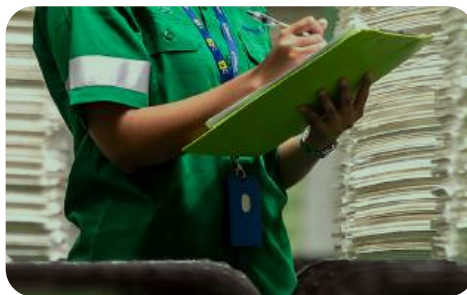




# A DECADE OF ACTION

APRIL's Sustainable Forest Management Policy 2.0



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## 1

# ABOUT THIS REPORT

On 3 June 2015, APRIL made a highly significant announcement. We committed to end deforestation in our supply chains, among a series of new sustainability commitments as part of our Sustainable Forest Management Policy 2.0. A decade later, these commitments continue to serve as a foundation for the company's diversification and sustainable growth.

For over a decade prior, APRIL had been actively strengthening its sustainability credentials, evidenced by our Sustainability Report which was first released in 2002 and other significant on-the-ground actions. These included designating vast areas of our forestry concessions for conservation and restoration, pioneering community programmes to improve health and education, and collaborating with surrounding villages on fire prevention initiatives.

SFMP 2.0 was the moment that unified these efforts into a cohesive framework, marking a significant step change for the company. It sought to define our approach to responsible peatland management; our commitment to the wellbeing of the communities in which we operate; our principles for addressing land claims with fairness; and our commitment to reducing our greenhouse gas (GHG) emissions footprint, and more. This flows from APRIL's 5Cs commitment: to operate in a way that is good for Community, Country, Climate, Customer and Country.

A decade on, this document looks back at how the policy evolved and what it has achieved for people, communities and nature – through the recollections and insights of those who were instrumental in its development and implementation. It also asks how SFMP 2.0 has informed

APRIL's transformation over the past decade, supporting business growth aligned to the policy's guardrails.

Beyond its commitments, perhaps the most important element of SFMP 2.0 lies in its robust governance architecture. The independent Stakeholder Advisory Committee (SAC), made up of national and international experts, was set up to guide and advise on the policy's implementation. Through an annual audit reporting process that it oversees, the SAC can guide APRIL to act on identified non-conformance and opportunities for improvement. This report appraises that watchdog function, too.

Finally, this report looks to the future. While the signature commitments have remained solid, SFMP 2.0 has always allowed the flexibility for APRIL's ambitions to evolve and grow. We are resolute in our commitment to building on this foundation for the next decade



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# THE EVOLUTION OF APRIL'S COMMITMENT

## 2002

- Pioneered Wood Legality Chain of Custody System
- Published first Sustainability Report



## 2013

Restorasi Ekosistem Riau (RER) launched to restore degraded peat forests on Kampar Peninsula

## 2015

- Strengthened SFMP 2.0
- 1-for-1 conservation to plantation ratio commitment
- Announcement of US\$100 million investment in conservation and restoration
- PEFC Certification for Sustainable Forest Management



## 2005

- Leader in implementation of High Conservation Value (HCV) assessment
- Obtained PEFC Chain of Custody



## 2014

Launched Sustainable Forest Management Policy (SFMP) and the independent Stakeholder Advisory Committee (SAC)



### 2020

Launch of APRIL2030  
— APRIL’s agenda for meeting the challenges of a crucial decade for climate, nature and sustainable development



### 2023

Peatland Science team publishes a landmark study in the journal Nature on the effects of land-use change of GHG fluxes in tropical peatlands in Sumatra



### 2017

Independent Peat Expert Working Group (IPEWG) publishes peatland roadmap



### 2021

First solar panels installed at APRIL’s Kerinci site

### 2024

Installed 26.3MW of solar power. 2030 target of 25MW reached six years early

3

# REFLECTIONS FROM LEADERSHIP



LEADERSHIP VIEW

“We knew from the outset that this was high stakes. It had to be right. It had to be credible. It had to be delivered.”

## Anderson Tanoto

| Managing Director, RGE

## STAYING THE COURSE

APRIL’s Sustainable Forest Management Policy 2.0 was the culmination of many years of hard work by many people at the company and our broader stakeholder community. We wanted to make a strong and decisive move that would clearly put us on the front foot of the issues that are faced by the Indonesian forestry sector and also define a long-term approach to embedding sustainability in our operations and business strategy.

The main premise was simple: if we produce from the land, we should be able to give back to the land environmentally, socially and economically. It needs to be integrated.

Beyond the headline commitments of no-deforestation and an end-2015 deadline for the use of mixed hardwood fibre in the mills, SFMP also formally defined our Production-Protection approach. This unique model balances forest conservation



and restoration alongside sustainable production, while ensuring we enable socio-economic growth for communities.

We knew from the outset that this was high stakes. It had to be right. It had to be credible. It had to be delivered. Alongside our landmark conservation commitment of conserving an equivalent hectare of natural forest for every hectare of plantation established (1-for-1), our differentiators would be the seriousness that accompanied the implementation of the commitments we'd made, the real changes that would happen at a landscape level and in our communities where it counted, and the new levels of transparency that would surround this policy.

We were in a good position to push further on sustainability because of the actions we'd already taken. SFMP 2.0 built on previous work to protect high conservation value forests and in community development, especially in healthcare and education. The policy tied these strands together in a way that would demonstrate the benefits that our Production-Protection approach could deliver.

SFMP 2.0 was informed by wider challenges to our sector in Southeast Asia, including scrutiny and demands from environmental campaign

groups. They have spurred us on to aim higher and we are grateful for the hard conversations that helped to make this policy what it is — a lasting foundation on which to grow our business sustainably.

Leading up to the launch of SFMP 2.0 in 2015, we were attuned to the fact that it had to address a trust deficit that had developed between our industry and some stakeholders. To address that, from the start we built in a mechanism for external scrutiny and transparency.

Our implementation of SFMP 2.0 over the past decade has been overseen by our Stakeholder Advisory Committee (SAC), made up of national and international experts. The SAC oversees an annual independent assurance process. These audit reports, detailing APRIL's actions, are publicly accessible, and we know they are widely reviewed. This process has resulted in many recommended actions since 2015, which APRIL has complied with or continues to implement.

Equally important is how we've shown with this policy, particularly in the last five years, that sustainability can be an enabler rather than an inhibitor of progress. We've demonstrated that a sustainability-focused business can grow while continuing to invest in and

implement community development and nature protection.

Through our Production-Protection approach, we've directly linked the productivity of our plantations to our conservation efforts through our innovative US\$1-per-tonne mechanism. For every tonne of plantation wood that reaches the mill we put aside a dollar for nature protection. That mechanism allowed us to allocate US\$14.8 million to conservation and restoration in the last year alone.

Marking the tenth anniversary of SFMP 2.0 is a testament to everyone at APRIL and our stakeholder community who shaped and put the policy into practice, along with the partners and advisors who have helped us stay the course. We are proud of the progress we've made, yet we remain grounded in the understanding that the hard work of delivery continues.

***Above:** Designing and implementing SFMP 2.0 has taken a vast team, from all parts of APRIL.*



COMMENTARY

“When we announced the policy, some stakeholders expressed some disbelief – incredulity even. SFMP 2.0 aligned our ambition with global language and expectations. We became part of the global community, to be part of the global effort to address climate change.”

## Bey Soo Kiang

| Chairman of APRIL Group

SFMP 2.0 was a declaration of significant commitments to embed environmental stewardship, sustainable development, transparency in corporate governance in APRIL’s operation. This policy also ensured our core commitments resonated with the evolving global agenda for climate action, as articulated in the Sustainable Development Goals.

We had the Stakeholder Advisory Committee that was tasked with independent oversight and to help ensure our actions align with our commitments. Stakeholders could attend meetings and we published meeting proceedings in the public domain.

