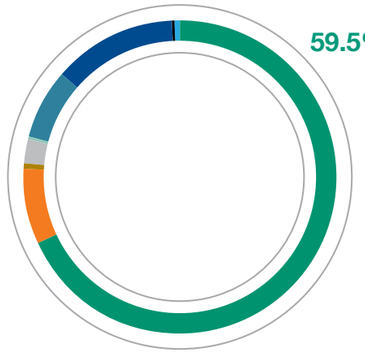
Most of the fuel we use is by-product biomass and black liquor

Indicator	2015	2016
Energy consumption within the Kerinci mill	73,364 TJ	86,513 TJ

Energy Contribution by Fuel Type

renewable	79.8%
non-renewable	20.20%

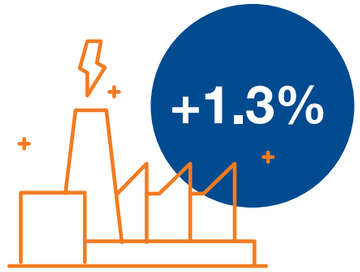
Energy Contribution by Fuel Source



black liquor	59.5%
bark	16.7%
sludge	1.6%
palm husks	1.4%
methanol	0.6%
natural gas	7.3%
coal	12.3%
diesel	0.05%
MFO	0.5%

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Total Electricity Production



2015

3,166,269
megawatts

2.2%
sold to the local grid

2016

3,208,268
megawatts

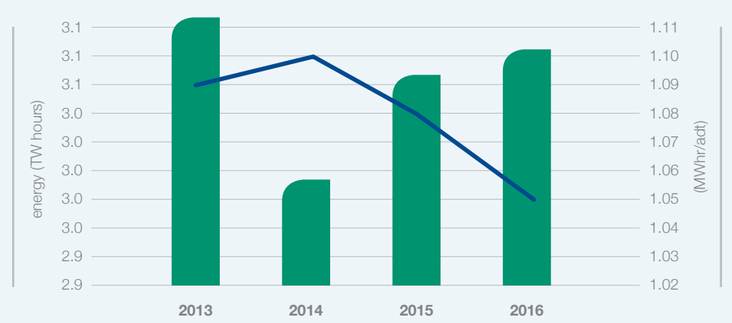
2.8%
sold to the local grid

	2013	2014	2015	2016
Total Electricity Sold to Local Grid (MWh)	44,850	49,769	68,415	90,940

Electricity Consumed by Mill Area

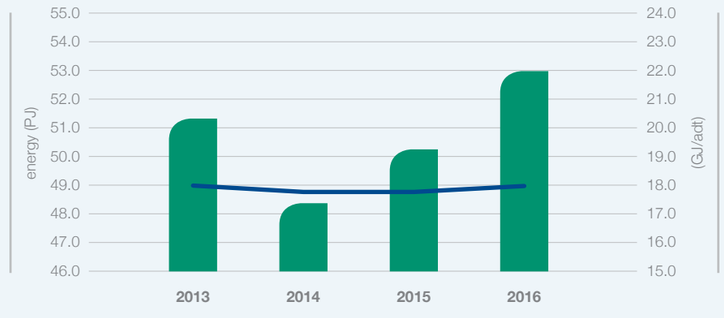
pulp	55.9%
power	22.5%
paper	3.5%
sold	3.5%

Electricity Consumption



	2013	2014	2015	2016
TWhours	3.1	3.0	3.1	3.1
Electricity for pulp and paper	1.09	1.10	1.08	1.05

Steam Consumption



	2013	2014	2015	2016
Peta Joules	51.2	48.4	50.7	53.0
Total steam load	17.9	17.8	17.9	18.0

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Accessible water is important for the wellbeing of communities and the ecosystem

Water

Water is a critical natural resource input in paper making – apart from its obvious role in forest growth, it is used for transport, as a solvent and in power generation.

Our water source, the Kampar River, also has a central role in the local community for transport, potable water supply, fishing and other activities.

Recognizing that clean, accessible water is important for the wellbeing of communities and the ecosystem, we protect and regularly monitor our operations' impact on local waterways, ensuring we maintain water quality, employ wastewater treatment processes before discharging and comply with local environment regulations.

Our mill has an on-site wastewater treatment facility that processes about 265,000 cubic meters a day and 89% of treated waste water is returned to the Kampar River.

Suspended solids and organic contaminants are removed and the recovered solids are utilized as biomass fuel in the power boiler.

