

Korindo Statement

As an Indonesian corporation, Korindo must respect and abide by the Indonesian laws and regulations. Although the FSC's internal rules provide that sovereign laws and regulations supersede the FSC regulations, Korindo operations that have followed the strict administrative regulations and licensing requirements dictated by the Indonesian Government may not have been in full compliance with the FSC regulations

In our efforts to remedy this situation and to reaffirm our commitment to the FSC and its guidelines, all new land clearing activities across our operations have been suspended since 2017.

Social Responsibility

Papuan cultural heritage and social contracts dictate that lands belong to the clan as a whole, not to an individual in the clan and that leaders and elders after reaching a consensus per their customary rules pronounce and execute the decisions on behalf of the community. In a way, elders and leaders assume and exercise the roles of executives and directors on behalf of the shareholders.

For instance, elders after consulting with the community members will decide that residents who married outside the clan or recently came back after living in other parts of Indonesia may be entitled to less compensation. There are bound to be complaints among some members who may have expressed their frustration to the FSC panel members. As it is Korindo's duty to respect and abide by the culture and customs of the clan, we cannot and do not interfere with the clan's internal decisions.

The FSC panel reports claim that these constitute the FPIC and human rights violation. Given this context, we do not accept the FSC panel's claim.

It should be also noted that the compensations to residents calculated by the two FSC panels are 1,000 (one thousand) times apart. We fail to understand how one panel's calculation is 1,000 times bigger than that of another panel given that both panels use the same method to calculate the compensation amount.

Korindo established medical clinics in Papua and North Maluku immediately after the start of business in 1993. The clinics have provided free medical care to residents, and the new full-service Asiki Hospital was opened with the latest medical facilities, being awarded "Top Medical Hospital" by Indonesia's national health insurance.

In 2018, Asiki Hospital provided medical services comprising paediatrics, obstetrics and gynaecology, dentistry, emergency treatments to 37,515 patients.

Aside from the medical services, Korindo's current social programs (<http://bit.ly/clinicasaki>) include medical boats (water ambulance), 28 schools along with school buses and some 200 teachers, 66 religious facilities of mosques and churches, infrastructure of power and clean water supply, several hundred kilometers of roads, chicken and vegetable farming, vocational trainings ranging from skills trade to engineering to plantation management, among other things.

We reiterate our commitment to improving the conditions of the communities in Papua, but there are challenges. One of our latest social programs, introducing clean cookstoves and compost toilets to improve sanitary conditions, has run into difficulties with some residents who prefer the old way. Will the FSC panels argue that this is a case of the FPIC violation as our initiatives are not welcome by all members?

Environmental Responsibility

Korindo controls a land base of approximately 538,000 ha in Papua of which 124,000 ha is allocated for agriculture and 414,000 ha is allocated for forestry activities. Land cover in Korindo's Papuan land base remains 77% as forest.

Korindo recognizes that land-use change has taken place in its oil palm concessions. Korindo is aware that given the location of its concessions in a heavily forested landscape, populations of endemic or RTE (Rare, Threatened, Endangered) species are likely to be present in Korindo's concessions.

This is a reality of operating in a highly forested landscape such as Papua. However, analysis of High Conservation Value (HCV) destruction should consider the larger landscape context, including the largely forested condition of the ecoregion, the relatively intact condition of the forests and the high proportion of the ecoregion's forests that are legally protected from clearance.

It is questionable to suggest that populations of endemic or RTE species in the areas cleared could represent a substantial proportion of the population needed to maintain viable populations at either a regional, national, or global level. In addition, there is no evidence that the forest areas cleared held a higher overall species richness, diversity or uniqueness compared with other sites within the same biogeographic area.

The suggestion that Korindo's activities have destroyed some parts of the local watershed is questionable. The portion of the said watershed under Korindo control (120,600ha) remains 82% forested. Korindo is committed to maintaining watershed quality through careful management of catchment areas and riparian zones.

Korindo recognizes there is always room for improvement in environmental practices. Korindo has embarked on a programme to improve its sustainability performance.

The first step, which is currently underway, is a desktop gap analysis and work plan for an integrated High Carbon Stock and High Conservation Value Assessment across all of Korindo's land base in the region. The completions of assessments are planned for 2020. Using the results of these assessments, along with input from stakeholder consultation, Korindo will develop a revised land-use plan and conservation management and monitoring plan to address stakeholder concerns and ensure conservation values are maintained and enhanced.

Our commitment

Notwithstanding the complexities of reconciling different and sometimes opposing regulations and views, the Korindo Group recognizes that there may have been shortcomings in some of our operations and we are committed to working with FSC to achieve better practices that support the protection of the environment as well as practices that improve the livelihoods of residents.