We are a huge organisation: more than one million hectares of forestry concession split between production and conservation areas. The footprint is effectively even larger because it is distributed. So, there is the capacity for things to go wrong and for genuine mistakes to happen.

We are committed to acknowledging them and investigating each grievance. If a mistake is made, we will take the appropriate remedial actions – a commitment to transparency and accountability that is critical to building trust with our stakeholders.

The policy also built on our founding commitment to community development. What we do in the community enables us to implement our environmental solutions in a way that is grounded in realities that will help us protect nature and improve the lives of the people in the communities around us. If we just focus on nature, we won’t have a lasting presence.

## COMMENTARY

**Joe Lawson**

| Former Stakeholder Advisory Committee Chair

APRIL had been doing the right thing on sustainability for quite some time, but there were still some issues with conversion that was frowned upon by the global community, though it was all legal forestry activity.

The company held licenses from the Indonesian government which expressly permitted conversion of the land for plantation. It was clear that the public tide was turning though, driven by the changing attitudes of the global community, and increased attention on Indonesia. The changing context accelerated what was in progress.

At that time, APRIL had done more High Conservation Value (HCV) assessments (a robust methodology that identifies areas with outstanding biological, ecological, social or cultural value or critical importance) than any other company in Indonesia, demonstrating they were well ahead of the game. And its work in community education programmes was advanced and impressive. No one else was doing this, but trust was

low. To address this, we set up the SAC assurance process with KPMG PRI to establish a foundation for trust-building, and that has matured over the years to where it is now.

This process — the policy and the SAC — was totally unprecedented in Southeast Asia, and there was nothing on the scale that we are talking about in Indonesia. What was so significant was that APRIL put all their confidence in the SAC. It was given the task of guiding the implementation of a very ambitious management plan and was open to taking management advice from a group of external people, including NGOs. That took a lot of courage.

We could see a sustainability culture emerge and grow in the business. This stemmed from a senior leadership commitment that saw sustainability as a business strategy from the outset. SFMP 2.0 had become a way of doing business, and there was buy-in from the ground floor up.

“You couldn’t have picked a more sensitive place in the world to have a pulp mill, but APRIL has exceeded what the world expected them to do and is a key player in sustainability now. We could see a sustainability culture emerge and grow in the business. This stemmed from senior leadership commitment that saw sustainability as a business strategy from the outset.”





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# SFMP 2.0 OVERVIEW

**This is the original introduction to the policy, published in June 2015**

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

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

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

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

## 1 LONG TERM SUSTAINABILITY

The policy lays down a ban on using mixed hardwoods as a raw material. It also sets a key date of 3 June 2015. Any of our own plantations developed subsequently must be on non-forested land. And no wood for our mill can come from land deforested after that date.

## 2 FOREST PROTECTION AND CONSERVATION

We set out our 1-for-1 commitment to conservation and ecosystem restoration, meaning we will set aside an equal area of land for conservation and restoration, for every hectare of plantation.

## 3 PEATLAND MANAGEMENT

We established the Independent Peat Expert Working Group (IPEWG) to advise APRIL and provide recommendations on best practice for peatland management to reduce carbon emissions and promote conservation value.

## 4 CONTINUOUS REDUCTION OF CARBON FOOTPRINT

We committed to reducing our carbon footprint by improving energy efficiency, increased use of renewable energy, as well as through landscape carbon sequestration.

## 5 PROACTIVE SUPPORT OF LOCAL COMMUNITIES

We redoubled our efforts to assist communities that surround our operations. That includes poverty alleviation, supporting entrepreneurship, inclusion of local SMEs into our supply chains and creating forums for engagement with local villages.

## 6 RESPECT THE RIGHTS OF INDIGENOUS PEOPLES AND COMMUNITIES

We set out our respect for the tenure rights of indigenous peoples and rural communities and our commitment to international best practice on Free, Prior and Informed Consent (FPIC).

## 7 RESPONSIBLE PRACTICES OF OUR WORK PLACES

We committed to providing a safe, productive and conducive work environment. This covers alignment with international standards, best practices on recruitment, respect for free association and diversity. We also affirmed zero tolerance for child and forced labour, discrimination or abuse.

## 8 LEGAL COMPLIANCE AND CERTIFICATION

We reiterated our compliance with all laws and regulations and our commitment to global timber product certification schemes.

## 9 GOOD CORPORATE GOVERNANCE, VERIFICATION AND TRANSPARENCY

Trust and openness are vital to the policy's effectiveness. We set up a Stakeholder Advisory Committee in 2014 to ensure transparency and implementation of the policy, including the appointment of an independent verification auditor and a grievance mechanism.

*Left: APRIL's direct plantation and conservation footprint combined is over 1.4 million hectares.*

## COMMENTARY

“SFMP 2.0 is a reflection of our values. We do what we say we do. That is our style. If we commit to something, we will work to understand how to implement it and then get it done.”



## Praveen Singhavi

President of Bracell and  
former President of APRIL Group

When I took over APRIL in 2012, we were facing increasing scrutiny from stakeholders. As a management team, we took stock. Our plantations were mostly developed, aside from some concession areas of our supply partners in Kalimantan (the Indonesian part of the island of Borneo). We deliberated on the idea of putting a moratorium on plantation development, which was presented internally to the Board. This would mean foregoing rights to develop areas of non-HCV degraded forest over time. It was a tough conversation, but for the sake of our long-term business sustainability, it was agreed that this was the right way forward.

SFMP 2.0 was the result of extensive consultations with stakeholders and a thorough analysis of the impact on the business plus its contribution to our Production-Protection approach to conservation. We had carefully analysed the business case to understand the implications and what

we needed to do operationally. Our operational leaders were taken into confidence and their involvement in building SFMP 2.0 was strong from day one to ensure the policy was grounded in operational reality.

To ensure delivery, we aligned the policy commitments with business key performance indicators (KPIs), including senior leadership KPIs.

Leadership was always present when it was needed. We were there for the hard conversations and also to push back when it was important to do so. Sometimes every word was deliberated on with the Stakeholder Advisory Committee (the independent body set up to oversee the policy). This level of robustness and transparency built trust increasingly over time. It was never a public relations exercise. It was about business — sustainable business — from the beginning.

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# OVERSEEING OUR PROGRESS

## BY THE NUMBERS

15

Members of the Stakeholder Advisory Committee (SAC) since its inception

35

SAC meetings since 2014

22

Stakeholder Forum meetings since 2014

8

Members of the Independent Peat Expert Working Group (IPEWG) since its inception

22

IPEWG meetings since 2016

8

"NonConformances" identified by auditors since 2015

245

Total number of indicators tested by auditors since 2015

19

Indicators included on a streamlined annual list adopted by SAC and KPMG PRI

84

"Opportunities for Improvement" identified by auditors since 2015

142

recommendations made by SAC since 2014

118

Recommendations made by SAC that have been closed

81%

of Non-Conformances or Opportunities For Improvement resolved within a year



The launch of SFMP 2.0 occurred during a period of significant scrutiny for APRIL from environmental campaign groups. So it was crucial that the company's key stakeholders would believe that the actions we reported were real and that the policy's commitments were enduring.

The Stakeholder Advisory Committee (SAC) is a body of independent experts who had the knowledge and experience to hold senior managers to account over operational decisions and ensure they lived up to the company's commitments. Among the first group of SAC members

**Above:** Meetings of the SAC are held with outside observers present and it holds regular open forums to gain input from stakeholders.

## ASSURANCE ACTION PLANS

8

● Non-Conformances

Annual independent audits are carried out by KPMG PRI. These can result in so-called “Non-Conformances”. These arise when the indicator data or lack thereof is associated with a breach of the requirements of SFMP 2.0.

