

For Immediate Release

Australian Suppliers Welcome Asia Pulp and Paper Landmark Announcement

Affiliate's pledge to suspend natural forest clearance on APP-owned concessions immediately

Australian tissue and paper suppliers, Solaris Paper and Paper Force, have welcomed the landmark commitment by their affiliate, Asia Pulp & Paper Group (APP), to implement a broad-ranging sustainability strategy which will see the clearing of natural forest on APP owned pulpwood concessions in Indonesia stopped immediately.

The new forest conservation policies, which will align the sustainability initiatives of APP, Solaris Paper and Paper Force, will see the 'natural evolution' of APP's sustainability strategy, moving to adopt the internationally-recognised standards for High Conservation Value Forest (HCVF)¹.

Steve Nicholson, CEO of Solaris Paper, welcomed the announcement by its affiliate,

"APP should be congratulated on these bold new steps. This commitment to adopting the HCVF standard is a landmark decision and a significant step towards safeguarding critical aspects of Indonesia's rainforest high conservation areas and biodiversity.

"APP's commitment is an evolution towards a more broadly embraced international standard for forest management and I'm proud to say it mirrors our own commitments we made on our products some time ago.

"The announcement by APP will align our sustainability initiatives at a global level and ensure that customers can be confident the tissue and paper products they buy from APP or any of its affiliates, wherever they are in the world, are sustainable."

APP's HCVF policies will be implemented immediately in the following way:

With respect to APP owned concessions in Indonesia:

- a. Effective from 1st June 2012, APP will suspend natural forest clearance while HCVF assessments are conducted.
- b. APP has engaged credible experts to conduct HCVF assessments, in accordance with HCV Resource Network best practice. The assessments will be based on a multi-stakeholder approach.
- c. APP will protect all identified HCVF areas as a result of the HCVF assessments.

¹HCVF is a concept developed circa 1999 by the Forest Stewardship Council (FSC), to designate forests which have an especially high ecological or social value.

With respect to APP's independent pulpwood suppliers in Indonesia:

- a. Given its firm commitments on HCVF, APP expects independent suppliers to comply with its request for HCVF assessments, by 31 December 2014.
- b. With an international NGO partner, APP will engage with its independent suppliers to adopt HCVF assessments.
- c. APP will review and reevaluate supply agreements where HCVF assessments are not conducted.

Commenting on the announcement, APP Managing Director of Sustainability Aida Greenbury said:

“Effective immediately, we are embarking on a bold program to ensure we can offer our customers products with the highest environmental and social integrity, and to ensure delivery of a shared vision for the global community. We are taking account of critical issues raised in our dialogue with NGOs. It is the aim of APP's policy to exclude HCVF from the supply chain.”

Regarding APP's future expansion, Ms Greenbury said: “As a business we are always assessing the markets for opportunities. We will ensure that our Natural Forest Policy will apply to all of our current mill operations and any future expansion.”

“We are confident in our ability to embed these policies in our business, but we also acknowledge that success will require the engagement of many stakeholders.” said Robin Mailoa, CEO of Sinar Mas Forestry. “High conservation value forest (HCVF) management is a protocol that stretches beyond our own concessions and needs to be embraced and supported by members of local communities, government, civil societies and by everyone that touches the pulpwood production process.”

APP stakeholders have welcomed the announcement:

Darori MM, Director General of Forest Protection and Nature Conservation at the Indonesian Ministry of Forestry, said:

“The Government of Indonesia has made the protection of natural forests a key element of national policy. For this to work, the private sector organizations also need to take initiatives which go beyond what the law expects of them. I hope other companies will follow APP's example in this regard.”

Y.W. Junardy, President of the Indonesian Chapter of the United Nations Global Compact Network, said: “APP's announcement today helps to advance and promote the UN Global Compact principles in Indonesia, which are about accelerating our country's transformation towards the achievement of human rights, a sustainable environment and ethical business practices. APP Group companies are highly regarded members of the Indonesian Global Compact. We very much welcome and support the new policies they have published today.”

APP will provide regular reports on its progress against the commitments outlined today on its website: www.asiapulppaper.com.

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