

To: ABN AMRO

SUBJECT: ONGOING ENVIRONMENTAL AND SOCIAL CONFLICTS OF APRIL

4 NOVEMBER 2020

Dear Mr. Fabius,

As part of our engagement with financiers on their policies and practices for the pulp and paper sector, we are writing to you, along with a number of other financial institutions, to address several serious issues concerning the Indonesia-based operations of the pulp and paper company Asia Pacific Resources International Limited (APRIL) Group. More specifically, we seek your attention for the environmental and social conflicts that are occurring on the ground, affecting local communities.

According to the recently updated Forests and Finance database, ABN Amro has provided an amount of USD 259.12 million in finance to this company.¹ Given your role as financier, we consider you have a responsibility to act, to prevent these adverse social and environmental impacts from occurring.²

Social conflicts, particularly conflicts over land, are a recurrent feature of the pulp and paper sector. The industry is supplied by more than one hundred million hectares of forests and tens of millions of hectares of pulpwood plantations.³ In many cases, these plantations were established without respect for the rights of forest-dependent Indigenous and other local communities, resulting in numerous conflicts. This is also the case in Indonesia, where APRIL is involved in hundreds of social conflicts, which have recently intensified.⁴

APRIL has a well-documented historic legacy of social and environmental impacts associated with its operations.⁵ The company has also been disassociated from the Forest Stewardship Council certification scheme, in 2007 and 2013 respectively.⁶ After two decades of environmental damage and social conflicts, APRIL finally committed in 2015 to stop deforestation in areas identified as High Conservation Value and High Carbon Stock areas through independent assessment, protect the peatlands, and respect communities' rights.⁷ Unfortunately, these commitments have not been substantially implemented.

¹ Forests & Finance, at <https://forestsandfinance.org/>

² According to the OECD Guidelines for Multinational Enterprises and accompanying guidance, UNPGs and PRB [of which your financial institution is a signatory].

³ "The State of the Global Paper Industry", by Environmental Paper Network at:

<https://environmentalpaper.org/stateoftheindustry2018/>

⁴ "Conflict Plantations, chapter 2: revealing Asia Pacific Resources International Limited's trail of disputes across Indonesia", by Environmental Paper Network at: <https://environmentalpaper.org/wp-content/uploads/2019/09/APRIL-social-conflicts-mapping.pdf>

⁵ See for instance the recently updated BankTrack Dodgy Deal Profile on APRIL at <https://www.banktrack.org/company/april> or EPN's company profile on APRIL at: <https://environmentalpaper.org/april/>.

⁶ See <https://fsc.org/en/unacceptable-activities/cases/asia-pacific-resources-international-holdings-ltd-group-april>

⁷ Damage to peatland has massive climate impacts, please see the EPN report "Too much hot air" (at: <https://environmentalpaper.org/wp-content/uploads/2019/02/20170412-Too-much-hot-air-discussion-paper-draft-1.pdf>) for detailed information about the impact of the Indonesian pulp & paper industry on peatlands.

APRIL failed to keep its promises to properly implement its Sustainable Forest Management Policy 2.0. In 2018, PT Tanjung Redeb Hutani (TRH) - APRIL's supplier - was found clearing the equivalent of 190,000 football fields of rainforest to expand its pulpwood plantations in the East Kalimantan province, in Indonesia.⁸ More recently, APRIL has been destroying peatlands and natural rainforests amid the Covid-19 outbreak. The Environmental Paper Network (EPN) has recently published a briefing on APRIL's misbehaviour in the Indonesian province of Riau, where pressure on local villagers is rising at this very moment.⁹

Another recent report by a coalition of CSOs links APRIL to deforestation, including clearance of forests on peatlands on the rainforest-rich island of Borneo, between June 2015 and August 2020.¹⁰ The findings of the report show significant violations of both APRIL's and its parent conglomerate Royal Golden Eagle (RGE) Group's commitments to stop new development on forested peatlands. And this week, a coalition of 25 CSOs published evidence of pulp industry's practices – including Toba Pulp's affiliated companies under APRIL – of profit shifting in order to reduce corporate tax bills.¹¹

Given these recent developments, we urge ABN Amro not to provide new finance, whether through investment, lending, underwriting or otherwise, to APRIL or its parent, subsidiary or affiliated companies¹², to divest of existing shareholdings, and to exit other financial relationships when possible. Further finance should be avoided until a trustworthy independent third-party verification has demonstrated that APRIL and its affiliated companies have improved their practices, remedied their impacts and fully complied with the demands made by local and international NGOs in the above mentioned reports.

Due to the company's behaviour, several national and international NGOs are stepping up their efforts to publicly expose APRIL.

We are available to discuss these issues further in a conference call, in which we can also put you in touch with representatives of communities affected by APP and APRIL's operations. Please consider this as an open invitation for such meetings.

Thank you very much for your consideration.

Sincerely,

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Forest Campaigner, BankTrack

Karen Vermeer – karen@environmentalpaper.org
Coordinator Pulp Finance Working Group, the Environmental Paper Network

⁸ “APRIL supply chain still tied to HCS forest clearing”, by ForestHints, at <https://www.foresthints.news/april-supply-chain-still-tied-to-hcs-forest-clearing/>

⁹ See “APRIL group keeps destroying peatlands and natural rainforests amid Covid-19” by Environmental Paper Network and Indonesian NGOs at: <https://environmentalpaper.org/2020/09/april-group-keeps-destroying-peatlands-and-natural-rainforests-amid-covid-19/>

¹⁰ “Sustaining deforestation – APRIL's links with PT Adindo Hutani Lestari undercut ‘No Deforestation’ pledge” at <https://environmentalpaper.org/wp-content/uploads/2020/10/2020-10-06-Sustaining-Deforestation-APRIL-Adindo.pdf>

¹¹ “The Macao Money Machine – Profit shifting and tax leakage in Indonesia's pulp exports” at <https://environmentalpaper.org/wp-content/uploads/2020/11/20201103-Macao-Money-Machine.pdf>

¹² Including for APP its parent company Sinar Mas and affiliate company Paper Excellence, and for APRIL its affiliates Royal Golden Eagle and Toba Pulp Lestari. Due to the extremely non-transparent corporate structures of APP and APRIL, the EPN has listed the affiliated companies on its website. See: <http://ind-forestproducts.environmentalpaper.org/>