Post-treatment effluent monitoring is carried out by mill technicians and, once a month, by an accredited third-party testing company. The results are reported to regulators ensuring that we comply with standards set by the government.

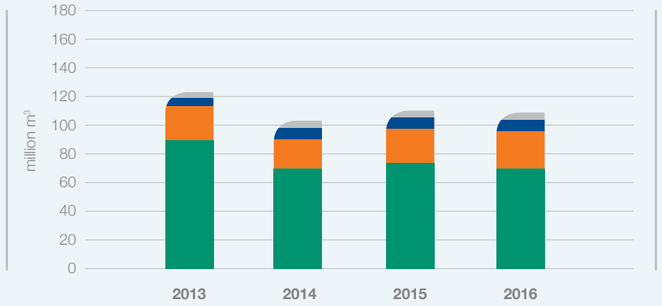
Recycling of Water

Our mill uses high levels of internal recycling. Some production stages, such as the paper machine forming section, involve very dilute processes that require high water efficiency.

A counter current washing system is used in the mill in pulp washing stage, where condensates from an evaporator are used in washing pulp. Steam condensates from dryers are collected and reused as boiler feed water.

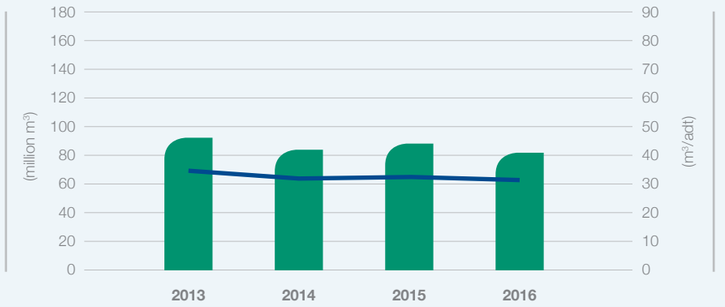
Water is used in almost every part of the pulp and paper making process, both directly as a solvent, and indirectly in transporting materials (for example, pulp slurry) through the mill, and in power generation.

Total Water Withdrawn from Kampar River



	2013	2014	2015	2016
sold	5.4	5.3	5.5	5.5
paper	5.5	6.7	6.2	6.6
power	23.0	20.9	21.8	22.2
pulp	88.7	73.9	77.5	73.8
Total	122.0	106.9	111.0	108.2

Water Consumption for Pulp and Paper



	2013	2014	2015	2016
million m3	93.5	80.7	83.7	80.4
m3/adt	32.7	29.6	29.5	27.3

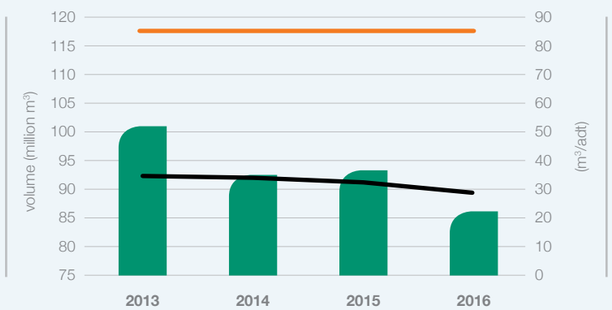
Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Water Consumption by Area

pulp	69%
power	20%
paper	6%
sold	5%

The chart above shows that pulp is the biggest consumer of water, accounting for 69 percent of consumption, followed by power generation, then paper. A small amount is sold to locations such as our town site, our hotel, forestry research and development facilities and our tree nursery.

Treated Waste Water Discharged to Kampar River



	2013	2014	2015	2016
million m^3	101.5	93.8	93.9	86.5
m^3/adt	35.5	34.5	33.1	29.4
local LEV	85.0	85.0	85.0	85.0

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Emissions

The carbon performance indicators focus on greenhouse gas (GHG) emissions associated with the Kerinci mill. Research is underway to eventually include land use emissions and sequestration associated with forestry operations.

