



## PUBLIC STATEMENT

Jakarta, 23 July 2019 – Mighty Earth, a US NGO, filed a complaint to FSC that PT Tunas Sawa Erma, PT Papua Agro Lestari, PT Dongin Prabhawa, PT Berkas Cipta Abadi, and PT Gelora Mandiri Membangun, member firms of the Korindo Group, had violated the Forest Stewardship Council (FSC) Policy of Association, ('PfA', FSC-POL-01-004), and that the Korindo Group should be dissociated from FSC.

On November 1, 2017, FSC initiated an investigation on alleged violations of the Policy for the Association of Organizations with FSC.

On July 15, 2019, the FSC Board of Directors concluded that the Korindo Group is not to be dissociated from FSC, and is to remain associated with FSC.

The Korindo Group acknowledges that certain activities were not in full compliance with the provisions of the PfA, including the 'destruction of high conservation values in forestry operations' and 'significant conversion of forests to plantations or non-forest use'. At the same time, Korindo underlines that these activities were dictated and imposed by the Indonesian government, and that the Korindo Group followed the laws and regulations of Indonesian government and the explicit instructions from the licensing requirement of the Indonesian authorities in its oil palm concessions.

The Korindo Group as an Indonesian corporation respects and abides by the Indonesian laws and regulations. However, in some cases, FSC's rules are stricter than sovereign laws and regulations, so certain Korindo operations that have followed the strict administrative regulations and licensing requirements dictated by the Indonesian Government are still viewed as not being in full compliance with the FSC regulations.

FSC's investigation also concluded that Korindo did not set fires, and that Korindo was not involved in illegal activities by use of fire, thereby rejecting this accusation by Mighty Earth in its complaint application to FSC.

The Korindo Group has agreed to continue the on-going moratorium on land clearing activities applicable across all its operations (and commodities) in Indonesia that was initiated on February 21, 2017. The moratorium encompasses the suspension of any forest conversion and/or deforestation by the Korindo Group, and shall remain in force until all High Conservation Value ('HCV') and High Carbon Stock ('HCS') assessments are finalized.

The Korindo Group's social programmes include having built, managing and funding a state of the art full-service hospital (voted as the Best Primary Clinical Hospital in Papua and West Papua by the Indonesian National Health Insurance), free medical services at 19 clinics and ground and water ambulances, 28 schools along with school buses, 66 mosques/churches, supporting some 200 teachers, providing infrastructure of free power supply and several hundred kilometers of roads, vocational training of chicken and vegetable farming, and has begun, inter alia, introducing clean cookstoves and compost toilets. At the same time, the Korindo Group acknowledges that its practice of FPIC (Free Prior and Informed Consent) may not have reached the high requirement of FSC standards.

The Korindo Group agrees to collaborate in good faith and work with FSC in a constructive way and in a safe environment to implement appropriate measures and to take necessary actions in order to mitigate any past negative impacts.

The Korindo Group underlines its commitment to fulfilling the requirements and improvements requested by FSC and collaborate fully with the organization to improve the company's future environmental and social policies. The Korindo Group will work towards obtaining FSC certification for its forestry operations and agrees to comply with the principle of Free Prior and Informed Consent (FPIC) as stipulated under FSC's Principles and Criteria.

The Korindo Group will offer its full collaboration with FSC on the consultation process to develop a contractual roadmap that will guide the implementation of the measures and conditions stipulated by FSC and agreed by Korindo. Korindo agrees to a process of independent monitoring of the progress towards implementing these conditions.

The Korindo Group wishes to express its sincere desire to commence a constructive and collaborative relationship with all stakeholders for the benefit of a satisfactory roadmap process.

Jakarta, Indonesia

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