84

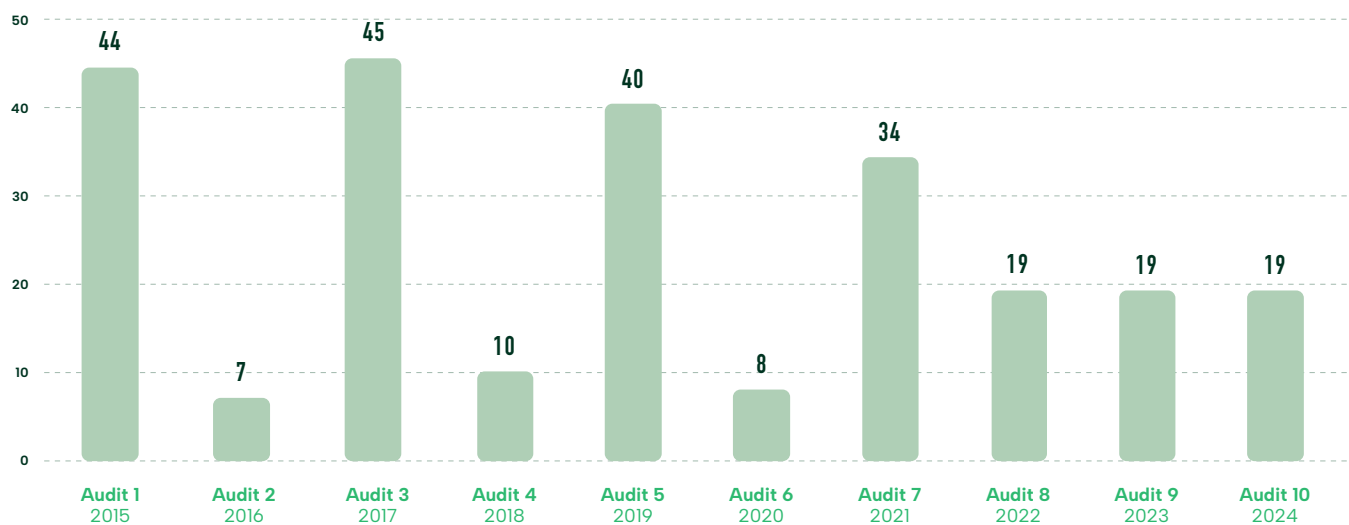
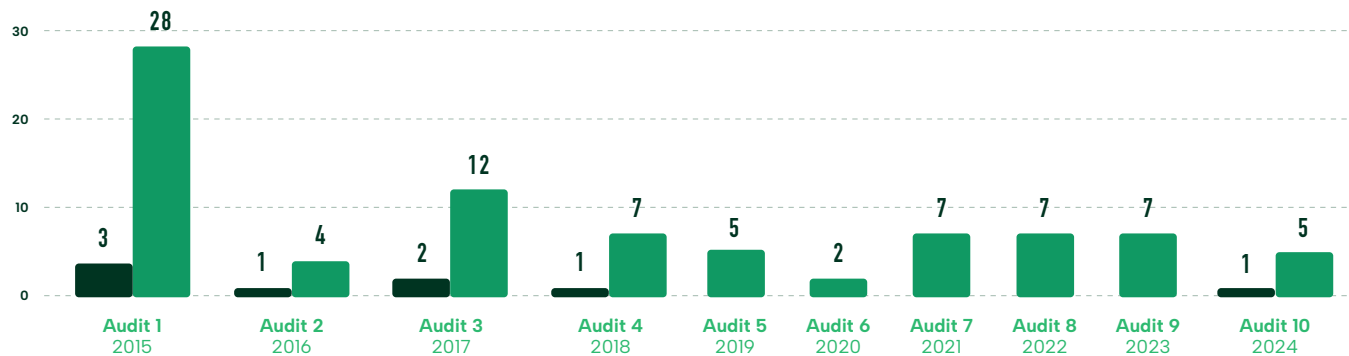
● Opportunities for Improvement

“Opportunities for Improvement” arise when the scope of the indicator, the data collection and quality control processes, or the nature of the underlying practices and monitoring undertaken by APRIL could be improved.

245

● Indicators

“Indicators” are the measurable criteria that the auditor uses to assure APRIL’s performance against. They are agreed in advance by the SAC.



were representatives from WWF and Greenpeace. Of the 15 people who have served on the SAC so far, there have been representatives of industry, academia, NGOs and the Indonesian public sector.

The committee meets multiple times a year — 35 times in total since 2014. These typically include on-site meetings in Jakarta and Pangkalan Kerinci, as well as field

and community visits to Sumatra and Kalimantan, allowing for direct observation of APRIL’s operations. To be effective, the SAC had to get into the hard details, and its scrutiny had to take place in the open.

Without this level of transparency, APRIL’s external critics could argue that the policy was, in today’s language, a “greenwashing” exercise — no matter how qualified or

independent the SAC members were. To neutralise any such accusations, SAC meetings have been open to outside observers and their minutes and reports are published online for anyone to read.

The SAC could also not be seen to be reliant purely on information fed to it by the company. To give it an independent view into APRIL’s operations, it was equipped with

regular independent audits of APRIL and our supply partner operations carried out by KPMG PRI. This has included detailed desktop reviews and in-field inspections to verify evidence against the indicators agreed by the SAC.

Since the first audit, 245 indicators have been assessed, resulting in eight instances of so-called Non-Conformance (NC). These arise when the auditor determines that the indicator data or lack thereof is associated with a breach of the requirements of SFMP 2.0.

In addition, KPMG PRI has identified 84 Opportunities for Improvement (OFI) since 2015. These arise when the scope of the indicator, the data collection and quality control processes, or the nature of the underlying practices and monitoring undertaken by APRIL could be improved. They do not amount to a breach of the policy.

In all cases where an NC or OFI has been raised, APRIL prepares an Action Plan which is reviewed by

KPMG and endorsed by the SAC. The specific actions are tracked and form part of future assurance. As at Feb 2025 there were no open actions against previously identified NC or OFI.

Of the seven NCs identified between 2016 and 2018, the majority concerned breaches of the first article of the policy: Long Term Sustainability. Examples included the planting on 608 hectares of previously encroached area and development of a forested area within a supplier’s concession.

These reflected early challenges and complexities of bringing supply partners into alignment with the new policy, managing data effectively and transitioning away from mixed tropical hardwoods.

The overall picture on compliance with the policy though is one of gradual improvement since 2015. Seven of the eight NCs and 67 percent of OFIs were identified in the first five years of the assurance process (see chart).

A QUICK WORD

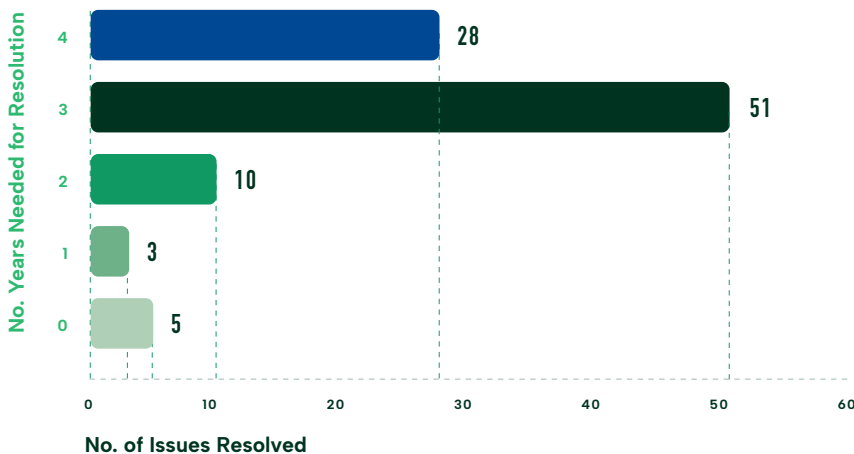


**Erna Witoelar**

Stakeholder Advisory Committee Member

“Civil society, individual consumers and even governments cannot achieve sustainable development without deep commitment from the private sector. Companies must be a large part of the solution and big business has the gift of making the biggest difference. That’s why I joined the SAC: to help APRIL improve and restore through persuasion and collaboration. The company sustainability agenda has achieved so much and continues to do so.”