	2015	2016
Mill tonnes of GHG / tonne of pulp	0.44 metric ton CO_2eq/ADT Pulp	0.58 metric ton CO_2eq/ADT Pulp
Mill tonnes of GHG / tonne of paper	0.75 metric ton CO_2eq/ton paper	0.99 metric ton CO_2eq/ton paper
Scope 1 GHG emissions No Scope 2 GHG emissions exist as the Kerinci mill does not purchase electricity	1,480,472.74 tco_2e	2,005,825.75 tco_2e

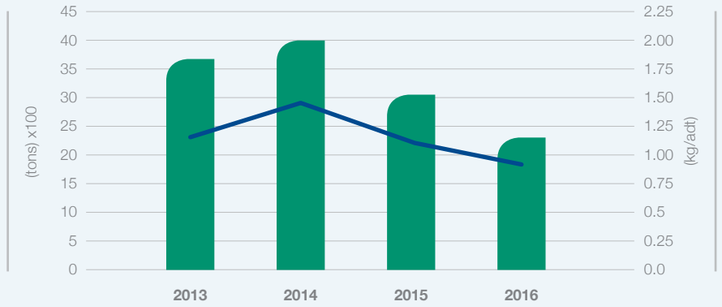
Air Emissions

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

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

We have installed Continuous Emissions Monitoring System (CEMS) equipment at the main emission sources to capture data, which is then assessed at our control rooms in addition to third party monitoring for local regulatory reporting. The results of CEMs and third-party monitoring are reported to regulators.

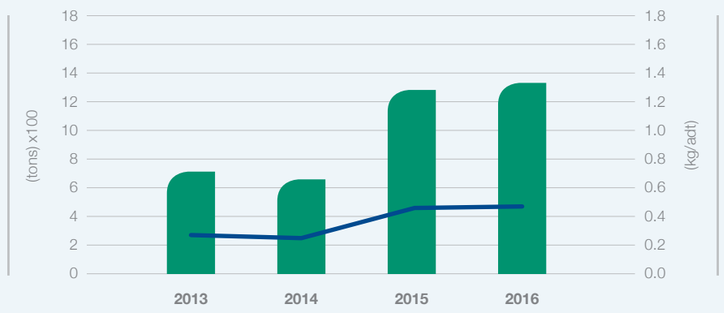
Total Particulate Treated Air Emissions



TSP tons	3,533	4,004	3,013	2,417
kg/adt	1.23	1.47	1.06	0.82

Increasing coal use due to the decline of biomass availability has caused more SO_2 emission.

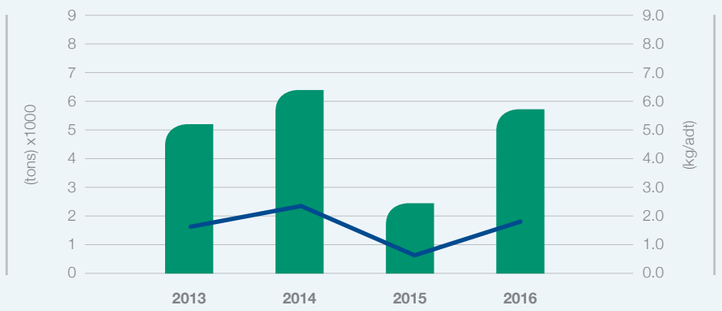
SO_x as S Treated Air Emission



SO_x as S tons	734	656	1,269	1,372
kg/adt	0.26	0.24	0.45	0.47

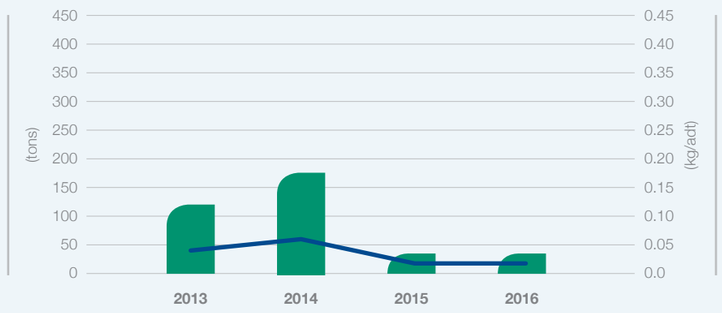
The NO_x drop in 2015 was due to the decline in fuel N content (gas). The NO_2 figure in 2016 was attributed to the increase of Nitrogen content from gas that was used as fuel in the lime kiln. The burning of more nitrogen resulted in the increase of NO_2 emissions.

