

23 July 2015

Dear Ms Margaret Junk and Ms Elzbieta Karska,

Thank you for your letter to our Chairman, Mr Teguh Ganda Wijaya, dated 7 July 2015, concerning the tragic death of Mr Indra Pelani, a community member of Lubuk Mandarsah village in Tebo, Jambi province, Sumatra.

Let me begin by assuring you that we were utterly appalled by this criminal act and that APP strongly condemns violence in all its forms. This is why, in the days following the incident, we made clear our intention to put all of our resources into working with the community, civil society, the Indonesian Human Rights Commission (Komnas HAM) and the police to ensure that justice was done and lessons learned.

Our response was immediate and pro-active. We ordered the suspension of all operational activities by our supplier, PT Wira Karya Sakti (WKS), in the field surrounding Lubuk Mandarsah. We required them to terminate their relationship with the security contractor PT MCP whose personnel were allegedly involved in the incident and we offered immediate and full support to the ongoing police investigation.

We also welcomed, and have since provided full support to, the independent investigation carried out by Komnas HAM to determine what occurred. We committed to provide the support that was necessary to the family of the victim, as well as to engaging with stakeholders to ensure incidents of this nature do not take place in the future. Furthermore, we were clear from the outset that all of this would be undertaken in a transparent and consultative fashion and that we would learn the lessons and use them to adjust our approaches and procedures.

For a full chronology of the steps we have taken in response to this issue, please go to our website via the links provided in the footnote¹ below. A public statement² by Greenpeace Indonesia, acknowledging the actions we have taken, can also be accessed below.

Your letter rightly refers to the ongoing conflict over the utilization of some area of land at PT WKS. Social conflict is one of, if not the key, barrier to undertaking sustainability reform of the natural resource based sectors in Indonesia and in other developing countries around the world. We have been working hard both within our suppliers' concessions and together with civil society partners to develop new ways of addressing land conflict as part of our Forest Conservation Policy³ (FCP). This is a long and complicated process but one we are committed to.

Please be reassured that APP takes this matter very seriously.

Attached is a detailed response to your specific questions. We hope this meets your needs but don't hesitate to contact us again should anything need clarifying.

¹<https://www.asiapulppaper.com/news-media/press-releases/update-incident-wirakarya-sakti-wks-jambi>

²http://www.greenpeace.org/seasia/Global/seasia/2015/APP%20Open%20Letter_27515.pdf

³<https://www.asiapulppaper.com/sustainability/vision-2020/forest-conservation-policy>

Yours Sincerely,



Aida Greenbury
Managing Director / Chief Sustainability
Asia Pulp & Paper Group
c/o Sinarmas Land Plaza Twr. II, 5th Fl.
Jl. M.H. Thamrin 51 Jakarta 10350, Indonesia
Phone (62-21) 3929266 Fax (62-21) 3162617
Mobile (62) 811 813391
www.asiapulppaper.com

APP response

1. Are the facts summarised accurately?

The chronology of events leading up to the death of Mr Indra Pelani is currently the subject of a full police investigation. Whilst our understanding of those events is broadly the same as those documented in your letter – and further details of our response is included in this letter – it would not be appropriate for us to comment in more detail until court proceedings are completed.

The 2010 incident you refer to took place on 8th November 2010 on the Pengabuan River near the village of Senyerang in the province of Jambi, Sumatra. It occurred as local police sought to gain control of a violent local protest, a reaction to a Government ruling on land use in the Tebing Tinggi area of Jambi. The land tenure conflict between the Senyerang village and PT Wira Karya Sakti (WKS) was finally resolved in July 2013. Using a new conflict resolution approach, agreement was reached and a Memorandum of Understanding was signed by all parties. The conflict resolution approach used in the Senyerang case was recently recognised as a success story by the Institute for Policy Analysis of Conflict⁴ and was documented in a CIFOR case study⁵.

