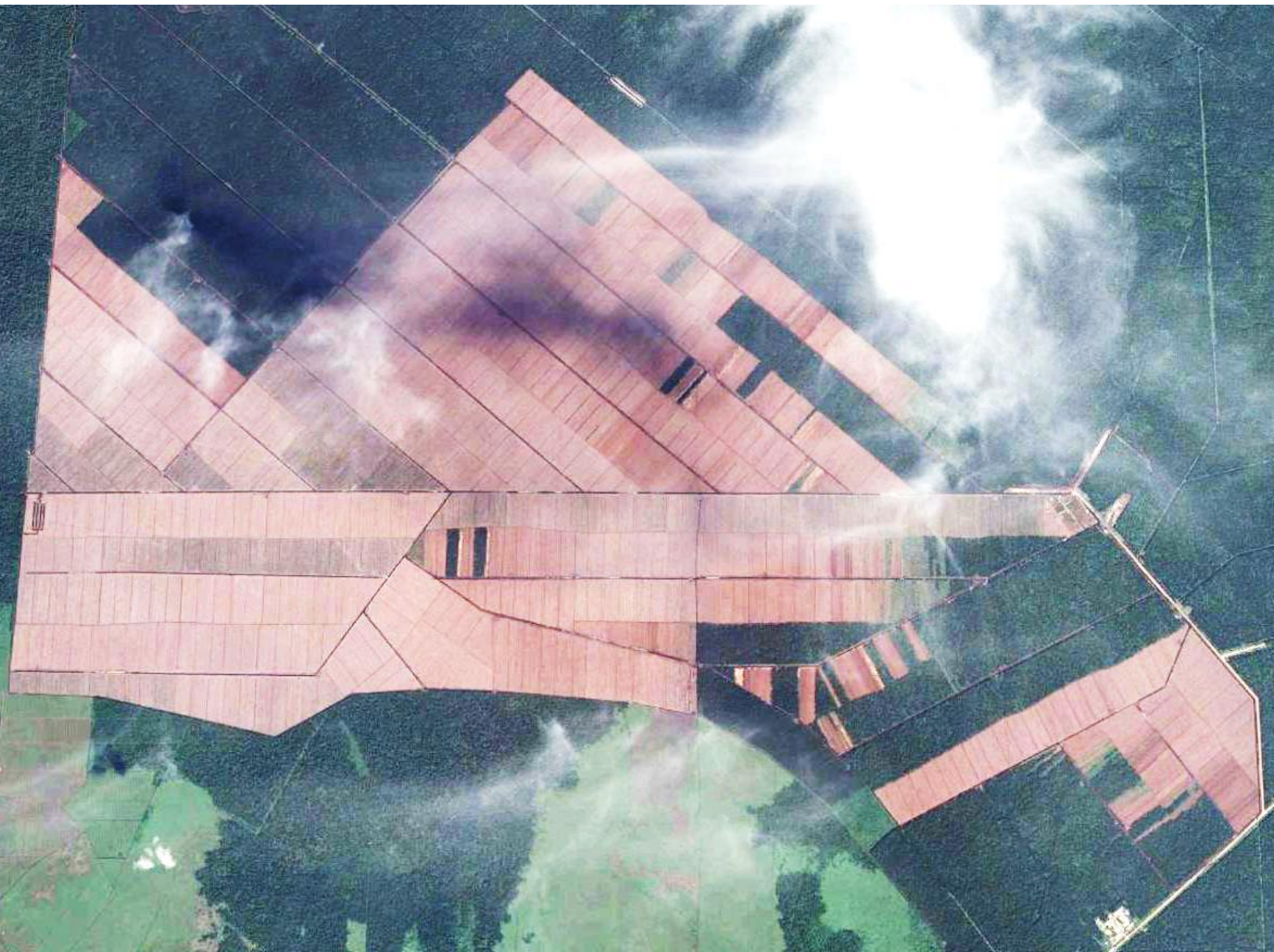




APRIL needs to focus USD 100 million investment on restoration of acacia-planted peat domes

More than 100,000 hectares of peatland that are believed to consist of peat domes have been planted with acacia throughout APRIL's supply chain on Sumatra Island



Google Earth (1/5/2015) - 0°21'21.69"S 102°44'20.39"E



BACKGROUND

Indicative 2016 data from the Environment and Forestry Ministry's Peat Hydrological Unit (*Kesatuan Hidrologis Gambut*) shows that more than 200,000 hectares of concessions (almost three times the size of Singapore) in Sumatra's Riau Province consist of peat domes.

