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Mr. Afdhal Mahyuddin

Editor, Eyes on the Forest
Pekanbaru, Riau

Dear Mr. Afdhal and Eyes on the Forest team,

Thank you for submitting the report for our comment. Firstly, we clarify here that PT Sumatera Riang Lestari (PT SRL) is one of APRIL's supply partners, and thus a company in which we expect and encourage the same high standards of management as found elsewhere in our operations. As a certified pulp producer we take our responsibility seriously in guiding the management practices of our partners to certifiable standards and offer, in return, advanced technology and sustainable solutions to some of the pressing problems of Indonesian forestry.

A Solid Legal Foundation

We strongly object to Eyes on the Forest position that continues to highlight generic issues of "questionable legality" relating to national land-use plans and operational licenses of companies as decreed by the Ministry of Forestry. At best, this debate is deeply damaging to the Indonesian forestry sector and its international competitiveness, and undermines forestry as one of the important foundations for Indonesia's future socio-economic development.

Since we have no authority to respond on national policy, we encourage such questions to be addressed directly to the relevant institutions.

However, we reject outright the allegation that PT SRL's operations are of "questionable legality"; confident in the full compliance of PT SRL and its solid legal foundation for plantation establishment and future operations.

With sole authority and jurisdiction over forestry-related policy and legislation, the Minister of Forestry has granted PT SRL's license through decree No. 208/Menhut-II/2007. The land-use is in accordance with provincial spatial plan and designated as Permanent Production Forest. PT SRL has fulfilled all regulatory requirements including environmental impact assessment (AMDAL; December 2005) and recently the Long-Range Plan (RKU) and Annual Operational Plans (RKT; decree No. SK.206/VI-BPHT/2008, June 2008; letter No. SK.02/BPHT-3/2009, March 2009). The legal foundation for the PT SRL area is thus undisputed.

Responsible Management to Reduce CO₂ Emissions

We share Eyes on the Forest's concerns relating to peat lands and climate change, but disagree on the solutions. The photos in your report demonstrate clearly the degraded nature of the PT SRL area.



Independent research has shown that such areas, in their current state and left unmanaged, are a significant CO₂ emissions “liability” - a result of previous logging activities, uncontrolled drainage, ongoing encroachment and unattended fires.

Optimised management of peat land water-levels, fire prevention, and investment in conservation area protection, can reduce these base-line CO₂ emissions by 60-90%. APRIL has invested significantly to bring together international and Indonesian experts in the development of guidelines to achieve this. PT SRL’s concession plans are based on these principles of “eco-hydrology” - maintaining ecological values and reducing CO₂ footprint through systematic control of peatland hydrology.

Management plans in the PT SRL area are designed to avoid impact on conservation forests and stabilise the wider landscape (including the Kerumutan Nature Reserve) against further degradation through the hydrological “buffer” support of a well managed forest area.

In our opinion, it is a combination of investment and responsible production forestry, in partnership with the conservation efforts of others, that provides the most robust solution for minimising Indonesia’s carbon footprint in the long-term. APRIL and PT SRL welcome collaboration with parties that share a similar sustainable development mission.

Maintaining High Conservation Values

Preliminary operations and infrastructure started in PT SRL in May 2009, and have been limited to highly degraded areas (as depicted in photo 2 on page 4 of your report) which are outside of the management area required to maintain HCV’s within the concession. The operations to date have strictly followed the sustainable forest management plan for the concession - which is based upon regulatory Macro- and Micro-Delineation of conservation and production zones, and in line with High Conservation Value identification surveys done by independent experts prior to operations.

PT SRL is currently carrying out an additional third party HCV risk assessment in the 2009 operational area, with the support of APRIL, which will be finalised prior to transition to full operations in the future. PT SRL will incorporate feedback from the risk assessment as a basis for refining the intensive, long-term HCV management and protection program for the concession. This management plan fully accounts for HCV 3 (e.g. peatland ecosystem) and HCV 1.2 as highlighted in your report.

Resolving Social Issues Fairly

Social issues, overlapping or disputed rights, arising from Government allocation of land between company and community, are inherent problems of most concessions in Indonesia.

APRIL and its supply partners work actively to resolves such disputes transparently and fairly wherever they are found. With procedures aligned to the principles of Free, Prior and



Informed Consent (FPIC), and through social HCV mapping, we seek “win-win” community partnerships focused on common objectives of development and responsible land-use. APRIL has received acknowledgement for pioneering success in this challenging field.

Reflecting this commitment, PT SRL management has, since September 2008, been in close and regular dialogue with communities adjacent to the licensed area. Between October 2008 and January 2009 a series of consultations resulted in the approval by the neighbouring community for a jetty and preliminary road construction. This community agreement was underpinned by official approval at village (Desa Pekan Tua), district (Kempas) and regency (Indragiri Hilir) levels and backed by dialogue, joint field visits and village socialisation meetings at all stages.

Despite this, your report draws attention to a demonstration against PT SRL organised by members of Harapan Jaya village on 9th May 2009. This resulted in the arrest of villagers by local police for criminal damage. PT SRL has clarified the issue to APRIL, citing police reports that show participants in the demonstration were from the village of Harapan Jaya (Tempuling sub-district) while PT SRL exists entirely within Kempas sub-district. It has since been found that the dispute relates to unfounded claims for future transmigration village expansion that overlap jurisdiction of the neighbouring sub-district. This border dispute is being handled by the appropriate authorities and PT SRL will respect any decision that is made.

We hope that this clarifies the main points in your report, and that you will publish this response provided by APRIL on behalf of PT SRL, but in line with our policy of guiding supply partners to certifiable standards of forest management.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Neil Franklin". The signature is written in a cursive style with a long horizontal stroke at the end.

Dr. Neil Franklin
Sustainability Director
Asia Pacific Resources International Ltd.