NO_x Treated Air Emissions



NO_x tons	5,209	6,215	2,491	5,869
kg/adt	1.82	2.28	0.88	1.99

TRS as S Treated Air Emission



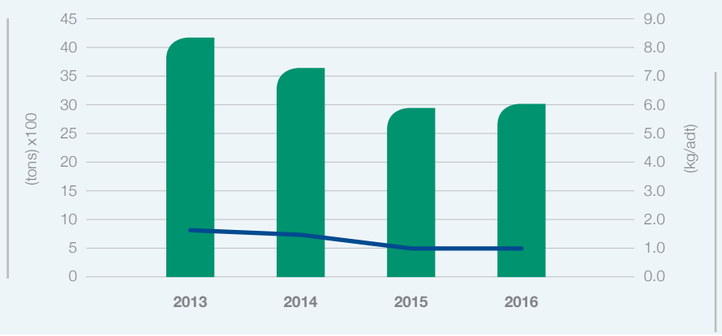
TRS as S tons	122	174	45	46
kg/adt	0.04	0.06	0.02	0.02

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Emissions to water

Water Discharge - Total Suspended Solids (TSS)

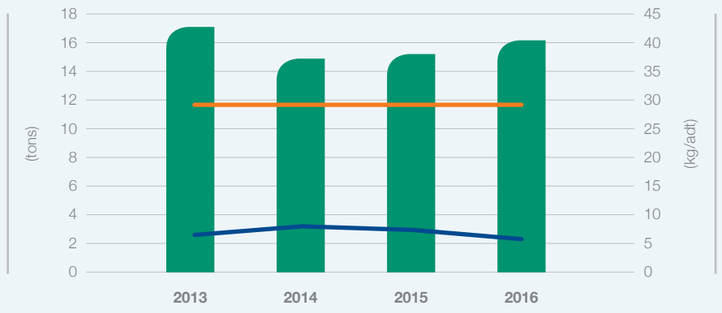
TSS Treated Waste Water



tons	4,294	3,573	2,952	3,033
measured kg/adt	1.5	1.3	1.0	1.0
local LEV	8.5	8.5	8.5	8.5

Water Discharge - Chemical Oxygen Demand

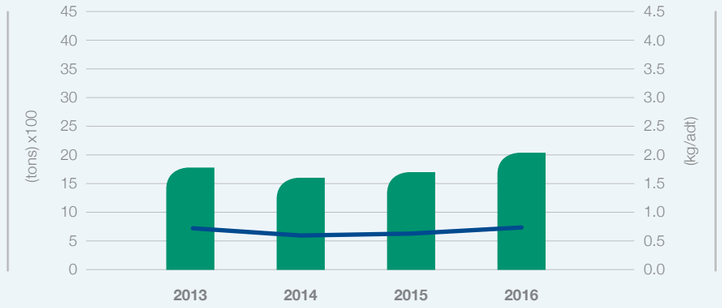
COD Treated Waste Water



million m^3	17,171	14,831	15,224	16,055
m^3/adt	6.8	8.3	7.5	5.45
local LEV	29.8	29.8	29.8	29.8

Water Discharge - Biological Oxygen Demand

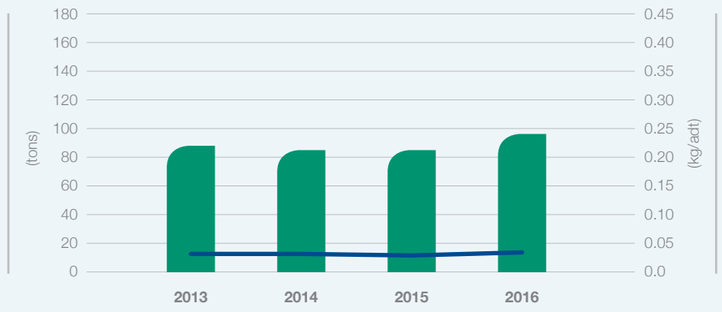
BOD_5 Treated Waste Water



tons	1,747	1,503	1,698	2,062
measured kg/adt	0.61	0.55	0.60	0.70
local LEV	8.5	8.5	8.5	8.5

Water Discharge - Adsorbable Organic Halides (AOX)

AOX Treated Waste Water

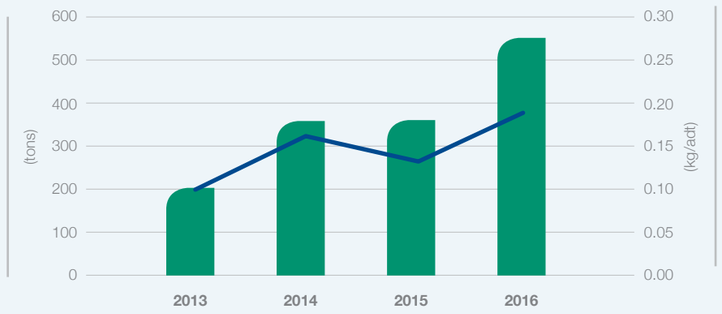


tons	86	82	82	97
measured kg/adt	0.030	0.030	0.029	0.033

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Water Discharge - Total Nitrogen