**RESOLUTION OF ASSURANCE FINDINGS**



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# COMMITTING TO NO DEFORESTATION



By the early 2010s, APRIL had already taken significant steps on its path to sustainability. A decade earlier in 2002, we had put in place a wood legality chain-of-custody system and published our first sustainability report. By the time we began the decisions that led to the development of SFMP 2.0, we were a leader in High Conservation Value (HCV) assessments on our concessions, guiding our plantation development and forest conservation.

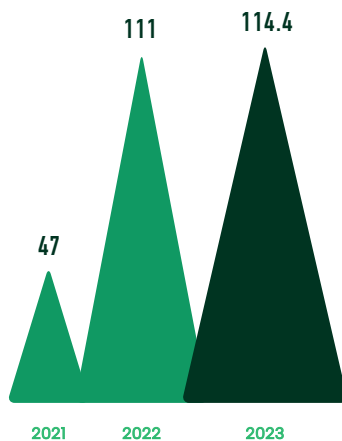
As a result, we now manage a significant area of natural forests within our concessions for the benefit of biodiversity that would otherwise have been converted to commercial plantation. These areas are protected

from fire and encroachment, allowing biodiversity to thrive and natural rehabilitation to occur where needed. This is part of our unique Production-Protection approach, where the revenue generated by production forestry provides the financial and technical resources required to support forest conservation at scale.

Keeping our own operations deforestation-free would have little impact if we were outsourcing conversion to our supply chain. By binding all of our suppliers into the same June 2015 deforestation cut-off date, the policy has had an impact well beyond APRIL's boundaries

## AREA OF FOREST BEING RESTORED

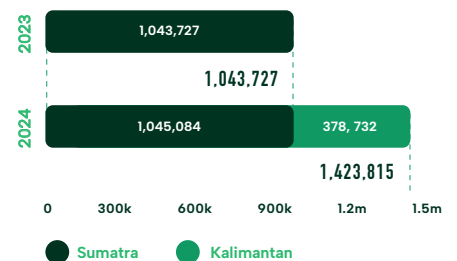
Area of Forest Restored to Increase Potential Habitat (Ha)



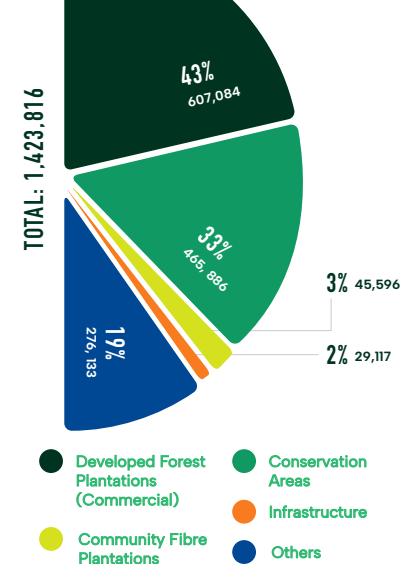
\*No data for 2024. Annual monitoring to be reported in 2025.

## MANAGED AREA OVERVIEW

Managed Area by Region (Ha)



Managed Area Breakdown 2024 (% , Ha)

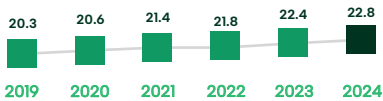


- 'Managed areas' include our 12 PT RAPP concessions and 35 long-term supply partners in Riau and Kalimantan
- 'Others' includes de facto unmanageable areas within our land footprint due to inoperable soils (e.g. rocky terrain or flood-prone areas), community claims under review, boundary overlaps and village settlement areas
- Fluctuations on total managed hectareage can occur year-on-year due to boundary revisions based on ground verification and digital spatial analysis tolerances

## A POSITIVE BUSINESS IMPACT

### 50% GAIN IN FIBRE PLANTATION PRODUCTIVITY

Mean Annual Increment (T/Ha)



and encouraged a whole-of-sector change in Indonesia.

We require rigorous verification of the source of all the wood that enters our mill and we will not accept wood from areas that have been deforested after the policy’s cut-off date. All of our suppliers are assessed under the policy and are also subject to audit by KPMG PRI. We take allegations that any of our wood supply has come from land deforested after 2015 seriously and investigate them thoroughly, under the auspices of the SAC, with findings publicly reported.

Our suppliers have come on this journey with us and we have worked with them to build their capacity to align with the requirements of the policy. In many cases, that has meant raising their operational practices to global standards.

**Left:** By increasing plantation productivity APRIL’s output has grown without increasing its plantation footprint.

**Right:** State-of-the-art techniques such as tissue culture have helped to raise productivity.

The decisions to end deforestation and use only plantation wood in our mill have had a transformative impact on APRIL. To continue growing our business while maintaining a constant plantation footprint has required an evolution in the way we grow our business, including a significant investment in research and development.

Our world class R&D team now consists of more than 270 people with eight different nationalities, including nine with PhDs and 21 with Masters degrees in relevant disciplines. The RGE Technology Centre, the company’s main research hub, occupies more than 5000 m<sup>2</sup>. Over the last 10 years, capital expenditure has amounted to more than US\$11 million while the annual operating budget for R&D is around US\$9 million. The team has established research ties around the world, including with the Forestry and Agricultural Biotechnology Institute, at the University of Pretoria in South Africa.



These researchers are working to improve productivity in a wide variety of ways, for example, through sophisticated plant genetics (excluding genetic modification), clonal plantations, complemented by state-of-the-art drone technology for surveying and other purposes and the increasing digitisation of our operations.

Their work has contributed to a 12 percent increase in plantation productivity over five years, measured as a boost in Mean Annual Increment from 20.3 tonnes per hectare in 2019 to 22.8 tonnes per hectare in 2024.

The no deforestation commitment has also changed our supply chain. Because of the verification, monitoring and reporting requirements we insist on, we have started seeing a shift towards dealing with more long-term, trusted suppliers who have similarly evolved their operations to comply with SFMP 2.0. This has had the added benefit that we are well placed as a company to comply with the EU’s Deforestation Regulation which comes into effect at the end of 2025.

Taken together, the company’s continued growth over the past decade has demonstrated that science-led operational transformation and business diversification can go hand in hand as a viable and sustainable growth strategy.

7

# OUR 1-FOR-1 COMMITMENT

Article 2 of SFMP 2.0 sets out how the company would pursue forest conservation. It pledges the protection and restoration of natural forests and other ecologically, hydrologically and culturally important areas.

The most radical and unique aspect of Article 2 is the 1-for-1 commitment to “establish conservation areas equal in size to APRIL’s plantation areas”. This stems from a long-standing company philosophy that our business and the plantation landscapes it relies on do not exist in isolation. They are embedded within nature and are deeply dependent on the ecosystem services such as water provision and flood protection that natural ecosystems provide. A long-term sustainable business depends on maintaining a balanced landscape.



Currently, our direct conservation footprint is 465,886 hectares, around three times the size of Greater London or 77 percent the size of our plantation footprint at 605,781 hectares.

We have set a high bar for what counts towards the 1-for-1 target. For example, the 30,000 hectares of community conservation land surrounding our concessions that we support with funding through formal agreements with local villages is not included. Nor is the finance we provide through partnerships with other conservation projects, for example the PT Restorasi Habitat Orangutan Indonesia in East Kalimantan and PT Restorasi Ekosistem Indonesia on Sumatra.

Our current direct conservation

footprint exceeds the 30 per cent target agreed by world leaders at the landmark Kunming–Montreal biodiversity summit in December 2022. When we reach APRIL’s overall vision of “nature needs half”, we will significantly exceed that mark.

