

Jikalahari



Pekanbaru, 28 November 2016

To:
ABN Amro Bank
in
Netherlands

Dear Sir/Madam,

I'm writing to you after our meeting in Utrecht, last month. We learned that ABN Amro last May was involved in a deal with APRIL for a 800 millions USD in a syndicated loan. This is why we are writing to share some concerns over what is happening on the ground relating to APRIL's activities in Riau Province. After the release of their improved sustainability commitment in June 2015, we had great hope for substantial improvements by APRIL and its subsidiary in Riau. However, what is happening on the ground shows a very different picture. With this letter we share with you a number of unresolved issues associated with APRIL group in Riau province:

1. APRIL group and its subsidiary PT RAPP still do not comply with regulation in Indonesia regarding peat protection and peat management. They keep building canals and destroying peatland even though Government regulations prohibit them from carrying out activity on peatland, as recently happened in Pulau Padang.
2. In some areas, our findings reveal that instead of restoring burned peatland, they continue planting acacia in the area.
3. Later, in September 2016, Security officers of PT. RAPP/APRIL prevented the Head of Peat Restoration Agency (BRG) from conducting an inspection in Pulau Padang. This case is well known, and we really think it is a blatant violation of their SFMP.
4. A recent study by Deltares and Wetland International in one of the most rich peatland areas in our province, has shown that even with the so-called "eco hydro", plantation draining will inevitably lead to peat degradation, subsidence and flooding, and it is just a matter of time to see the Kampar Peninsula and its habitats destroyed.
5. APRIL group and its subsidiary failed to resolve the conflicts with the communities in Riau province. The conflicts in Pulau Padang also remain unsolved. Though some meetings have been held and have resulted in some initial agreements, APRIL and its subsidiary ignore these agreements and continue to operate in the area they claim as the company's concession. An area of 72 ha of community land has been cleared and developed into plantations or canals. Yet, they still have not implemented Indonesia's regulation on concessionaries area division, according to which 20% of the concession

should be partnered with local communities for livelihood trees (Tanaman Kehidupan) for community benefits. We estimate the implementation of Tanaman Kehidupan is less than 7%.

6. Even more, their permit for their Restoration Ecosystem project in Riau is also conflicting with local communities. As an example, an area of 400 ha overlaps with community's land in Serapung, Pelalawan, where communities plan to manage it collectively through a Social Forestry scheme.
7. APRIL Group and its subsidiary have been recorded for having massive fires in their concessions which, amongst other companies, contributed to big Haze in 2015 that caused the death to 5 Riau residents; 3 of them were children, and more than 87.000 people suffered from respiratory diseases. Currently, 6 of their subsidiaries have been investigated by the Police Department in relation with the fires.
8. In the past, APRIL subsidiaries have been involved in a corruption permit case that has put six public officials into prison including one former Riau governor, two former Heads of District, and three former Heads of District/Provincial of Forestry. Following the corruption case however, these APRIL subsidiaries have not been verified by the Ministry of Forestry and remain operative, even though their permit has to be considered as non-procedural.

Considering the above, and considering that the above is in clear contradiction with your policy and that your bank committed to play an important role to help APRIL move into the suggested direction, we recommended as follow:

1. To urge APRIL and its subsidiaries and suppliers to fully comply with Indonesian regulations, with no exceptions, and adjust their General Annual Working Plan according to the existing regulations.
2. To urge APRIL and its subsidiaries and suppliers to respect and allow space for local community for living, allocating areas for community management and for community livelihoods.
3. To suggest to APRIL and its subsidiaries and suppliers to fully implement their sustainability commitment, allowing civil society to monitor this implementation on the ground, and increase transparency in its development.
4. Urge APRIL and its subsidiaries and suppliers to protect peat and prevent the recurrence of fires in their concessions. Where fires occurred, they should restore the peat land, block canals, and follow all regulations related to fire prevention and fire control.
5. To urge APRIL to immediately phase out from Semenanjung Kampar to avoid worse loss in the future.

We do really hope you consider all the above issue wisely and incorporate into both policy and action that may lead to better changes.

Sincerely Yours,

Woro Supartinah (Coordinator of Jikalahari)

Isnadi Esman (Secretary General of JMGR)

Jikalahari is a networking NGO comprising of 21 member organizations based in Pekanbaru, Riau, JMGR; Community Peat Association is a community association among local communities in all peat district in the Riau Province