

Korindo's response to Mighty Earth's post about PT. Inocin Abadi

With regards to the information posted on the Mighty Earth website on March 7, 2018, Korindo Group would like to provide the following clarifications:

1. The location shown in the Mighty Earth's website is a logged-off area, where timbers had been harvested for more than 10 years by a different company. KORINDO, through PT. Inocin Abadi, acquired this concession in 2011, based on the government permit no: *606/Menhut-II/2011* and since then, has been implementing sustainable forest management, as audited by a 3rd party: *No. 025/EQC-PHPL/XII/2015*. In fact, satellite imagery on the Mighty Earth's website illustrates that PT. Inocin Abadi has successfully maintained most of the forest in the concession area, as dense forest.
2. In carrying out its operation, KORINDO has applied the principle of 'selective cutting', as regulated by the Ministry of Environment and Forestry of Indonesia. Applying this principle, only trees with the diameter of 40 cm or more, and of certain species, can be logged in the limited area in a year. Our concession land is divided into a couple of 30-year rotation blocks. Such technique follows the common practice of sustainable production in the forestry business, and has been applied by many forestry companies around the world. Moreover, the company has always carried out reforestation programs after the selective cutting process is finished.
3. Forest roads are the most essential infrastructure for sustainable forest management. In fact, most of the forest roads shown in the satellite image in Mighty Earth's website were built by the previous owner. And PT. Inocin Abadi has maintained these roads and expanded only when necessary. Even for this purpose, the company has always reported and obtained permission from the government in advance, before any forest road development. For this particular road, the permits are no: SKEP-522.1/4107, SKEP-522.1/6319, SKEP-522.1/10962 and SKEP-522.1/5234..
4. The commitment on environmental conservation of Korindo Group has been verified by the Forest Law Enforcement, Governance and Trade (FLEGT) scheme published by the European Union. Korindo Group obtained FLEGT verification in November 2016. Our timber has also been properly produced in accordance to Indonesia's Sustainable Production Forest Management (PHPL), which is also cross-certified by the European Union as FLEGT. According to the PHPL, every timber we produce must be surveyed, reported and tagged with a bar code before harvesting. Through the implementation of this verification system, it is assured that all our timbers are being harvested, processed and exported in compliance with all applicable laws on environmental, social and economic aspects.

5. Lastly, regarding the statement of the Mighty Earth that our company has rejected the adoption of HCSA (High Carbon Stock Approach), we would like to underline that we have conducted HCSA studies for all of our palm oil plantations, and at the moment we have entered into the Peer Review process. This can be traced through the website <http://highcarbonstock.org/registered-hcs-assessments/>.

Korindo Group agrees and believes that wood products made through responsible and sustainable forest management plays a very important role in providing the goods that are essential to the development of our society. Therefore, Korindo Group will continue to implement the responsible and sustainable forest management to produce wood products for our valued customers, by ensuring the balance of our environmental, social and economic values. ■

Jakarta, 13 March 2018

Contact :
Corporate Communication Division
KORINDO Group
Email: corpcom@korindo.co.id