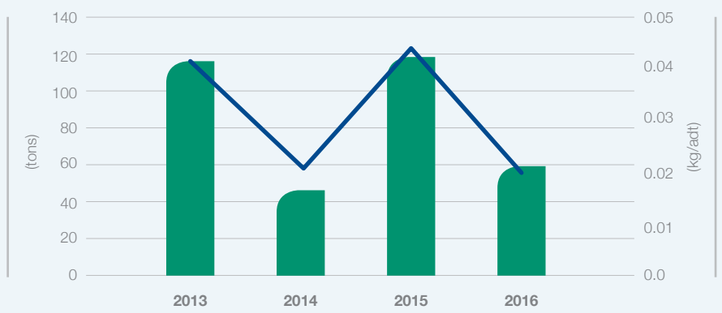
Nitrogen in Treated Waste Water



	2013	2014	2015	2016
tons	201	361	361	548
measured kg/adt	0.100	0.160	0.134	0.190

Water Discharge - Total Phosphorous

Phosphorus in Treated Waste Water



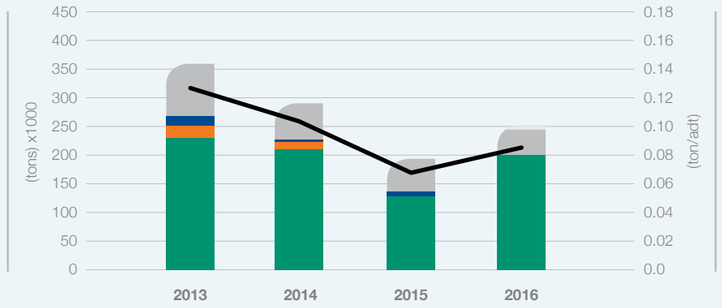
	2013	2014	2015	2016
tons	115	45	117	58
measured kg/adt	0.057	0.020	0.043	0.020

Solid Waste

The mill's landfill is for the disposal of non-hazardous waste only. Disposal of oil, fuel, lubricants, chemicals, COD analysis bottles or vials, dyes or colorants, bark and wood waste, screened rejects, used chemical bags, chemical and oil containers, tyres, paints or thinners, toner and toner cartridges, scrap metal, metal chips, wooden pallets, pulp machine felts, scrap computers and laboratory waste are prohibited.

A dedicated site for hazardous wastes (B3) is located at the mill site. We have strict environmental procedures for operations and control of this facility.

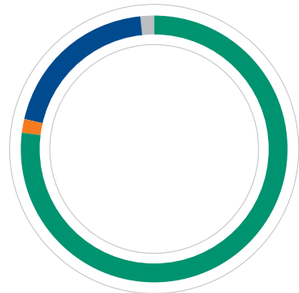
Solid Waste to Landfill



	2013	2014	2015	2016
sludge	-	-	-	**6,969**
dregs & grits	78,582	39,998	43,995	**43,202**
lime mud	13,074	1,748	7,060	**-**
screen reject	17,862	15,941	-	**-**
boiler ash	262,547	233,696	141,292	**200,708**
total ton/adt	0.130	0.107	0.068	**0.085**

Environmental data covers the Kerinci mill and excludes data from APRIL's forestry operations and supplier operations

Solid Waste by Type



ash	77.2%
lime mud	1.6%
dregs	19.7%
sludge	1.6%

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Disclosure 102-3 **Location of headquarters**	About APRIL Group - page 14	
Disclosure 102-4 **Location of operations**	About APRIL Group - page 14	
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Disclosure 102-47 **List of material topics**	Material Aspects and Boundary - page 10	
Disclosure 102-48 **Restatements of information**	None	
Disclosure 102-49 **Changes in reporting**	This report includes suppliers' forestry and OHS disclosures.	

