

DATE: Tuesday, 15th May, 2012

APP ANNOUNCES NEW POLICIES ON HIGH CONSERVATION VALUE FOREST

Asia Pulp & Paper Group (APP) has always strived to be the world's most respected pulp and paper company. Since APP was founded in 1972, we have been committed to honoring our social and environmental responsibilities wherever we operate. These responsibilities have evolved over time, as the economic, social and political environments in which we operate have changed. Alongside ever-improving environmental commitments, APP has developed a whole series of corporate responsibility programs to provide jobs, healthcare, and education to some of the less fortunate people in Indonesia.

APP understands the global importance of protecting Indonesia's rainforests and tackling climate change, and is fully behind our national policies to achieve those aims.

Given APP's commitment to these important values, we have now decided to adopt even higher standards for protecting natural forests and biodiversity. In particular, we will now embrace the international standard of High Conservation Value Forest (HCVF) as part of the process of continual improvement in our policies and practices. The international standard of HCVF is accepted by influential and respected NGOs around the world.

At this time, we see a move to adopting higher standards for HCVF as the next natural evolution of our sustainability strategy. That strategy has been developed over many years, based on the system of land allocation set by the Government of Indonesia. According to Indonesian law, pulpwood plantations are only permitted in production forest areas which are degraded, logged-over natural forest or wasteland. Adopting the international standard of HCVF as the next step provides even greater protection.

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 protect HCVF in our supply chain. We have already done much work to determine the source of our fiber. We will augment this work as follows:

1. With respect to APP owned concessions in Indonesia:

- a. Effective from 1st June 2012, we will suspend natural forest clearance while HCVF assessments are conducted.
- b. We have 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. We will protect all identified HCVF areas as a result of the HCVF assessments.

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

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

3. We will enhance our multi-stakeholder strategies to conserve HCV forests.

4. We will continue to review and further strengthen our traceability systems.

5. We protect peat land in accordance with the Government of Indonesia's laws and regulations.

6. In line with our commitments on climate change, APP will lead an independent research initiative and multi-stakeholder engagement on High Carbon Stock (HCS) and its implementation in pulpwood plantations.

7. We will enhance our community engagement programs to ensure that we are operating in line with best practice requirements for Free, Prior and Informed Consent.

APP will evaluate and report our progress in implementing these policy commitments every three months in a transparent manner through our website, sustainability reports and ongoing engagement with key stakeholders.

As a business we are always assessing the markets for opportunities. These commitments will apply to all of our current mill operations and any future expansion.

APP Management

About APP Indonesia

APP Indonesia is a brand umbrella for paper products which are produced by several mills in Indonesia such as PT Indah Kiat Pulp & Paper Tbk, PT Pindo Deli Pulp & Paper Mills, PT PabrikKertas Tjiwi Kimia Tbk, PT Lontar Papyrus Pulp & Paper Industries, and PT Ekamas Fortuna. APP is headquartered in Indonesia and markets its product to more than 120 countries. Most of APP's production facilities are Chain-of-Custody certified by LEI and PEFC. APP supports several main conservation initiatives, including a 178,000 hectare Biosphere Reserve in Giam Siak Kecil - Bukit Batu and an area of 106,000 hectare for the Senepis Tiger Sanctuary. Both are located in the province of Riau, Sumatra. Other APP wildlife preservation initiatives include the support of the Kutai Orangutan Program in Kalimantan and the conservation of the Javan Rhino in Ujung Kulon National Park.

For more information, please visit: www.asiapulppaper.com



About APP China

APP China is headquartered in Shanghai, with over 20 pulp and paper mills in the form of subsidiaries and joint ventures, as well as forest plantations with a total area of over 300,000 hectares. With over 38,900 employees, APP China has a total production capability of 8 million tons per year in 2010. By the end of 2010, APP China has spent RMB 5.5 billion (USD 869 million) in environmental protection facilities and RMB 600 million (USD 92.3 million) in various charitable causes and community development projects across the country. For more information, please visit www.app.com.cn.