We were notified of the 2012 incident you refer to by our supplier PT SGP. It was reported to the security company of PT SGP, PT RIM, by the local community, and then brought to the attention of the local police. The matter was not raised any further with us, or our supplier, by the police.

2. Please provide any additional information and/or comment(s) you may have on the above mentioned allegations.

As stated above, APP cannot comment on the detail of an ongoing criminal case. However, we would like to draw attention to two other investigations:

- a. **APP internal investigation:** in the days immediately following the incident, APP launched its own internal investigation. The findings of this internal audit were submitted to the independent investigation conducted by the Indonesian Human Rights Commission (Komnas HAM) – see ‘b’ below.
- b. **Indonesian Human Rights Commission (Komnas HAM):** APP publicly committed to providing support for, and full cooperation with, an independent investigation into human rights violations related to the death of Mr Pelani. This was led by Komnas HAM, the Indonesian Human Rights Commission. On July 2nd, APP received the investigation findings report along with a list of recommendations. In accordance with those recommendations, APP has publicly stated its commitment to:
 - Resolving and improving relationships with communities, as well as implementing responsible security management across all operations.

⁴Institute for Policy Analysis of Conflict Report:

http://www.academia.edu/6801943/INDIGENOUS_RIGHTS_VS_AGRARIAN_REFORM_IN_INDONESIA

⁵ CIFOR Briefing: <http://www.cifor.org/library/5443/conflict-mediation-in-industrial-tree-plantations-in-indonesia-status-and-prospects/>

- Seeking independent advice from third party security experts to develop and implement improvements in security arrangements in order to avoid a repetition of the Jambi incident. Measures may include reviewing hiring criteria, improved training on Standard Operating Procedures and reviewing contracts with security contractors.

3. Has APP received any guidance from the Government of Indonesia on its corporate responsibility to protect human rights, specifically on its expected due diligence process, in line with the UN Guiding Principles on Business and Human Rights.

The Government of Indonesia has ratified the UN Declaration on Human Rights and relevant ILO conventions and those principles relevant to APP have been embedded into the company's policies and procedures.

In 2011, APP conducted a human rights audit based on those national regulations and UN Guiding principles on Human Rights and we have been implementing the recommendations from that assessments in stages across our operations, from the mills all the way to our wood supply chain. Please see responses to questions 5 and 6 below for more details.

In the case of the incident at WKS, the Indonesian Commission on Human Rights (Komnas HAM) has conducted an independent investigation and issued recommendations which APP is committed to implement; please see response 2b above.

4. Please indicate any remedial action taken by APP vis-a-vis the deceased's family.

A number of meetings between Asia Pulp & Paper Group (APP) and the family of Mr. Indra Pelani took place soon after the incident. An initial visit was held on March 13th to offer condolences and pay respects to the relatives of the deceased. On April 9th 2015, a further gathering was held to commemorate the 40th day since the death of Mr. Indra Pelani.

On May 23rd, 2015, APP and WKS representatives participated in a mass prayer and traditional ceremony held by the local community at the Lubuk Mandarsah village in Jambi. This reconciliation ceremony was held at the request of the local community prior to the official resumption of WKS's operation in the area. The ceremony was presided over by the customary organization of Tanjung Beringin hamlet, Lubuk Mandarsah village, and was attended by local community members, Sekato Farmers group representatives, the sub-district head for Tengah Ilir, the police sectoral head of Tengah Ilir sub-district, and local NGOs including Greenpeace and Walhi.

WKS and APP paid the traditional fine to the community of Lubuk Mandarsah during this latter reconciliation ceremony. APP has provided a cash payment to Indra Pelani's family and given a commitment to support his younger sister's education to university level.

5. How is APP meeting its responsibility to respect human rights in a way that complies with international human rights standards? Does it have a policy commitment (approved at the most senior level of the company) that is reflected in its operational policies and procedures?