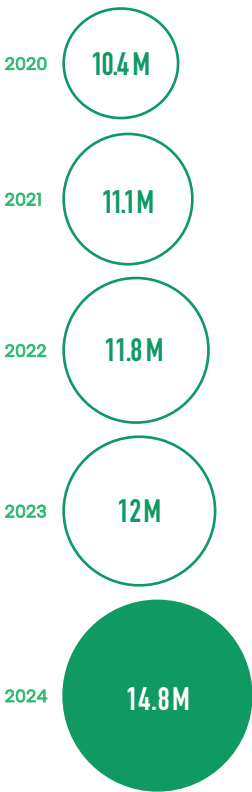
The core of our conservation landscape is the 150,693-hectare Restorasi Ekosistem Riau (RER) project in Riau Province, in East Sumatra. Established by APRIL in 2013, it encompasses an area of natural peatland forest twice the size of Singapore that has for the most part not been heavily impacted by human activity.

It is home to a spectacular array of plants, animals and other living things including sun bear, flat-headed cat, Southern pig-tailed macaque and



## INVEST IN LANDSCAPE CONSERVATION

Annual Budget Allocation for Conservation Funding (US\$)



Sumatran tiger. Of the 893 species in key taxonomic groups that have been recorded there, 75 are included in the IUCN Red List, with 13 classed as Critically Endangered. Through regulated low-impact access, it also provides vital livelihoods for local communities, for example from fishing. RER’s field teams and running costs – which were about US\$4m in 2024 – are funded by APRIL as part of its Production-Protection approach.

We are not aware of any other contiguous landscape managed purely for conservation on this scale by a private company anywhere in the world.

## SPECIES OF CONCERN

No. of Species identified at RER Conservation Area

**69**  
2021

**72**  
2022

**76**  
2023

\*No data for 2024. Annual monitoring to be reported in 2025.

## 1-FOR-1 COMMITMENT PROGRESS

**77%**

Progress towards setting aside an equal area for conservation and restoration as our plantations

**Left:** APRIL acts as steward to over a million hectares of plantation and conservation land in Indonesia.

**Middle:** Teams of rangers patrol the Restorasi Ekosistem Riau (RER) conservation area to stop poaching, encroachment or illegal logging.

**Right:** 13 species in RER, including the Sumatran tiger are classed as Critically Endangered on the IUCN’s Red List. Another 62 are in the Endangered or Vulnerable categories.

## A UNIQUE APPROACH TO FUNDING CONSERVATION & RESTORATION

Maintaining and protecting such a significant conservation footprint cannot be done as an afterthought. It requires active management and significant ongoing resources – plus a commitment to sustainability at the heart of business strategy.

A significant component of that is our Production-Protection approach. Its on-the-ground manifestation is the protection that RER receives from being surrounded by a ring of APRIL’s plantations. This provides a physical barrier to encroachment by stakeholders who may engage in illegal logging or poaching.

The Production-Protection approach extends to conservation finance too. At the Paris climate summit in December 2015, a few months after the launch of SFMP 2.0, we announced a commitment to spend US\$100m on conservation over the following decade. That commitment has evolved into a mechanism that links our production to our conservation work. We impose an internal levy of one dollar per tonne on wood reaching our mill, with that money going into a conservation fund. The mechanism has raised over US\$67m since 2020 and last year allowed us to allocate US\$14.8 to our conservation priorities.

## COMMENTARY



“One of the best ways to build understanding has been to shine a light into the corners, so everything is in plain sight. The SAC has opened the company up to the perspectives of local people and their communities, as well as those from its extended networks and relationships across academia and government.”

## Professor Jeff Sayer

### I Stakeholder Advisory Committee Co-Chair

Professor of Forest Conservation at University of British Columbia and former CEO of the Centre for International Forestry Research.

I deeply believe that the best business outcomes can only be achieved when companies create positive environmental and social outcomes for the communities that surround them. This has been my professional focus for decades, dating back to the first entry of commercial activity into the forests of Sumatra and Kalimantan. In that time, I've seen companies like APRIL evolve their operations to integrate policies and practices to make a difference to people and nature, bringing the twin benefits of economic development and forest conservation. APRIL's sustainability policy and the Stakeholder Advisory Committee or SAC has been a catalyst for much of that.

There were controversial beginnings and pockets of opposition have remained over the years. One of the best ways to build understanding has been to shine a light into the corners, so everything is in plain sight. The SAC has opened the company up to the perspectives of local people and their communities, as well as those from its extended networks and relationships across academia and government.

From the beginning, the SAC has helped host hundreds of visits, allowing people an informed, ground-level view. The facts and the science have helped diffuse antagonism and build understanding. All these perspectives have helped us to

rapidly form an opinion of what the issues are, and what needs to happen. From the beginning, APRIL was open and appreciated that it was in its interest to listen and collaborate.

This has led to an aggressive convergence of our positions — the SAC and APRIL management and the outside world, including NGOs and government — towards the view that a well-managed company was not just good for APRIL, but something that Indonesia needed. That meant being good for environment and people and communities as well as for the business. There was a gradual transition towards a view of what the ideal solution should be, in the company's unique operating context.

Today, there is a much better understanding of APRIL's operations. We know what is going on, we know where the issues lie, and where there are opportunities for improvement. The SAC has evolved and includes a group of respected, highly credible people with weight and respect in the community, but also in government and industry.

It has been a rich experience, and a worthwhile one. The first thing I wanted to do is to see the situation on the ground for myself, and I continue to urge others who have yet to, to do the same.

8

# RESPONSIBLE PEATLAND MANAGEMENT

Peatlands are rare and unique wetland ecosystems covering around 3 to 4 percent of the Earth’s land surface. Despite their relatively small area globally, they contain up to a third of the world’s soil carbon — an estimated 450 to 650 gigatons. In Southeast Asia, peat swamp forests and mangroves combined make up just 5.4 percent of land area but

aims to manage these sensitive landscapes responsibly.

The International Peatland Society’s Strategy for Responsible Peatland Management states that: “Responsible peatland management means undertaking activities in a transparent and accountable manner, following ethical and humanitarian



together are estimated to account for around half of all emissions from land use. Of Indonesia’s 20.9 million ha of peatland APRIL manages 597,593 ha (29 percent). Of APRIL’s peatland concessions, 54.6 percent is dedicated to conservation and 45.4 percent to plantation.

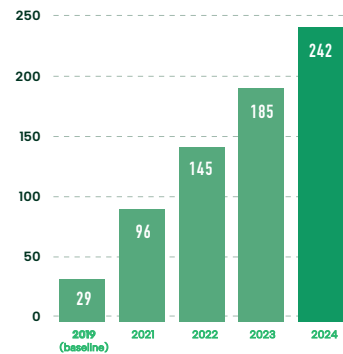
Through its tropical peatland science research, undertaken with international collaborators, APRIL has sought to support globally recognised

principles applied in ways that promote stewardship of the peatland resource that will be acceptable to future generations.” It advocates that actions taken should be based on “sound scientific knowledge and practical experience”.

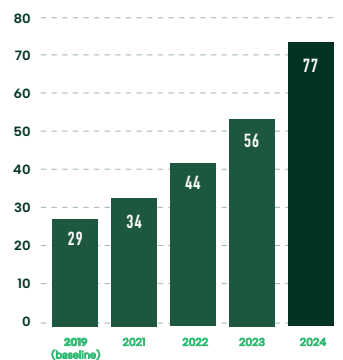
SFMP 2.0 paved the way for the creation of the Independent Peat Expert Working Group (IPEWG) in 2016. Its role was to provide independent advice to help the

## PEATLAND SCIENCE

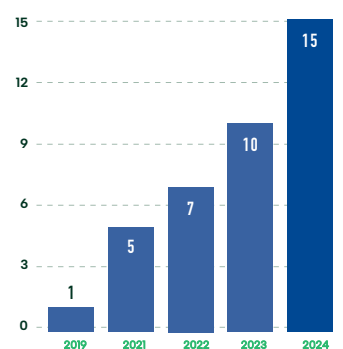
No. of Collaborations



No. of Dialogues, Workshops and Conferences Attended

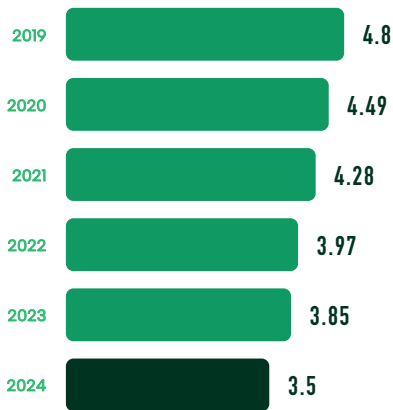


No. of Peer-Reviewed Scientific Publications



## LAND USE

### Emissions from Land Use Change (MtCO<sub>2</sub>e)



company fulfil our commitment to responsible peatland management.

