



APP Press Release

Indonesia's Largest Pulp & Paper Company Announces Far-reaching Commitments to Environmental and Community Development

Jakarta, February 20, 2004 – Asia Pulp & Paper today released its Sustainability Action Plan (SAP), detailing its multi-year commitment to environmental and community development in and around its land concessions in Indonesia. The Sustainability Action Plan is a first for APP and a first for the Indonesian Pulp and Paper industry in terms of its depth, commitments and level of transparency.

The plan has been developed to address the complex issues facing the Indonesian forestry sector of which APP is a major stakeholder. Key initiatives include creating a contiguous 165,000-hectare conservation park in Riau Province, Sumatra and establishing new operating procedures to address the multifaceted issue of illegal logging. The SAP also provides a blueprint for APP's fiber procurement policies and explains how the company will meet its market commitment to source all wood supplies from plantation-grown forests from 2007 onwards.

Michael Black, APP's Deputy CEO comments, "APP is committed to being a fully sustainable Indonesian pulp and paper company in 2007. Our focus now is on making the necessary investments in financial and human resources within our mills and forests to ensure this Plan becomes reality as quickly as possible. We believe we have delivered a strong yet realistic Sustainability Action Plan that will significantly raise the standards in sustainable forestry practices both in Indonesia and beyond."

The Sustainability Action Plan has been developed to address market concerns, namely, ensuring no illegal logs enter APP mills, proving its capability to be 100% sustainable in 2007 and assessing its forests for conservation value and setting aside areas of primary forest.

Black continues, "We believe it is a good Plan and we take full responsibility for its content. It incorporates complete sustainability: preservation of forests in Sumatra; the welfare of the communities directly and indirectly impacted by APP's operations; and the economic viability of the company."

As part of its conservation commitment APP will invest USD \$7 million over the next 5 years to protect critical habitats. The APP Sustainability Action Plan sets in motion a number of time bound stepped programs, including:

- An integrated conservation strategy that will set aside tracts of primary forest within APP's concessions and manage these areas to prevent illegal logging
- Wood tracking, legal origin verification and illegal logging prevention through a variety of initiatives including a multi-stakeholder education program and

participation in a legal origin verification process developed the Indonesian Ecolabeling Institute

- Creation of a community development advisory panel and process to expedite land claim dispute resolution.

“The plan is a first step on our road to sustainability,” said Arian Ardie, APP’s Director of Sustainability and Stakeholder Engagement. “Some of our stakeholders continue to express concerns about the impacts that we have on Sumatra’s forests and the manner by which we have assessed them for conservation value. We appreciate their concerns and are committed to the conservation of primary forest. In order to achieve the goal we must continue to engage our stakeholders in meaningful dialog to address the outstanding issues.”

An independent panel will be assembled to track and report on the progress and impact of the sustainability program. The panel will comprise international, regional and Indonesian experts from a range of backgrounds including forestry and environmental science, community development and economic development.

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Asia Pulp and Paper is one of the world’s leading pulp and paper companies. With a capacity of 2.3 million tonnes of pulp sourced from plantations and degraded forest, and with paper and packaging capacity of 5.7 million tonnes, it ranks number one in Asia (excluding Japan). Headquartered in Singapore, APP currently has 16 manufacturing facilities in Indonesia and China and markets its products in more than 65 countries on six continents.

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