

Wednesday, September 5th, 2012

APP Quarterly Update on Vision 2020 Sustainability Roadmap

On June 5th, 2012, Asia Pulp & Paper Group (APP) [announced its Sustainability Roadmap](#) for the next decade and beyond. The Sustainability Roadmap extends APP's commitments on further improving environmental performance, biodiversity conservation and protection of community rights.

With the first three months of preliminary HCV assessments now complete, APP is able to deliver the first [Sustainability Roadmap quarterly report, which is published today, September 5th, 2012](#).

Highlights of First Quarterly Progress Report

- APP is on track to complete the HCV preliminary assessment process for its own pulpwood concessions in Indonesia by the first quarter of 2013.
- For APP owned concessions in Jambi and Riau provinces, the HCV preliminary assessment process is over 80% completed, and is at the draft report stage.
- For APP owned concessions in West Kalimantan, the HCV preliminary assessment process is over 50% completed, with site visits currently taking place.
- APP has communicated the HCVF commitment to 100% of independent suppliers.
- Two independent suppliers to APP in the Jambi province of Sumatra, Indonesia, have agreed to adopt HCVF principles from September 1st, 2012. This means that APP is able to suspend natural forest clearance across all of its supply chain in Jambi (see below for more detail).
- The Jambi moratorium has put APP's HCVF compliance process for independent suppliers well ahead of schedule.
- APP's target is to achieve 100% reliance on plantation fibre by 2015, subject to a maximum 5% tolerance for MTH waste and residues.
- APP is already ahead of its target to reduce MTH in the supply chain. By June this year, MTH was calculated to account for just 8% of APP Group's supply of raw materials, ahead of the target of 12%

Extending Natural Forest Moratorium across Jambi Province.

- Two independent pulpwood suppliers in Jambi – Tebo Multi Agro (TMA) and Rimba Hutani Mas (RHM) - have agreed to join APP's own Wira Karya Sakti (WKS) company in the region, by suspending natural forest clearance with immediate effect while HCV assessments are conducted.
- The Jambi moratorium will cover gross concession area of 55,584 hectares - in addition to APP's own WKS concession (gross concession area of 293,812 hectares), where suspension of natural forest clearance is already in place.
- These two independent TMA and RHM concessions in Jambi are vital areas for a large landscape forest conservation initiative.

- Beyond Jambi, APP and its independent NGO partners are constantly reviewing our sustainability roadmap to implement and accelerate the HCVF commitments by our pulpwood suppliers in Indonesia. We are now looking to identify which areas should be prioritised for the next phase of HCVF assessment.

APP China

APP has commenced deployment of activities covering operations in China¹. In line with the deployment model for Indonesia, APP China and its independent NGO partner have completed initial review of operations. From this review a comprehensive high level action plan has been formulated and communicated. APP is building its internal implementation capacity and work has commenced with independent suppliers from within China and from key supplying markets.

Targets

Given the progress reported in this quarterly update, APP is on track to achieve the following targets by 2015:

- 100% HCVF compliance for independent suppliers
- 100% reliance on pulpwood plantations for raw materials
- 100% independent legality verification for all suppliers²
- 100% compliance with mandatory Sustainable Forest Management regulations and standards

END

¹ Strategically APP, under the Sustainability Roadmap, prioritised actions within Indonesia and soon thereafter in China.

² APP is on track to achieve full compliance with Indonesia's new SVLK legality standards by first quarter of 2013.