At the start, this entailed three or four in-person meetings a year, with the IPEWG experts scrutinising the company’s operational plans for water management or new canals.

The group gave advice and suggestions, but it also provided clear guidance on new canal development. Operational teams worked with IPEWG to find a compromise solution



or to follow their advice in these cases, even if it was more expensive or difficult.

In the early years that led to intensive discussions between IPEWG and the operational teams to find solutions, but that has eased over time. IPEWG’s advice has been internalised so Standard Operating Procedures comply with the expert input.

Early on, it was clear that there were significant gaps in the scientific understanding of tropical peatlands. We sought to fill those gaps. APRIL has made a significant in-house commitment to scientific research on the greenhouse gas dynamics, subsidence and hydrology of peatlands. Research began in 2007, but the science team was formally established in 2015 with the launch of SFMP 2.0. The peatland science team now comprises 25 researchers.

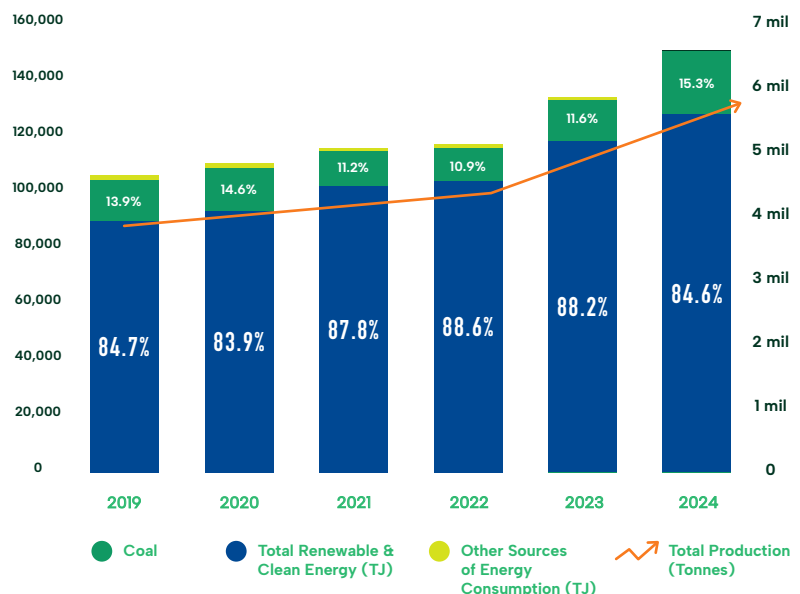
Key to the team’s research on

the greenhouse gas balance over peatland landscapes of different types are four Eddy Covariance Flux Towers — 40 to 48 metre-tall structures that carry state-of-the-art equipment for measuring carbon dioxide, methane and other variables high above the canopy — that we built on the company’s concession land. Three are sited on peatland and one on mineral soil. The team’s five main research publications had been cited 282 times in the scientific literature up to January 2025. Over time, and supported by IPEWG, it has built strong links with the Indonesian peatland science community as well as international researchers.

Their research findings have been invaluable for informing management practices that reduce emissions from peatland landscapes designated for both conservation and production. That has contributed to a reduction in emissions from land use change

## RENEWABLE ENERGY USE AT MILL

### Mill Energy Use and Consumption



from 4.8 MtCO<sub>2</sub>e in 2019 to 3.5 MtCO<sub>2</sub>e in 2024.

Beyond landscape emissions, we are also committed to reducing the carbon intensity of our mill operations. One way we've done that is by installing 26.3 MW of solar capacity at our Kerinci site. But in 2024, that increase in renewable power did not

keep up pace with the increase in production from the new paperboard production facility. As a result, the proportion of the mill's energy coming from renewables and cleaner sources such as natural gas reduced slightly to 84.9 percent. Our focus now is to raise this up to meet our end of decade target of 90 percent.

A QUICK WORD

## Ruth Nussbaum

| Independent Peat Expert Working Group Coordinator



“APRIL’s research team has also made significant contributions to peatland science and IPEWG is doing a lot at the national level to create connections with Indonesian researchers. If we want really good management of Indonesian peatlands, it has to be Indonesian scientists who are supporting and

**Previous:** APRIL staff inspect a water level gauge. Controlling the water level is key to responsible peatland management.

**Left:** We have constructed four Eddy Covariance Flux Towers for measuring greenhouse gasses and other variables. Published data exist for only five other such towers in Indonesia.

### SUPPORTING SCIENCE-BASED DECISION MAKING

Embedding a world class peatland science team within APRIL has had a profound effect on our operations over the past decade. The team operates much like an autonomous research unit, collaborating with scientists around the world and publishing their results openly in peer-reviewed journals. By the end of 2024 they had participated in 242 collaborations and attended 77 conferences. Their peer-reviewed publication count was up to 15.

Internally, that means our fibre operations team has bespoke access to the latest scientific expertise on best management practices and can help the scientists identify important knowledge gaps. Combined with the role of the IPEWG in advising on management decisions, it means our work is informed by the best possible science.

The work of the peatland science team has been recognised externally too. Sara Knox, professor of eco-meteorology at the University of British Columbia, Vancouver, Canada commented on the team’s 2023 Nature paper: “The authors’ findings have strong policy implications and are relevant for predicting future climate change.” In addition, the Indonesian government invited APRIL to present the results of the paper at the COP28 climate summit in Dubai in December 2023 because of its importance in informing efforts to estimate climate emissions from different land uses

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# DELIVERING SOCIAL PROGRESS



APRIL has long recognised that community development is not only vital to the company’s long-term success, but inextricably linked to the achievement of the company’s environmental commitments. Prosperous local villages with a vibrant ecosystem of small-and-medium size businesses bolster community support for the company. But our license to operate is about more than just economics. Partnerships with local communities are also vital to achieving a fire free landscape and deterring activities that threaten conservation forest areas and the biodiversity it supports.

Enabling communities was not a new concept for APRIL in 2015, but the social clauses of SFMP 2.0 were heavily influenced by the United Nations Millennium Development Goals, which were updated and extended through the Sustainable Development Goals, in the same year.

These provided a new framework for private sector action which helped us to align the new policy with a globally agreed approach.

The policy’s commitments to poverty alleviation, supporting local businesses and livelihoods were made even more concrete in the Inclusive Progress pillar of APRIL2030 that launched at the start of this decade.

SFMP 2.0 also committed us to listening and acting on community concerns. We set up a grievance mechanism for logging external complaints about APRIL’s business practices or those of our suppliers systematically and transparently. Those lodging a grievance can remain anonymous if they choose. The grievance procedure is publicly accessible on our website for both internal and external stakeholders, including employees, local communities and indigenous groups.

The nature of these complaints is



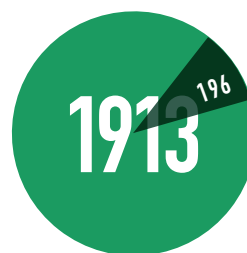
usually relatively minor, such as dusty roads or routes needing repair, or in more serious instances might involve complicated long-term land tenure issues. Regardless of their nature, we take them all seriously and ensure they are resolved by the relevant business units or contractors.

An online grievance tracker is updated monthly, allowing anyone to see how individual complaints going back to 2016 have been resolved. Last year eight community grievances and 13 employee grievances were raised and resolved.