GRI Standards Disclosures and SFMP 2.0 Indicators	Section and Page	Sustainable Development Goals (SDGs)
Disclosure 102-50 **Reporting period**	About the Report - page 8	
Disclosure 102-51 **Date of most recent report**	About the Report - page 8	
Disclosure 102-52 **Reporting cycle**	About the Report: biannual - page 8	
Disclosure 102-53 **Contact point for questions regarding the report**	About the Report - page 9	
Disclosure 102-54 **Claims of reporting in accordance with the GRI Standards**	About the Report - page 8	
Disclosure 102-55 **GRI content index**	Reported	
Disclosure 102-56 **External assurance**	External Assurance Statement - page 89	
Sustainable Forest Management Policy 2.0 (SFMP 2.0) Indicators		
I B) Number of hectares of new development (mineral soil, peatland)	Sustainable Forest Management - page 22	15
VI A) Number and percentage of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities	Management of Grievances and Disputes - page 36	16
VIB) Hectares of APRIL and supplier concessions currently inactive due to unresolved conflicts	Management of Grievances and Disputes - page 36	16
VIIC) Percentage of APRIL, supplier and contractor operations covered by OHS certification	Health Safety and Security - page 46	8
VIII A) Number of instances of fire on concessions by cause (APRIL or supplier or third party initiated)	Fire Prevention and Response - page 33	13, 15
VIII B) Percentage of fiber covered by legality certification	Sustainable Forest Management - page 22	15

Material Topic

ECONOMIC				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	Community Development and Fostering Entrepreneurism - page 47	
	103-2	The management approach and its components	Community Development and Fostering Entrepreneurism - page 47	
	103-3	Evaluation of the management approach	Community Development and Fostering Entrepreneurism - page 47	
GRI 203 **Indirect economic impact**	203-1	Infrastructure investments and services supported	Community Development and Fostering Entrepreneurism - page 47	9
	203-2	Significant indirect economic impacts	Community Development and Fostering Entrepreneurism - page 47	2
ANTI-CORRUPTION				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	About APRIL Group - page 15	
	103-2	The management approach and its components	About APRIL Group - page 15	
GRI 205 **Anti-corruption**	203-3	Confirmed incidents of corruption and actions taken	None reported	16
MATERIALS				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	Pulp and Paper Mill - page 54	
	103-2	The management approach and its components	Pulp and Paper Mill - page 54	9
	103-3	Evaluation of the management approach	Pulp and Paper Mill - page 54	
GRI 301 **Materials**	301-1	Materials used by weight or volume	Pulp and Paper Mill - page 55	
	301-2	Recycled input materials used	Pulp and Paper Mill - page 55	

ENERGY				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approac**h	103-1	Explanation of material topic and boundary	Pulp and Paper Mill - page 54	
	103-2	The management approach and its components	Pulp and Paper Mill - page 54	
	103-3	Evaluation of the management approach	Pulp and Paper Mill - page 54	
GRI 302-1 **Energy**	302-1	Energy consumption within the organization	Energy - page 61	7
	302-4	Reduction of energy consumption	Energy - page 60	7
WATER				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approac**h	103-1	Explanation of material topic and boundary	Water - page 66	
	103-2	The management approach and its components	Water - page 66	6
	103-3	Evaluation of the management approach	Water - page 66	
GRI 303 **Water**	303-1	Water withdrawal by source	Water - page 66	
	303-3	Water recycled and reused	Water - page 66	6
BIODIVERSITY				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approac**h	103-1	Explanation of material topic and boundary	Sustainable Forest Management - page 22 Restorasi Ekosistem Riau (RER) - page 30	
	103-2	The management approach and its components	Sustainable Forest Management - page 22 Restorasi Ekosistem Riau (RER) - page 30	
	103-3	Evaluation of the management approach	Sustainable Forest Management - page 22	
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	Sustainable Forest Management - page 22, 30	15
	304-3	Habitats protected or restored	Restorasi Ekosistem Riau (RER) - page 30	15
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Restorasi Ekosistem Riau (RER) - page 30	15
EMISSION				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approac**h	103-1	Explanation of material topic and boundary	Pulp and Paper Mill - page 54	
	103-2	The management approach and its components	Pulp and Paper Mill - page 54	12
	103-3	Evaluation of the management approach	Pulp and Paper Mill - page 54	
GRI 305 **Emission**	305-1	Direct (Scope 1) Green house gas (GHG) emissions	Pulp and Paper Mill - page 69	
	305-2	Energy indirect (Scope 2) GHG emissions	Pulp and Paper Mill - page 69	
	305-4	GHG emissions intensity	Pulp and Paper Mill - page 69	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Pulp and Paper Mill - page 70, 71	
EFFLUENTS AND WASTE				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approac**h	103-1	Explanation of material topic and boundary	Pulp and Paper Mill - page 54	
	103-2	The management approach and its components	Pulp and Paper Mill - page 54	
	103-3	Evaluation of the management approach	Pulp and Paper Mill - page 54	
GRI 306: Effluents and waste	306-1	Water discharge by quality and destination	Pulp and Paper Mill - page 68	6
	306-2	Waste by type and disposal method	Pulp and Paper Mill - page 54 Materials - page 55 Solid Waste - page 75	6

