



June 6, 2014

Praveen Singhavi
President
Asia Pacific Resources International Holdings Ltd.
c/o APRIL Fine Paper Trading Pte Ltd
80 Raffles Place, #50-01 UOB Plaza 1,
Singapore 048624

Dear Mr. Singhavi,

We are writing to convey our main concerns about the Sustainable Forest Management Policy announced by APRIL in January 2014, and to make recommendations to improve and implement the Policy.

Our concerns extend to the recently established Stakeholder Advisory Committee (SAC) and have important implications for the Terms of Reference, constitution and role of the SAC.

Our primary concerns and recommendations concerning the APRIL Sustainable Forest Management Policy and SAC include:

1. It is unclear which APRIL concessions and which APRIL suppliers the policy applies to. We recommend publishing a list of suppliers and concessions that the policy covers. This should include maps/spatial files. Further, the policy must be broadened to cover all of Mr. Tanoto's holdings including, for example Toba Pulp Lestari and companies affiliated with the Royal Golden Eagle Group (RGE) such as Asian Symbol.
2. The policy fails to establish a moratorium on forest and land clearance and peatland development activities. We recommend such a moratorium is applied in APRIL's own and in its supplier concessions until independent, verified and peer reviewed High Conservation Value (HCV), peatland and High Carbon Stock (HCS) assessments and management plans are finalized and agreed with NGOs and other relevant stakeholders.
3. The policy fails to commit to identifying and protecting HCS areas and to prohibit further drainage, expansion or development on peatlands. We recommend the policy is revised to identify and protect all HCS areas and all

- peat soils from development. Further, the policy should include steps to measure and quickly reduce emissions from existing plantations on peat.
4. The policy fails to make a commitment to stop using mixed tropical hardwood or natural forest fiber in APRIL mills and those of its affiliates (e.g. TPL, Asian Symbol, etc.). We recommend that the policy commit to rapidly ending the use of all MTH at all APRIL and affiliate mills.
 5. The policy does not contain a commitment not to acquire or buy fiber from companies that do not meet its policy. We recommend the policy applies to all APRIL's fiber purchases and acquisitions.
 6. APRIL's commitment to avoid clearing areas found to contain HCVs or yet to have HCV assessments relies on assessments that have not been peer reviewed or verified to comply with the Indonesian HCV Toolkit and the HCV Resource Network Charter. It fails to make APRIL's suppliers' concession holdings and their wood supply plans publicly available for independent review. Further, the lack of transparency regarding which APRIL and supplier concessions have undertaken HCV studies and what the content of these studies are and whether they are even credible, makes the policy impossible to assess or monitor. We recommend that APRIL provide such transparency and develop a comprehensive policy on HCVs addressing these concerns.
 7. The conservation commitment in the policy lacks clarity and specificity and does not adequately address the legacy of adverse impacts caused by the company and its affiliates. We recommend that the policy establishes methods, processes and mechanisms to ensure that conservation and restoration activities are credible and go beyond what the company is already doing and ensure that all planned conservation activities are developed and implemented based on respecting the free, prior and informed consent (FPIC) of affected communities.
 8. The policy's language relating to FPIC is unclear (e.g. what is FPIC in the Indonesian Context?) and the commitment to resolving outstanding land and social conflicts is too general and insufficient. For example, ongoing and outstanding conflicts such as the one in Pulau Padang (desa Bagan Melibur) and others are not being resolved in a transparent manner or via impartial mediation or other processes that are mutually agreed by the affected parties. The policy also fails to set out a commitment to respect indigenous, collective and human rights and to remedy past harm due to human rights violations or to be willing to restitute lands and or provide compensation for areas obtained without FPIC in the past. The policy needs to be revised to address these concerns and articulate how the right of affected communities to give or withhold their consent to activities that will affect their customary lands will be respected.
 9. Though the establishment of a Stakeholder Advisory Committee (SAC) is welcome, it is insufficient to ensure good corporate governance and transparency. We recommend that the Terms of Reference (TOR) for the SAC are shared, recommendations agreed and a commitment is made regarding how APRIL and affiliates will be accountable to the SAC and will act on the

SAC's recommendations. Policy for selecting SAC members needs to be established, including to whom they will be accountable. Policy is also needed on stakeholders not involved in the SAC, and how they will have access to information and participation in consultations on the company's policies and practices. We recommend that the policy sets out a "reasonable stakeholder satisfaction" requirement whereby actions that the company takes to address deficiencies and to improve the policy or address grievances meet the satisfaction of a majority of stakeholders. The policy must include information sharing and reporting mechanisms to improve transparency and corporate governance.

10. The policy fails to establish a grievance procedure and complaints mechanism. We recommend the policy is revised to provide detail on how APRIL will handle complaints and grievances in a transparent and fair manner to address problems raised by affected communities and stakeholders.
11. The policy is missing key definitions and specific implementation plans. We recommend that the policy includes key definitions, standard operating procedures, targets and timelines.
12. Given the host of uncertainties and gaps associated with the policy and the SAC, the policy's reliance on the SAC to establish and oversee independent monitoring and verification of compliance is not adequate. We recommend creating an independent mechanism for monitoring and verification of compliance that is agreed by stakeholders, and that this mechanism reports to the public, the SAC as well as to APRIL management.

To date, there has not been an open or transparent stakeholder process to review and contribute to the TOR for the SAC. We therefore lack confidence that the SAC will have the independence, make up, authority and mandate to address the policy concerns and recommendations listed above. Mr. Tanoto and APRIL need to take steps to address the shortcomings and recommendations we have outlined before the SAC will be able to fulfil the transparency and governance roles that APRIL has proposed for it.

If the public communications associated with the first meeting of the SAC are an indicator, we have grave concerns that the SAC is being used to rubber stamp APRIL positions and decisions and is being used as a tool to conduct public relations by the company. The SAC TOR should include clear provisions regarding communications that prevent this in the future.

APRIL can take three initial steps to start to build the credibility and effectiveness of the SAC: 1. Revise the TOR that was developed at the first SAC meeting in March with interested parties, and respond to the comments and recommendations that these parties provide; 2. Convey in writing what APRIL is willing to do to address the concerns and recommendations detailed above about the policy and the SAC including an immediate suspension of RAPP operations in Pulau Padang, and 3. Demonstrate that the revisions to the policy have the support of Mr. Tanoto and the senior management of APRIL.

Thank you for your attention to these matters and we look forward to your response.

Sincerely,

Andiko
Huma

Patrick Anderson
Forest Peoples Program

Lafcadio Cortesi
Rainforest Action Network

Aidil Fitri
Wahana Bumi Hijau

Hary Oktavian
Scale Up

Rudiansyah
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Emil Kleden
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CC.

SAC members
Ibrahim Hasan