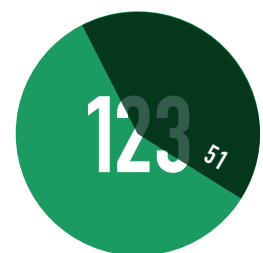
## ERADICATE EXTREME POVERTY

Villages within 50km-radius of APRIL operations

● Target (2019) ● Achieved (2024)



No. Households lifted out of Extreme Poverty: 10%



No. Villages receiving intervention: 41.4%

## PARTNERSHIP AND CAPACITY BUILDING

One of our most impactful community programmes began in 2014, at the time we were finalising the details of SFMP 2.0. That was our Fire Free Village Programme, which heralded a new approach to working with local communities to reduce fire risk through a dedicated focus on prevention strategies. Prior to that, our approach had been to invest in fire suppression capacity plus improved systems and training. This approach was reducing the impact of fires when they did start, but it was not reducing fire risk overall.

We conducted a thorough analysis of the root causes of fire in Riau province where our operations are concentrated. The analysis indicated that we needed to take a more holistic approach that would tackle the root causes of fire on community land adjacent to our concessions and in surrounding communities.

Burning was traditionally seen as an inexpensive and effective way of preparing land for agriculture. Many fires that got out of control had begun as attempts by a local community to clear vegetation for agricultural purposes.

The Fire Free Villages Programme (FFVP) was carefully designed as a package of measures, including fire awareness education, air quality monitoring, capacity building in areas such as sustainable agriculture practices and providing incentives for communities that remain fire free. Over a decade, the

programme has led to significant behavioural change in Riau Province and has been widely adopted and adapted. The area lost to fire has reduced by 90 percent compared to pre-programme levels among the 43 participating communities, spanning an area of over 900,000 hectares.



So far, we've signed MoUs with communities controlling 30,000 hectares of forest, and we intend to extend that to 100,000 ha by the end of the decade. The scheme is in its formative period and will continue to evolve. Currently we provide community forest managers US\$10,000 per year

### FROM PREVENTION TO CONSERVATION

The relationships and trust we built up through the FFVP have enabled another partnership initiative, our Community Conservation partnerships. The aim of this programme is to encourage forest conservation beyond APRIL's licenced concessions by supporting communities to realise a viable livelihood option from forest conservation. In many situations, the easy way to generate income from forested community land is to convert it to palm oil plantations or to cultivate other cash crops like rubber or sago. Our Community Conservation partnerships give local people an alternative.

to keep their forest areas intact. As part of the programme, we monitor the land by satellite to ensure there is no logging or encroachment. Over time, the intention is to make monitoring more sophisticated.

At the heart of the scheme is an important principle which is written into the agreements: the payment is not compensation for lost income from not converting the land. Rather, we are paying for a service that places value on the biodiversity protected and helping to build capacity. Our aim is that with our support, communities will be empowered conservation stewards for the long-term.

### A FOUNDATION FOR FURTHER POLICY IMPLEMENTATION

SFMP 2.0 contains important commitments on human rights, supporting diversity and workplace safety – as well as zero tolerance of child labour, forced or bonded labour, harassment, discrimination and abuse. Many of these were made even more explicit in the Human Rights Policy we published in 2022.

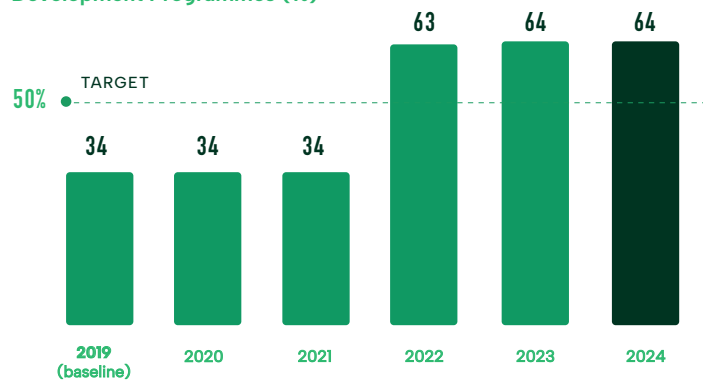
In the same year, we conducted a comprehensive Human Rights Impact Assessment (HRIA) to help us implement our policy commitments. We then adopted a Human Rights Due Diligence (HRDD) system to implement the policy in our daily operations. The system identifies, manages, tracks, and reports on the potential and actual human rights impacts of our business activities. As of December 2024, nearly half of APRIL employees have received HRDD awareness training.

As SFMP 2.0 states, we respect the right of all employees and contractors to participate in the trade unions of their choice without fear of retaliation or discrimination. As of December 2024, 7,573 employees (55.5 percent) are part of eight collective bargaining agreements.



### 50% WOMEN IN COMMUNITY DEVELOPMENT PROGRAMMES

Women in Community Development Programmes (%)



**Previous Left:** Our community development programmes include a focus on improving livelihoods through agricultural skills.

**Above:** More than two thirds of participants in community development programmes are female.

**Middle:** There has been a steady improvement in literacy and numeracy in local community schools since we began supporting them in 2020.

**Bottom:** The number of women in our workforce has grown from 6284 in 2021 to 7987 last year. They now make up 19.2 percent.

**Previous Right:** As well as fire prevention, APRIL invests heavily in fire suppression capability, including teams of firefighters who can respond to blazes that threaten plantation or conservation land.

10

# ENGAGING WITH NEIGHBOURS, LENDERS, PARTNERS AND CRITICS

With such a large concession footprint located in a dynamic and sometimes controversial landscape, listening and engaging could not stop with the publication of the policy document. We needed more systematic and structured ways to hear from stakeholders of all types, be they local communities, indigenous groups, employees, customers, potential lenders or NGOs.

The policy and subsequent initiatives have provided channels to receive feedback and act on it. Our main listening exercise is the regular Stakeholder Forums organised by the Stakeholder Advisory Committee or SAC. The aim is to foster open and constructive dialogue with a range of stakeholders and to channel their perspectives. There have been 22 of these forums over the past decade,

and they remain consistently well attended. For example, in 2024, the SAC held three forums in Jakarta, Samarinda and Pekanbaru involving more than 100 customers, banks, NGOs, academic institutions and local government agencies and community members.

More targeted opportunities for dialogue with local communities are the Local Community Engagement Forums conducted regularly in villages surrounding APRIL's opportunities. Again, these are aimed at open exchanges about the company's activities and any impacts on local people. All the key data on our sustainability commitments, including our fibre supply sources, SAC meeting minutes and grievance tracker are published on our Sustainability Dashboard.

## A QUICK WORD

### Neil Byron

Stakeholder Advisory Committee Member

The SAC hasn't just played the role of an internal performance auditor. It has been a voice in the ear to push the company to do better. It has acted as the honest broker between stakeholder and the company. It has helped the company compile and then share information transparently, so it can be publicly reviewed and tested. Where changes needed to be made, we have helped broker them. The SAC has been the intermediary, talking to both sides about solutions with the aim of identifying improved options.



## RESOLVING LAND CLAIMS

SFMP 2.0 sets out APRIL's respect for the rights of local communities and indigenous peoples and our commitment to resolving land claims in a respectful, impartial and transparent manner. It laid the groundwork for our strong record of engagement with local communities, guided by the principle of Free, Prior and Informed Consent (FPIC).

Resolving community land disputes is a complex area involving many challenges. These include situations where there are multiple claimants in a single area or limited identification of claimants in areas that are recorded as under claim. This is often exacerbated by overlapping historical boundary lines. Resolving these disputes is part of the continuing process of improving land tenure clarity in Indonesia.

Our Land Dispute Resolution Mechanism – which stemmed from the commitments in SFMP 2.0 – is a comprehensive settlement framework that provides guidance to the company and our stakeholders. APRIL actively engages with relevant stakeholders, negotiates mutually acceptable remediation outcomes with communities, and engages in participatory mapping exercises to document the boundaries of land claim settlements.

