

APP's Forest Conservation Policy

Effective February 1st this policy applies to:

1. APP and all its suppliers in Indonesia.
2. Any Indonesian fibre utilised by APP's mills elsewhere, including China
3. All future expansion.

High Conservation Value Forests (HCVF) and High Carbon Stock (HCS) Forests:

Policy commitment 1: APP and its suppliers will only develop areas that are not forested, as identified through independent HCVF and HCS assessments:

- From 1st February 2013 all natural forest clearance has been suspended whilst HCV and HCS assessments are completed. No further clearance of areas identified as forest will take place.
- APP has conducted an initial assessment of all of its supply chain. It has prioritised HCV and HCS assessments in those concessions that up to now have been supplying the company with natural forest fibre. HCV and HCS areas will be protected.
- On HCS work has started to identify the area and quality of forest cover. Satellite analysis, backed up by field work, will identify areas that will be protected as well as low carbon areas that can be developed as plantations.
- The HCS approach distinguishes natural forest from degraded lands with only small trees, scrub, or grass remaining. It separates vegetation into 6 different classes (stratification) through the combination of analysing satellite images and field plots. These thresholds are known in Indonesia as: High Density Forest (HK3), Medium Density Forest (HK2), Low Density/older regenerating Forest (HK1), Old Scrub/regenerating forest (BT), Young Scrub (BM), and Cleared/Open Land (LT). APP's threshold for HCS will be defined, following field analysis, within the category referred to as old scrub (BT).
- Any existing natural forest logs within APP's supply chain cut before 1st February 2013, such as stocks in log yards, will be utilised by its mills. Any fibre cleared from land which is not forest, such as scrub land, will also be utilised by its pulp mills.
- APP will withdraw from all purchase and other agreements with any supplier who is found not to be in compliance with these commitments.
- These commitments are being monitored by The Forest Trust. APP will welcome independent 3rd party observers to verify the implementation.

Peatland management

Policy commitment 2: APP will support the Government of Indonesia's low emission development goal and its target to reduce greenhouse gas emissions. This will be achieved by:

- Ensuring that forested peatland is protected as part of its commitment to maintain HCVF and HCS forests.

- Best practice management to reduce and avoid GHG emissions within the peatland landscape. As part of achieving this, no further canal or other infrastructure activities will take place within undeveloped suppliers' concessions on non-forested peatland until independent HCVF assessments including input from peat experts has been completed.

Social and community engagement

Policy commitment 3: In order to avoid and resolve social conflicts across its supply chain APP will actively seek and incorporate input and feedback from a wide range of stakeholders, including civil society, as it implements the following set of principles:

- Free, Prior and Informed Consent of indigenous people and local communities
- Responsible handling of complaints
- Responsible resolution of conflicts
- Open and constructive dialogue with local, national and international stakeholders
- Empowering community development programs
- Respecting human rights
- Recognising and respecting the rights of its workers
- Compliance with all relevant laws and internationally accepted certification principles and criteria

Where new plantations are proposed, APP will respect the rights of indigenous peoples and local communities, including recognition of customary land rights. APP has committed to independent HCVF assessments as part of this commitment and will, in consultation with stakeholders, develop further measures to implement FPIC.

APP will consult with NGOs and other stakeholders to ensure that its protocols and procedures for FPIC and conflict resolution are in accordance with international best practice.

Third party suppliers

Policy commitment 4: APP sources fibre from all around the world and is developing measures to ensure that this sourcing supports responsible forest management.

Growth and yield from existing plantations

Recent independent assessments of the growth and yields of APP suppliers' plantation areas confirms that the company has sufficient plantation resources to meet the long term forecast demand for its pulp mills.