EMPLOYMENT				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	APRIL Team - page 40	
	103-2	The management approach and its components	APRIL Team - page 40	8
	103-3	Evaluation of the management approach	APRIL Team - page 40	
GRI 401 **Employment**	401- 1	New employee hires and employee turnover	APRIL Team - page 40	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	APRIL Team - page 40	

OCCUPATIONAL HEALTH AND SAFETY				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	Health, safety and security - page 44	
	103-2	The management approach and its components	Health, safety and security - page 44	
	103-3	Evaluation of the management approach	Health, safety and security - page 44	
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, safety and security - page 44	8

TRAINING AND EDUCATION				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	APRIL Team - page 40	
	103-2	The management approach and its components	APRIL Team - page 40	8
	103-3	Evaluation of the management approach	APRIL Team - page 40	
GRI 404 **Training and education**	404-1	Average hours of training per year per employee	APRIL Team - page 40	
	404-3	Percentage of employees receiving regular performance and career development reviews	APRIL Team - page 40	

RIGHTS OF INDIGENEOUS PEOPLES				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	Sustainable Forest Management - page 21	
	103-2	The management approach and its components	Sustainable Forest Management - page 21	1
	103-3	Evaluation of the management approach	Management of grievances and disputes - page 36	
GRI 411 **Rights of indigineous peoples**	411-1	Incidents of violations involving rights of indigenous peoples	Management of grievances and disputes - page 36	

LOCAL COMMUNITIES				
GRI Standard	**Disclosure**		**Page**	**Sustainable Development Goals (SDGs)**
GRI 103 **Management Approach**	103-1	Explanation of material topic and boundary	Community development and fostering entrepreneurialism - page 47	
	103-2	The management approach and its components	Community development and fostering entrepreneurialism - page 47	9
	103-3	Evaluation of the management approach	Community development and fostering entrepreneurialism - page 47	
GRI 413 **Local communities**	413-1	Operations with local community engagement, impact assessments, and development programs	Community development and fostering entrepreneurialism - page 47	

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 fast growing 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_2O) 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_2e) 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 is therefore a measure of the total quantity of oxygen required to oxidize all organic matter into carbon dioxide and water.
CoC	Chain of Custody, which involves monitoring, tracing and documenting the flow of fibre 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

FLEGT	Forest Law Enforcement, Governance and Trade is the European Union's effort to exclude illegal timber from markets, to improve the supply of legal timber and increase the demand for responsible wood products.
Fibre	Fibre 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 which addresses any type of stakeholder or community issue except land disputes, for which there is a separate, defined procedure, and where government input or official process is often required.
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 our 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.
Kaizen	Kaizen is a practice of implementing continuous improvement.
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 the 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 and questionable recognition of traditional rights
Multi stakeholder forum	Multi stakeholder forum or rembuk desa is a consultation forum 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 land for planting or building of infrastructure
NO_x	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 fibres used in the production of paper, tissue and board. Can be derived from hard-woods, softwoods and plant fibres.
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. Peatlands are found from the tundra to the tropics and on every continent except Antarctica.
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 for community's use
SDGs	The United Nations Sustainable Development Golas are a universal set of goals, targets and indicators that UN member states are expected to use to frame their agenda and 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.
SO_x	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 • **Completed** • **Materials provided**	Social infrastructure projects: The building of schools, community halls, roads, bridges, education and health support, religious and sports facilities. Completed: Social infrastructure projects completed within the reporting period. Materials provided: Provision of materials for social infrastructure projects.
SMEs	Small and Medium Enterprises; companies or individuals with business revenue of less than Rp500 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
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.

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, 2015 to December 31, 2016, on certain quantitative performance information disclosed in the Sustainability Report (the 'Report') as described below.

