

APP shares its Peatland Management milestones to provide long term solution to fires

APP welcomes Government initiative on Peatland Moratorium

Jakarta, 12 November 2015 – Asia Pulp & Paper Group (APP) today welcomes the President of Indonesia's instruction on better peatland management, which includes a moratorium on new development of peatland.

As part of APP's Peatland Best Practice Management initiative, today the company is announcing the completion of over 400 dams to block plantation perimeter¹ canals in APP suppliers' concessions on peatland in Riau and South Sumatra. The dams have been designed to protect peat forests by raising the water level and starting the rewetting of peat to prevent forest fires. In total, APP and its pulpwood suppliers are planning to construct over 3,000 perimeter canal dams in Riau province, Sumatra, with construction expected to be complete by Q1 2016. Design of similar perimeter canal dams in APP suppliers' operations in Jambi, South Sumatra and West Kalimantan is ongoing and implementation of these additional dams will also start before the end of the year.

The perimeter canal blocking program is a first step towards the implementation of wider buffer zones between forest and plantations in and around all APP suppliers' concessions. Buffer zones will allow near-natural water levels at the forest edge to be maintained, which is required for forest survival as well as for the reduction of peat loss, carbon emissions and fire risk.

Peat is a build-up of partially decomposed plant material typically found in wetland areas. It supports biodiversity, stores massive amounts of carbon and can be found throughout Indonesia, from Sumatra to Papua. Uncontrolled drainage of peat dries and decomposes the peat, resulting in carbon emissions and potentially flammable conditions.

Today APP also shares progress from its own Peatland Best Practices Management initiative, which have been implemented for the past two years. This builds on the conservation pledges in the

¹ A perimeter canal is the canal along a plantation boundary.

company's Forest Conservation Policy (FCP) announced in February 2013, which introduced an immediate moratorium on all natural forest clearing and new peatland development. The moratorium on new peatland development was imposed to allow a scientific assessment to take place, which will result in a comprehensive map of peatland areas within its supply chain as well as the best management practices for those areas. Since 2014 APP has engaged Deltares, an independent institute for applied research with expertise in hydrology and peatland management in Southeast Asia for this peatland mapping and best practice management development.

The first milestone of this science-based approach to peatland management was the commitment by APP to immediately retire five of its suppliers' plantations covering 7,000 hectares in Riau and South Sumatra provinces in August 2015. Since August, the aerial LiDAR data collection across 4.5 million hectares of peatland in Indonesia has been completed. The data is being analyzed in phases, with a coastal peatland map of East Sumatra due to be completed in Q1 2016.

APP's Managing Director for Sustainability, Aida Greenbury, said:

“Wide scale adoption of peatland best practice management for the landscape is the long term solution to protecting peat landscapes and preventing fires, which is why for the past two years APP has invested heavily in the identification of Peatland Best Practice Management for our pulpwood suppliers' operations. Our supply chain can only do so much in forest restoration and canal blocking to maintain the water level in the peat landscape, and we are looking forward to further supporting the Indonesian government and working with other actors to ensure the implementation of a peat best practice landscape approach.”

The peatland best practice management results will be submitted to the Indonesian government and shared with businesses and local communities to ensure all of Indonesia benefits from protecting peatland and preventing forest fires in the long term.

APP Milestones in Peatland Management

2013

- APP places an immediate moratorium on forest clearance and peatland development:
 - All natural forest clearance was suspended by its suppliers. APP committed to protect all remaining areas of natural forests, including on peatland; and
 - All new plantation and infrastructure development on peatland was suspended pending recommendations from an independent group of peat experts.

2014

- APP announced a new conservation initiative which would help enable the protection and restoration of one million hectares of forest, an area equivalent to APP suppliers' established pulpwood plantations in Indonesia.
- APP initiates LiDAR mapping of peatland to support the conservation pledges in the Forest Conservation Policy (FCP).

2015

- APP announces commitment to immediately retire 7,000 hectares of commercial plantations to help protect the surrounding critical peat landscape and to reduce carbon emissions.
- LiDAR data collection completed across 4.5 million hectares of peatland, data analysis started.
- The design for over 3,000 canal dams in the critical peat landscapes in Riau completed; design for dams in other provinces ongoing. Over 400 dams built in Riau and South Sumatra by 11 November.

ENDS

About APP-Indonesia

Asia Pulp & Paper Group (APP) is a trade name for a group of pulp and paper manufacturing companies. APP is responsible for delivering quality products to meet the growing global demand for tissue, packaging and paper. On any given day, our products find their way into the hands of consumers in various branded forms all over the world.

Started in 1972 with Tjiwi Kimia producing caustic soda, now we run nine mills located in Java and Sumatra islands with an annual combined pulp, paper, packaging product and converting capacity of over 9 million tons. Today, APP markets its products in more than 120 countries across six continents.

