



TO: Whom it may concern
FROM: Richard Z. Donovan, Rainforest Alliance Senior VP & VP Forestry
RE: Status of APRIL's FSC Controlled Wood Certificate & Monitoring of High Conservation Value Forests
DATE: April 15, 2010

The Rainforest Alliance has indicated to APRIL that their FSC Controlled Wood certification is being suspended based on audit results from field work in December 2009 and subsequent interactions with, and information from, stakeholders.

The suspension is based primarily on non-compliance with pre-conditions and conditions related to High Conservation Value Forest verification being implemented by Rainforest Alliance and as agreed to by APRIL. These pre-conditions and conditions were also a critical element leading towards Forest Stewardship Council (FSC) Controlled Wood certification for APRIL.

Pre-Conditions (as noted in a letter to APRIL in August 2008):

1. Prior to signature of the contract, APRIL will ensure that Rainforest Alliance has complete, updated information on the geographic location of High Conservation Value Forest (HCVF) areas on APRIL directly-managed operations. Confirmation that this information is the updated and accurate will be done by our Asia-Pacific Regional Office.
2. APRIL immediately declare a moratorium on harvesting of any potential HCVF that is in dispute with any stakeholder until RA/SW has full information on the dispute and can provide technical input as to the validity of the HCVF claim (based on any of the following - technical inputs, field work, etc.).
3. As part of the certification contract, APRIL agrees to periodic on-site monitoring including a minimum of 3 on-site field visits per year, and including a random audit clause that RA/SW can invoke if required. The detailed approaches for such monitoring will be developed prior to the first on-site field visit and must meet RA/SW requirements from a technical soundness and credibility perspective.
4. APRIL shall agree that, should there be any modification of HCVF boundaries or conditions that are determined by RA/SW to be the failure of APRIL to adequately protect or conserve HCVFs, immediate cessation of the relationship between APRIL and RA/SW shall occur.

In addition to the above pre-conditions, RA/SW stipulated the following **Conditions** in August 2008:

1. No public statements regarding this relationship shall be made without prior, written authorizations of draft and final content by both RA and APRIL.
2. No "on-product" statements of any kind are allowed for products associated with FSC Controlled Wood.
3. A product coding number (provided by RA/SW to APRIL for inventory control and chain of custody tracking purposes) may be used on-product, but only with prior approval by RA/SW and following FSC and RA/SW procedures.
4. At least once a year, RA/SW will invite 1-3 external third party individuals to join RA/SW auditors during a review of the APRIL HCVF monitoring effort by RA/SW. Such individuals are required to sign confidentiality agreements; however they are expected to provide RA/SW with their independent observations so that RA/SW can ensure the utmost integrity and technical quality of the RA/SW monitoring work.

Note: For questions, clarifications or updates, contact either Richard Z. Donovan (rdonovan@ra.org) in the USA, or Loy Jones (ljones@ra.org) or Irwan Gunawan (igunawan@ra.org) in Indonesia.



SmartWood Program

5. APRIL will provide to RA/SW within 60 days its plan for:
 - a. Monitoring, reducing and wherever humanly possible eliminating any natural forest or natural ecosystem conversion on forest operations where APRIL is a majority or minority Joint Venture (JV) partner.
 - b. Moving all APRIL managed forest areas through the RA/SW "SmartStep" Program towards FSC certification, with at a minimum pre-assessments on all company-owned and JV operations to determine where they are in relation to FSC standards.Upon receipt of this plan, RA/SW will respond with a plan for ensuring credible monitoring of such areas as per credible RA/SW monitoring protocols and SmartStep procedures.
6. Prior to the end of the trial period, RA/SW (Asia-Pacific Region and RA/SW HQ) and APRIL senior staff will meet to review the status of APRIL's efforts as per above and to determine the process for continuing efforts into future years.
7. All RA/SW costs associated with the above processes (related to conditions and pre-conditions) shall be covered by APRIL, as per normal RA/SW contract procedures. In so agreeing, APRIL confirms that it will cover all normal and random audit costs incurred by RA/SW for the execution of the above activities and associated FSC/CW certification processes.

APRIL previously confirmed that it would meet Corrective Action Requests (CARs) resulting from both Controlled Wood and HCVF monitoring audits that have ensued since then. Through subsequent auditing implemented during 2009 and early 2010, RA/SW has emitted Major Corrective Action Requests (CARs) that were also necessary to be met.

Overall, though our relationship with APRIL has been professional and open, the most recent RA/SW auditing does not find APRIL to be in conformance with either FSC Controlled Wood requirements or HCVF conservation requirements as laid out above.

For these reasons, RA/SW is now suspending APRIL's FSC Controlled Wood certification. In addition RA/SW has indicated to APRIL that it will not re-initiate Controlled Wood and HCVF auditing activities until the following new conditions (as of April 2010) have been met.

1. APRIL demonstrates that it has met the 10 Major CARs included in our most recent auditing report and within 90 days from the date of this letter.
2. APRIL must, within 10 days from the date of this letter, stop all conversion of natural forest, including secondary or degraded forest in peat forest areas, and demonstrate to RA/SW auditors that this commitment is being met, based on field observations and interactions with other stakeholders.
3. APRIL must demonstrate that it is taking concrete and credible steps to resolve social conflict issues with local communities in forest areas identified in our auditing report (e.g. Bangun Purba), as verified by RA/SW through field work and in consultation with relevant stakeholders.
4. APRIL's CEO and Founder must agree in writing to the original commitments (Conditions and Pre-Conditions) plus the new conditions stated in this letter to re-initiate the Controlled Wood and HCVF auditing process.

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