Selected Indicators and Applicable Criteria
The scope for which limited assurance is to be expressed, as agreed with management, includes the following performance information (the 'Selected Indicators'):

Performance Indicators for Assurance	
Sustainable forest management	**Community development**
• Hectares of new development (#) • Hectares of conservation and restoration area and change from prior period (#) • Ratio of conservation area to total plantation area (%) • Percentage of fibre covered by legality certification (%)	• Total amount 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 (#) • Number of multi stakeholder forums (#) • Farmers trained to cultivate farmland (#) • Farmer groups supported with agricultural materials (#) • Number of small and medium enterprises contracted by APRIL (#)
Fire management	**People**
• Number of instances of fires on concessions by cause (#)	• Fatalities (#) • Percentage of operations covered by occupational health & safety certification (%)
Grievances and disputes	**Pulp and paper mill operations**
• Hectares and percentage of new operations (concessions and blocks) with formal agreements in place with indigenous peoples and rural communities (# and %) • Ha of APRIL and supplier concessions currently inactive due to unresolved conflicts (#) • Percentage of grievances addressed within 10 days (%)	• Energy consumption (TJ) • Mill tonnes of greenhouse gas (GHG) emissions / tonne of pulp (tCO2e / t) • Mill tonnes of GHG emissions / tonne of paper produced (tCO2e / t) • Scope 1 GHG emissions (tCO2e)

The Selected Indicators, contained within the Report, 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.

Independent Limited Assurance Report

There are no mandatory requirements for the preparation, publication or review of sustainability performance metrics. As such, APRIL applies its own internal reporting guidelines and definitions for sustainability reporting. These 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 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 comply with applicable professional standards, including International Standard on Quality Control 1.

We have not been engaged in respect of, and our conclusion does not cover, any periods prior to the period from January 1, 2015 to December 31, 2016.

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 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 fibre 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 forestry operations, including APRIL's own concessions and those of its suppliers;
- Inquiries regarding key assumptions and the re-performance of calculations on a sample basis; and,
- Reviewing the Selected Indicators presented in the Report to determine whether they are 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.

Independent Limited Assurance Report

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.

Independence and competence

In conducting our engagement, 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. 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, 2015 to December 31, 2016, the quantitative performance information for the Selected Indicators, as described above and disclosed in the Sustainability Report, have not been prepared and presented, in all material respects, in accordance with the 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 opinion above, we draw attention to the following:

As noted on page 22 and page 36 of APRIL's Sustainability Report, in 2017 APRIL and its supply partners have updated their land conflict data to more accurately reflect existing land disputes and encroachment. Between January 1 and June 30, 2017, 18,055 hectares of land disputes, of which 13,182 are on conservation land, were entered into APRIL's land management system resulting in the following impacts on two of the selected performance indicators:

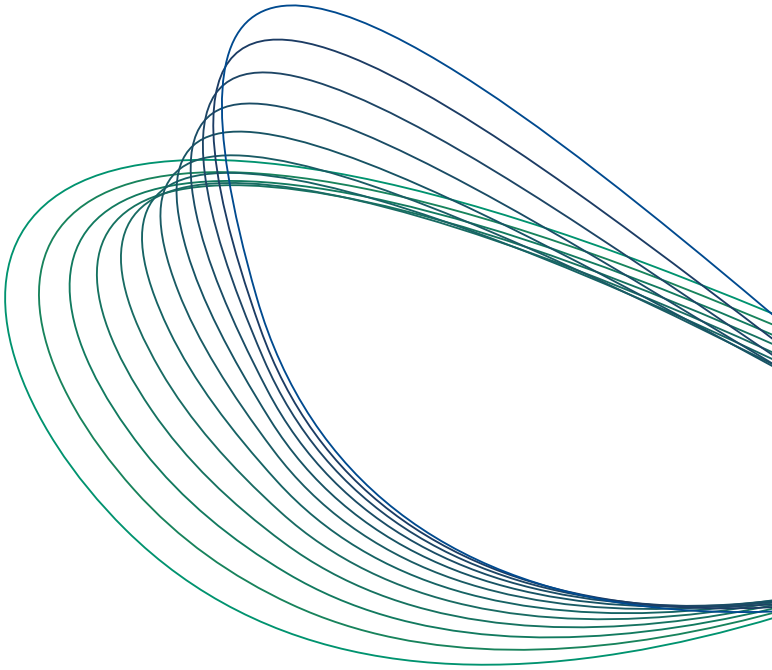
- An increase in the total number of "Hectares of APRIL and supply partner concessions currently inactive due to unresolved conflicts" to 104,009 hectares
- A decrease in the "Ratio of conservation area to total plantation area" to 80% from 83%

As it is not possible to determine the date of the origination of these land disputes, APRIL will include them in the calculation of the selected indicators on a go-forward basis.

Chartered Professional Accountants, Licensed Public Accountants

KPMG LLP

November 3, 2017
Vancouver, Canada



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