

# Terms of Reference

## Stakeholder Advisory Committee (SAC)

### ***Background and Purpose***

1. In 2013, *Asia Pacific Resources International Holdings Ltd* (APRIL) developed its “Sustainability Roadmap” with inputs from key external stakeholders and used that as the blueprint for APRIL’s Sustainable Forest Management Policy (SFMP).
2. As part of APRIL’s broader engagement strategy and to ensure the transparency of the implementation of the SFMP, an independent external **Stakeholder Advisory Committee (SAC)** is established.
3. The SAC is established to provide a mechanism for stakeholders to engage during the implementation of APRIL’s SFMP, contribute to continuous improvement efforts and verify conformance with the requirements set forth in the policy. As an independent Committee, the SAC will publically communicate the progress of SFMP implementation in a transparent and timely manner.
4. The SAC will encourage APRIL to engage with sister pulp and paper companies within Royal Golden Eagle (RGE) Group to adopt the principles underlying APRIL’s SFMP.

### ***Role of the SAC***

5. The SAC role is:
  - a. to review APRIL’s SFMP and key associated operational documents to validate objectives, commitments, performance targets and timelines and, when appropriate, recommend improvements;
  - b. to supervise and monitor APRIL’s progress in meeting the objectives set forth in the SFMP, including steering the verification process;
  - c. to develop suggestions for policy and projects; provide guidance on matters in which the SAC has expertise; provide information about significant matters in their field of expertise and assessments of APRIL’s actions in that field; to promote existing “best-sustainability-practice” and encourage uptake by APRIL as part of a continuous improvement program;
  - d. to collaborate with APRIL during evaluation and implementation of recommendations.
6. To support effective implementation, the SAC may suggest stakeholder forums be organized on specific issues, with the agreement and support of APRIL.
7. The SAC is one of multiple sources of information and advice to APRIL and does not exercise any form of executive authority.
8. The SAC will submit meeting reports and stakeholder forum reports to APRIL’s Board.

### ***Role of APRIL***

9. APRIL will incorporate SAC's reasonable inputs and recommendations and will do so in a thorough and transparent manner. In instances when APRIL is unable to incorporate a specific SAC recommendation, it will provide the necessary clarification to the SAC.

### ***Membership***

10. SAC members are not APRIL employees.

11. The SAC Chair is designated by APRIL's Board.

12. SAC members are invited by the SAC Chair, with APRIL's endorsement.

13. The SAC will consist of a board of up to 7 persons, comprising of a Chair and up to 6 members.

14. SAC members are selected based on skills, knowledge, experience, connections and capacity including but not limited to:-

- a. industrial forestry;
- b. biodiversity and high conservation values;
- c. forest research;
- d. local community and forest dweller issues and concerns;
- e. international stakeholder concerns, e.g. forest certification and chain of custody.

15. The SAC may engage additional ad-hoc members to address specific issues or to fill a particular skill's gap on an as-needed basis.

16. The SAC may invite observers to attend meeting, with criteria agreed by the SAC and in consultation with APRIL. If observers participate, the SAC will organize the meeting Agenda to protect APRIL's commercial sensitive information.

17. While full participation is expected, with the approval of the SAC Chair and in conjunction with APRIL, SAC members may appoint an alternate with proper authorization from their respected organization to represent that member.

### ***Tenure***

18. Membership is one calendar year. The term may be extended per the SAC Chair's recommendation for another calendar year.

19. The tenure for the SAC will be for 6-years from its establishment.

20. SAC membership appointment may be terminated by either party. Members are requested to give three months notice prior to their intended withdrawal. A replacement member will be sought from the same category or area of expertise.

21. In consultation with the SAC and APRIL, the SAC Chair reserves the right to terminate the appointment if members:-

- a. fail to actively contribute or participate in the SAC; or
- b. are not able to attend two consecutive regular meetings of the SAC without valid reasons and advanced notification or otherwise notified to the SAC Chair

### ***Responsibilities of members***

22. Members will:

- a. Contribute to the development of SAC meeting reports;
- b. Be fully prepared for meetings and agree to actively participate and collaborate during meetings;
- c. Bring expertise, knowledge, skills, industry experience and connections to the table, and to guide in the deliverables laid out in the SFMP;
- d. Consider, raise and be prepared to discuss issues, ideas and proposals;
- e. Provide informed, sound advice and guidance;
- f. Advise the SAC Chair if membership responsibilities can no longer be fulfilled or if in any case of conflict of interest;
- g. Comply with the Terms Of Reference of the SAC.

### ***Responsibilities of the Chair***

23. In addition to members' responsibilities, the SAC Chair will:

- a. Report to APRIL's Board on the progress and outcomes of each SAC meeting;
- b. Articulate the mandate and purpose of the SAC;
- c. Set and communicate roles and expectations for individual members;
- d. Ensure meeting materials are prepared and sent out in advance of meetings;
- e. Effectively run meetings, driving robust, strategic discussions and real outcomes;
- f. Facilitate active discussion amongst members, identify barriers and provide solutions;
- g. Take corrective action if necessary including with non-performing SAC members;
- h. Liaise and consult with APRIL outside formal SAC meetings on all SAC and SFMP matters;
- i. Lead the annual performance review of the APRIL's SFMP.