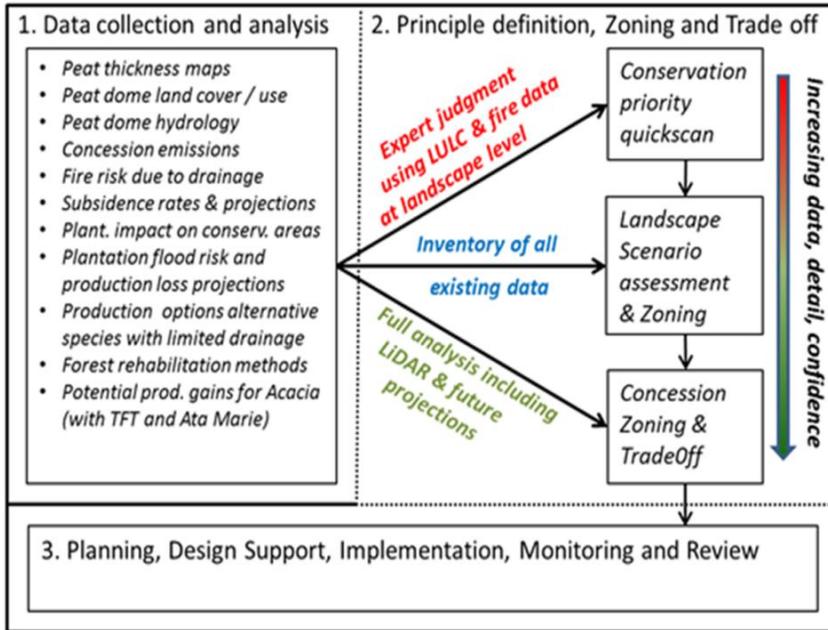
Over the years, we have expanded our operations significantly through the acquisition and expansion of several of our pulp and paper mills. It's our commitment to customer satisfaction that enables us to grow our share in paper sales worldwide and broaden our presence through offices in many countries. We believe 'tradition and modernity go hand in hand' which means we value long term relationships as part of our Eastern traditions, while we also are eager to embrace the modern values of innovation and efficiency.

Maintaining the integrity of our supply chain is also crucial to APP's operations. APP launched its Sustainability Roadmap Vision 2020 in June 2012 and its Forest Conservation Policy in February 2013, to further improve its environmental performance, biodiversity conservation, and protection of community rights. Key objectives of this roadmap are to ensure that its pulpwood suppliers adopt High Conservation Value (HCV) and High Carbon Stock (HCS) protection, peatland protection, and be 100% Sustainable Forest Management (SFM) certified by 2020.

In April 2014, APP launched its commitment to support the protection and restoration of one million hectares of forest in Indonesia. In line with that commitment, by 2015 APP and its suppliers have allocated approximately 600,000 hectares for conservation within its suppliers' concessions and for ecosystem restoration.

Learn more about APP's path to operational excellence by reading our Sustainability Reports and Forest Conservation Policy on: www.asiapulppaper.com

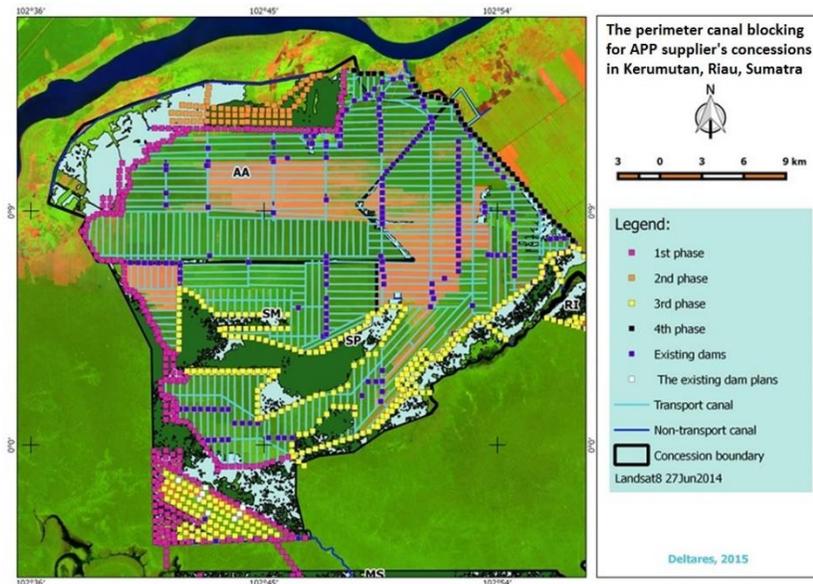
Figures and photos:



Caption: The Peatland Best Practice Management Project (PBMP) is a science-based management support project conducted by Deltares and APP: [1] first data, [2] then analyses, [3] then management /planning improvement support.



Caption: Light Detection and Ranging (LiDAR) uses pulsed laser to generate precise three-dimensional information about the shape of the Earth surface elevation and vegetation. Such data are generally not available in Indonesia, and are needed for peatland management



Caption: The plan for perimeter canal blocking in APP's supplier's pulpwood concessions in part of the Kerumutan concessions, Riau province, Sumatra. The first priority is to block canals bordering and inside forests, for conservation and fire risk reduction.



Caption: Canal blocking activity to restore pulpwood plantations in Sembilang landscape, South Sumatra.