The concessions in question are owned by **Asia Pacific Resources International Holdings Ltd (APRIL)** and its long-term supply partners. More than half of the 200,000 hectares has been planted with acacia to provide fiber to an APRIL mill that is located in the same province. The rest of the peat domes has been designated as conservation areas.

During the COP 21 Paris event in December 2015, APRIL announced that it would invest USD 100 million in its peat restoration program. The investment was originally earmarked for the restoration of peatland on APRIL's Ecosystem Restoration concessions in Sumatra's Riau Province, covering an area of some 150,000 hectares.

However, we believe that the investment needs to prioritize the restoration of the some 100,000 hectares of peat domes that have been planted with acacia. This figure excludes acacia-planted peatland that does not consist of peat domes.

The investment of USD 100 million in peat restoration should be put to work as soon as possible by APRIL and its suppliers to clear acacia plantations from the peat domes located on their concessions. Following this, the peat domes should be restored as quickly as possible.

This report is intended to remind APRIL of the need to quickly provide the necessary resources - including the USD 100 million that it has earmarked for peatland restoration - to ensure the speedy restoration of acacia-planted peat domes, not only on its self-owned concessions, but also on those owned by its suppliers (joint ventures / joint operations with APRIL).

In the meantime, bearing in mind that the peat-dome data referred to above is still indicative, APRIL and its suppliers should refrain from conducting operations on the acacia plantation blocks that appear to be located on peat domes.

METHODOLOGY



Google Earth (6/11/2014) - 0°34'54.91"N 102° 6'2.65"E

The report uses Ministry of the Environment and Forestry indicative 2016 data on the distribution of peat domes on Sumatra island.

The data is overlaid with Google Earth-based time-series images to provide visualizations of acacia plantations that appear to be located on peat domes on concessions owned by APRIL and its suppliers.

APRIL and its suppliers must revise their operating plans

Peat domes clearly need to be placed in protection zones. Peat-dome distribution based on the Ministry of the Environment and Forestry's 2016 indicative data can certainly be used as a reference to support the restoration effort, especially in the case of peat domes located on pulpwood concessions. Of course, this issue does not only involve APRIL's supply chain, but also the supply chains of other business groups, such as Asia Pulp and Paper (APP).

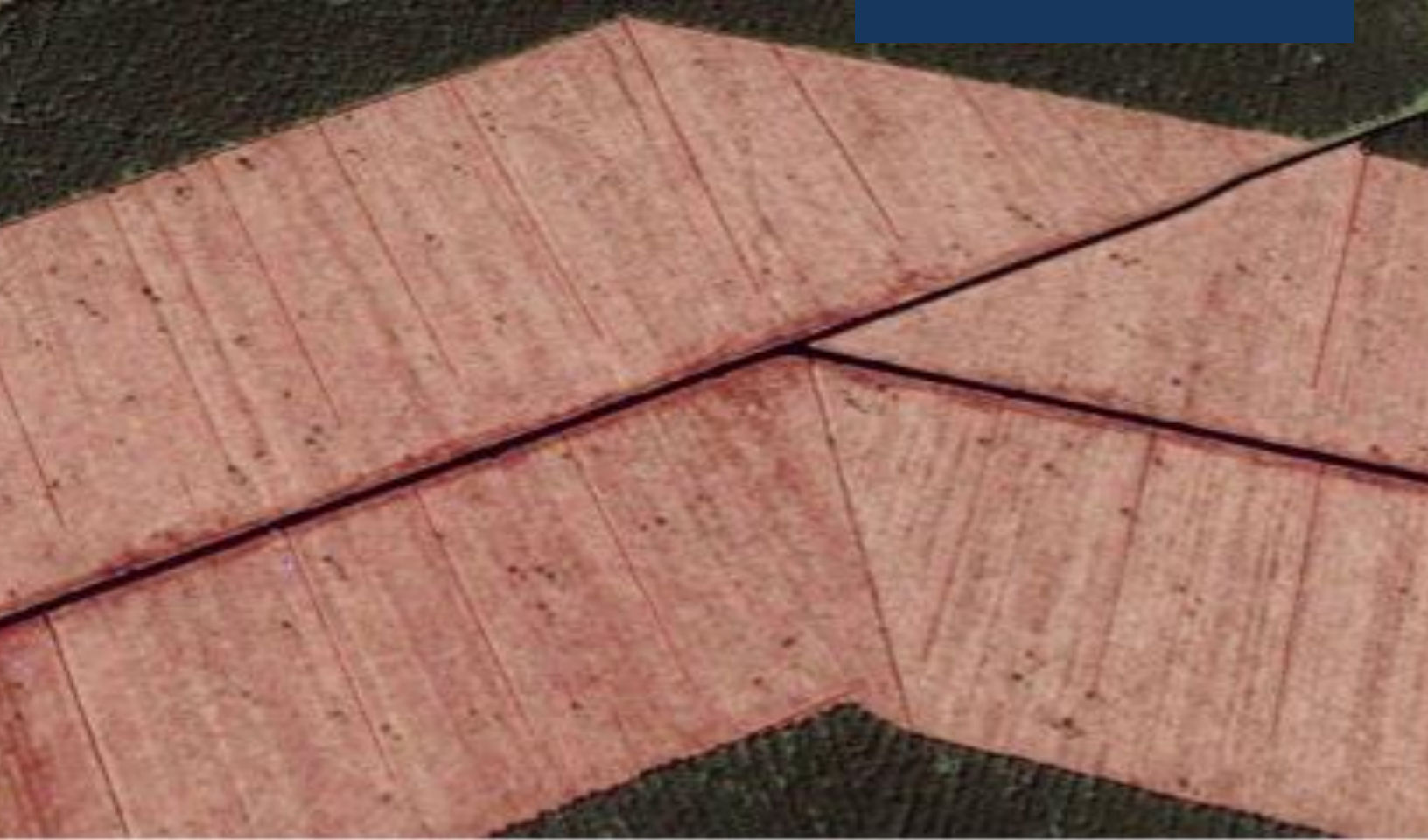
What APRIL and its suppliers now need to do is to designate the acacia plantation blocks that include peat domes as protection zones in their operating plans when the cultivation and protection zone maps are published by the Environment and Forestry Ministry and the Peat Restoration Agency later. No matter how extensive the indicative peat domes that have been planted with acacia by APRIL and its suppliers are, APRIL is nevertheless under an obligation to restore them, including through the harnessing of APRIL's USD 100 million peat restoration investment.