APP is committed to respecting human rights within all of our operations throughout our business, and also across our wider sphere of influence, including business partners, suppliers and host

communities. We adopt the United Nation's "Protect, Respect and Remedy" framework, acting responsibly and with due diligence to avoid infringing on the rights of others. This forms an essential part of our SRV 2020 Roadmap commitments and is captured in APP's Corporate Social Responsibility Policy – see [here](#).

After the launch of the UN Guiding Principles for Business and Human Rights, we conducted a human rights due diligence assessment based on the Guideline. The result was a series of recommendations to better improve our human rights practices in the long term. Those recommendations were fed into our Sustainability Vision 2020 and our 2013 Forest Conservation Policy (FCP)⁶ commitments.

6. Please explain what APP is doing to carry out its human rights due diligence in order to identify, prevent, mitigate and account for how it addresses adverse human rights impacts. How does the company track the effectiveness of its measures to prevent and mitigate adverse human rights including through consultation with effected stakeholders?

Our aim with respect to our human rights performance is to align to international best practice. In 2011 we carried out a company-wide human rights assessment⁷, which assessed the current conditions across our operations and those of our most significant suppliers, and identified areas for improvement. The findings indicated that although we have adequate systems and procedures in place for most aspects of human rights, we need to better integrate these systems to improve our monitoring and our responsiveness to issues when they arise. The first step to addressing this shortfall was to ensure that our mills and our partners understand human rights and the implications to our business.

In 2013 we delivered customised human rights training to the Human Resources teams across our mills. APP's human rights commitment is included in the APP Employee Welfare Policy. This forms the umbrella of APP's commitment to human rights. The policy is explained further in APP's Framework on Human Rights Compliance, which was independently audited in 2013. The framework details APP's commitments on human rights and serves as a guideline in implementing the UN Guiding Principles on Business and Human Rights, throughout our day-to-day operations.

APP has also developed our Responsible Fibre Procurement and Processing Policy (RFPPP) and Forest Conservation Policy (FCP) that clearly stated our commitments to respect human rights across our operations and that of our supply chain. Tools to implement those policies, such as the supplier Scorecard system and the Supplier Evaluation and Risk Assessment (SERA) system, have been developed and implemented and they are being used to monitor human rights compliance and to improve consistency in our approach to human rights and wider sustainability issues across all of our mills and our suppliers' concessions.

7. What operational-level grievance mechanisms has APP established or participated in to address the grievances identified above and remediate directly? What is the company doing to ensure the allegations raised in this letter are being addressed in a way that is compatible with human rights and puts the safety, concerns and rights of workers first?

⁶<https://www.asiapulppaper.com/sustainability/vision-2020/forest-conservation-policy>

⁷https://www.asiapulppaper.com/system/files/app_sustainability_report_2012_0.pdf

- **Mills:** APP has developed a mill grievance system which was recently enhanced to improve the way that grievances are recorded, and to ensure that resolutions are documented at the mill level.
- **Pulpwood suppliers:** APP has developed a grievance procedure for the implementation of its Forest Conservation Policy (FCP). The procedure is designed to address any grievances that its stakeholders have identified related to the implementation of its FCP. A copy of the procedure can be accessed [here](#).

APP is taking multiple steps to ensure the allegations raised in this letter are being addressed:

- a. WKS and APP have supported and fully cooperated with the police and the National Human Rights Commission (Komnas HAM) investigations.
- b. APP is acting on the recommendations made by Komnas HAM– the Indonesian Human Rights Commission (see 2b above).
- c. APP is currently in the process of determining the scope of a comprehensive security review to be carried out by independent experts. Security reforms identified in that review will be incorporated into APPs 'FCP Implementation Plan 2015 and Beyond'⁸.
- a. APP has provided assurances that social conflict mapping has been conducted and the implementation of the resulting conflict resolution action plan is underway across all operations. Furthermore, a new social conflict resolution team for WKS has been established.

--ENDS--

⁸https://www.asiapulppaper.com/system/files/150204_fcp_2_year_anniv_booklet_0.pdf