In every instance of a claim, we delineate the subject area and notify government authorities and related stakeholders of its disputed status before entering into communication with claimants, and potentially mediation. Successful resolution of a dispute has primacy over the amount of time such a resolution takes to achieve.

In its 2024 Assurance Report, KMPG PRI praised APRIL and our supply partners for efforts over the previous year to identify legitimate claimants – a key early step to resolving disputes. In that period, claimants were identified for 92 percent of the area under dispute for which none had previously been found.

The auditors recorded a net reduction of 3,212 ha in the area requiring resolution which they wrote “[reflected] ongoing efforts by APRIL to resolve the significant backlog of areas requiring dispute resolution” including “some progress ... in resolving areas previously considered as having a low chance of resolution in the foreseeable future.” In total, nearly 45,000 ha of land was subject to dispute at the end of 2023.



*Above: Discussion at the Stakeholder Forum held in Jakarta in July 2019*

11

# NEXT STEPS



## SUSTAINABILITY VIEW

“SFMP 2.0 is not a legacy policy, it continues to guide what APRIL does daily. It has been a proven catalyst for change and an enabler of business growth.”

### Lucita Jasmin

| Group Director of Sustainability, RGE

## A BLUEPRINT FOR GROWING SUSTAINABLY

In 2015, SFMP 2.0 brought together the various strands of APRIL’s work on sustainability since its establishment, and added concrete, wide-ranging new commitments that set the foundation for a decade of environmental, social and commercial progress by the company.

Thanks to a decade of learning-by-doing and the credibility earned through diligent external verification, we have done what we said we would do — achieving no deforestation in our operations and supply chain,

increasing our conservation areas, and adopting a science-based approach to responsible peatland management, among other pledges.

SFMP 2.0 is now the bedrock of the company’s sustainability commitments. From guiding what we would no longer do, it has evolved into a blueprint for what we can further achieve.

The policy remains a living document that we’ve enhanced and strengthened through the addition of



supporting policies in important areas such as fibre supply transparency and strengthening our approach to human rights. We have also learned some of our most important lessons from operationalizing the policy, building capacity and understanding the dynamics of our supply chain. This will continue as an essential way of future-proofing our work on sustainability.

Our sustainability journey hasn't been easy. Intense scrutiny from civil society groups and other stakeholders, annual assurance reports and feedback from the Stakeholder Advisory Committee have shaped and also challenged our thinking along the way and required perseverance at every level of the company. Over the past decade, we have embraced those inputs to continuously improve sustainability in forest management as well as our engagement and support of the communities that surround us.

An example is the establishment of the Independent Peat Expert Working

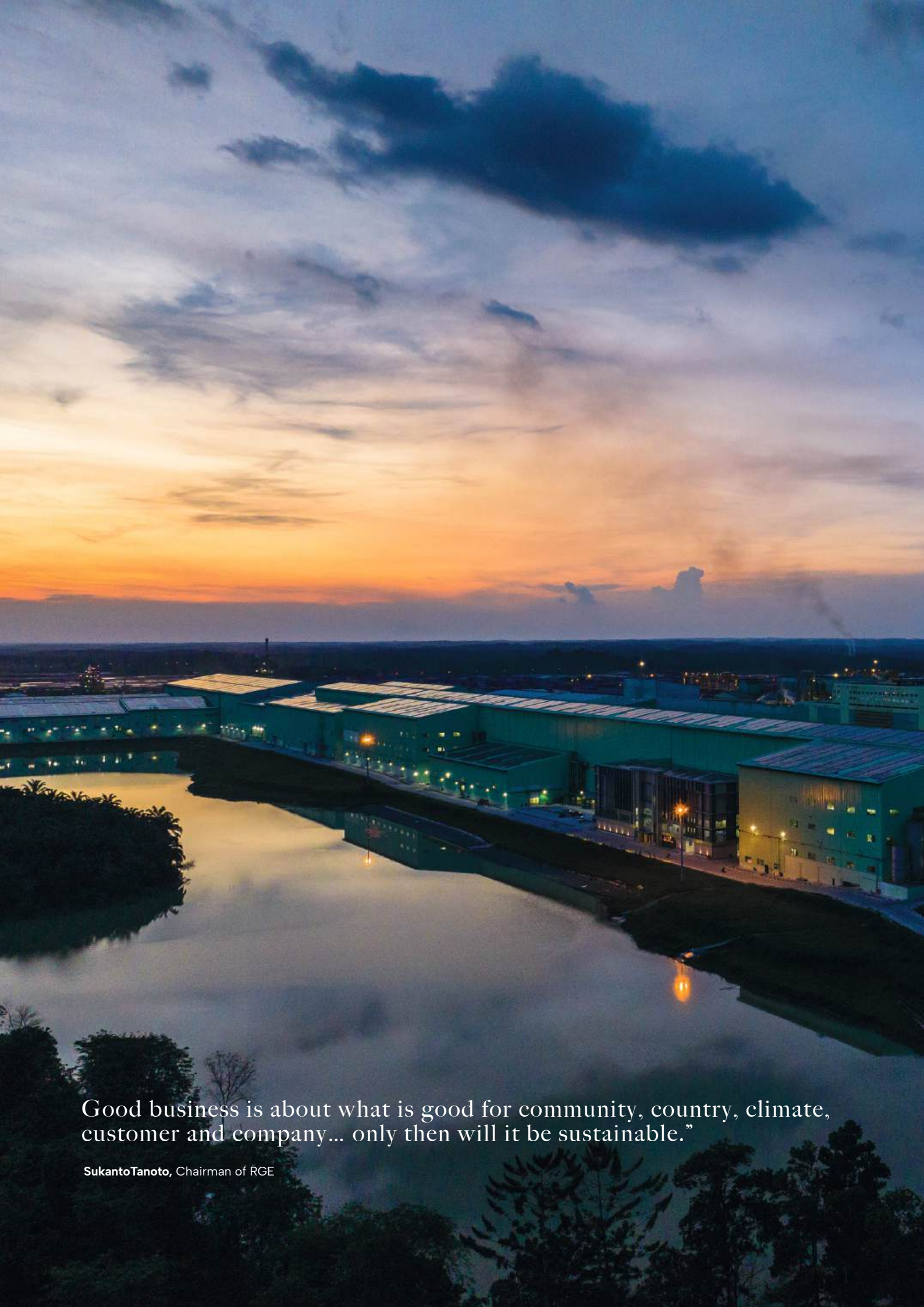
Group and our sustained investment in tropical peatland science, to better understand the dynamics of the environmentally important landscape where we operate. Field monitoring of greenhouse gas emissions with the establishment of Flux Towers has provided the data for an expert team of scientists to produce globally benchmarked and groundbreaking research and analysis that has contributed to better global understanding of tropical peatland landscapes. Those research findings have in turn helped to guide the improved management of the peatland we operate on, and the protection and restoration of it.

The same commitment to science is evident in our approach to productivity improvements in our plantations — an enabling imperative to our no deforestation commitment. Our investments in science and research have decoupled our growth from resource impact, allowing us to produce more from the same plantation footprint.

SFMP 2.0 remains as relevant now as it was a decade ago. But we will not stand still. We continue to build on it as we raise our ambitions with our APRIL2030 agenda, launched in November 2020, and have added more specific, deeper commitments on climate, nature and people.

SFMP 2.0 is not a legacy policy, it continues to guide what APRIL does daily. It has been a proven catalyst for change and an enabler of business growth. It remains at the core of our commitment to sustainability as we respond to changing real-world needs and enhance our commitment to the environment, our communities and the rest of our stakeholders.

**Above:** Our tissue culture lab has been an important component in raising productivity, enabling us to increase fibre delivery to the mill without expanding our plantation footprint.



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

**Sukanto Tanoto**, Chairman of RGE