This Google Earth image shows indicative peat domes that were identified based on 2016 data from the Environment and Forestry Ministry. The peat domes are located on an APRIL-owned concession in Sumatra's Riau Province. These indicative peat domes have been converted into acacia plantation blocks.

Google Earth (12/23/2015) - 1°18'26.40"N 102°13'47.13"E



This Google Earth image shows the location of indicative peat domes based on the Environment and Forestry Ministry's data (2016). The peat domes in question are located on the concession of one of APRIL's suppliers in Riau Province that have been replaced by acacia plantation blocks.



Google Earth (01/19/2015) - 0°59'14.76"N 103°2'7.01"E

The level of APRIL's commitment to relinquishing peat domes from its fiber-supply chain and setting them aside as conservation blocks will clearly need to be monitored, particularly after the publication of the definitive cultivation and protection zone maps by the Environment and Forestry Ministry and the Peat Restoration Agency.

APRIL needs to prepare a peat dome restoration master plan

One of the priorities that needs to be focused on by APRIL is the preparation of a master plan for the restoration of the peat domes that have been converted into acacia plantations. The master plan should also cover the concessions of its long-term suppliers. The indicative peat dome data referred to above may be used as a preliminary reference.

The comprehensive master plan that needs to be prepared by APRIL should set out a total restoration process for all of its acacia plantations that are located on peatland, regardless of the depth. However, the restoration of peat domes located in acacia plantation blocks must be accorded first priority.

It is incumbent upon APRIL to support the momentum for national peat restoration. This can be realized, in particular, by making a strong commitment to the restoration of peat domes located in acacia plantation blocks throughout the company's supply chain.

The peat restoration efforts undertaken by APRIL on its ecosystem restoration concessions must be accompanied by concrete steps to restore the peat domes that have been converted into acacia plantation blocks throughout APRIL's supply chain.

APRIL must also commit to not replanting acacia in blocks located on indicative peat domes on the concessions of APRIL and its suppliers.

This is where APRIL's true level of commitment to peat-dome restoration throughout its supply chain will become apparent.

RECOMMENDATIONS

- APRIL's Stakeholder Advisory Committee should recommend that APRIL prioritizes the restoration of peat domes that are located within acacia plantation blocks on the concessions of APRIL and its long-term supply partners.
- APRIL's Stakeholder Advisory Committee should recommend that APRIL refrain from replanting acacia in acacia plantation blocks located on both APRIL's own concessions and those of its suppliers that appear to contain peat domes based on the indicative data from the Environment and Forestry Ministry.
- APRIL's Stakeholder Advisory Committee should take clear and measurable steps against APRIL supplier (PT SRL) in respect of the violation it committed by harvesting acacia after its license was suspended by the Environment and Forestry Ministry. As it turned out, the violation was committed in acacia plantation blocks that include indicative peat domes based on the data from the Environment and Forestry Ministry.



For further discussion, please contact:

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