### ***Responsibilities of APRIL***

24. APRIL will:

- a. clearly communicate the role, purpose and responsibilities of the SAC as required;
- b. coordinate meetings including facilitation of agenda, supporting documentation and minutes;
- c. provide information to support all meetings;

- d. facilitate a collaborative meeting format that stimulates open dialogue and robust discussions between SAC members and APRIL;
- e. support SAC discussion by providing and sharing critical information in a timely and accessible manner;
- f. co-opt and resource additional support including stakeholder engagement activities as advised by the SAC;
- g. engage with the SAC on the progress and outcomes of their advice;
- h. ensure that adequate resources are available to allow for the proper functioning of the SAC;
- i. support the SAC Chair in the annual performance review of the APRIL's SFMP;
- j. collaborate with the SAC to effectively communicate the achievements of the SFMP to the wider stakeholders.

### ***Rules of Participation***

25. The SAC functions as an independent advisory group whose goal is to assist APRIL in implementing a SFMP that is in the best interest of both APRIL and its key stakeholders. Members will review the SFMP and associated operational documents and where appropriate, make recommendations for continuous improvement. Members will also endeavor to provide expertise, knowledge, and information to assist and to guide APRIL in the deliverables laid out in the SFMP. The SAC conducts open and frank discussions on APRIL's conformance, keeping in mind that the SAC represents the interests of multiple stakeholders.

Proceedings of all SAC meetings are captured in meeting minutes, which are reviewed in draft form by members before finalized. The SAC Chair, in consultation with SAC members, formulates committee recommendations. The SAC Chair will review recommendations with APRIL's management and engage with management during their evaluation of SAC recommendations. The results of this evaluation will be communicated to the SAC in a timely manner.

26. SAC members are not constrained by their membership in carrying out the mission of their respective organizations.

### ***Meeting Schedule***

27. The SAC will develop their meeting schedule for every calendar year.

28. The SAC Chair reserves the right to conduct meetings by phone or videoconference as appropriate.

29. The quorum for meetings of the SAC shall be 4 members. The SAC will seek to operate on a consensus basis. When necessary, SAC decisions will be made by simple majority by members present at the meeting.

## ***Agenda***

30. A draft agenda will be prepared two weeks prior to each meeting. The final agenda and necessary materials will be provided to SAC members at least three days prior to each meeting.

31. SAC Secretariat is assigned to ensure that minutes are properly documented. The SAC Chair will ensure that meeting minutes are effectively circulated and agreed as accurate.

## ***Confidential Information***

32. The SAC process is intended to be open and transparent. Some information shared with the SAC will be business confidential and if so, the SAC Chair will alert members and require that this specific information not be shared publically. SAC members shall not disclose such information without prior written approval from APRIL.

## ***Communication***

33. The SAC functions as an independent Committee. It is important that the SAC avoid any perception that it is unduly influenced or constrained in developing independent assessments and recommendations.

APRIL will make the activities of the SAC publically available through regular posting on the company's website but will not attribute specific endorsements or suggestions to the SAC without prior agreement of the SAC. APRIL will not use the names of SAC members in public statements or publications without prior clearance from the member concerned. The SAC Chair will be notified in advance of any planned public announcements relating to the SAC and its work with APRIL and will ensure that SAC members are aware and are in agreement.

As an independent Committee, SAC members are empowered to communicate the activities of the SAC with their respective organizations. Meeting summaries will be produced jointly by the SAC and APRIL and members may only use this document for public communication.

34. The membership of the SAC will be published on the APRIL website.

## ***Conflict of interest***

35. SAC Members shall not conduct business on behalf of APRIL nor use the SAC as a vehicle for businesses other than in accordance with these terms of reference.

36. Members must immediately notify the SAC Chair if they feel they have conflicts of interest. In the event of a conflict of interest arising for any member of the SAC, the matter must be immediately tabled and SAC member must abstain from any dialogue relating to that matter.

### ***Annual independent assessment***

37. The SAC will appoint an independent 3<sup>rd</sup> party assessment body to audit and verify the implementation of the SFMP on an annual basis.

### ***Transparency***

38. The summary of the SAC's meeting and the annual audit report will be made available to public in a timely manner.

### ***Liability***

39. No member of the SAC will incur any expenses in relation to his or her activities as a member of the SAC without prior approval of APRIL's nominated officer.

40. APRIL will indemnify the members of the SAC against any claim or cost that arises from their activities as a member of the SAC, providing such activities are in accordance with these Terms of Reference and/or have been approved in writing by APRIL or APRIL's nominated officer.

### ***Others***

41. This Terms of Reference will be interpreted in accordance with Singapore laws.