

Sustainability @ Asia Pulp & Paper China

Sustainability. APP China

April 2018





APP (China) at a Glance

Sinar Mas Paper (China) Investment Co., Ltd and its Subsidiaries

TISSUE



Industrial Paper



Cultural Paper



Office Paper



Annual Sales in China, 2017

55.28 b RMB

Assets

158.22 b RMB

Accumulated Investment in
Env-protection

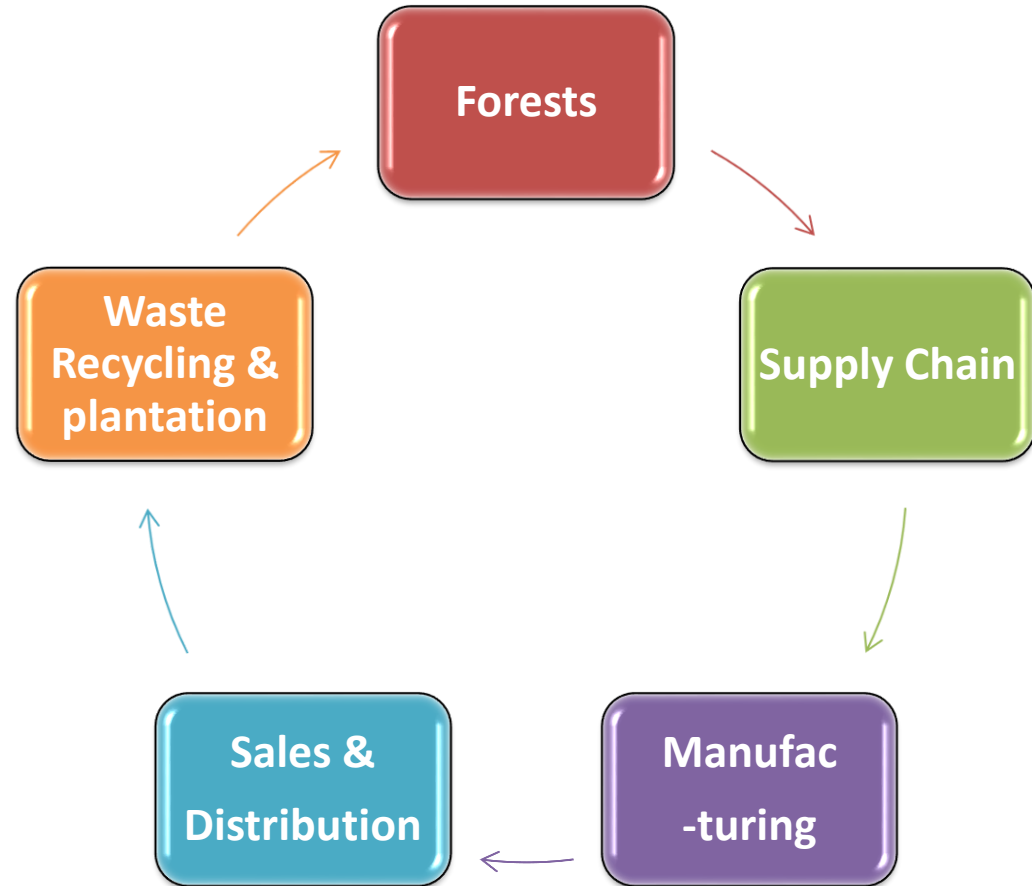
OVER 10 b RMB





APP (China) and Sustainability

How we integrate sustainability into our business operation at APP China





APP Sustainability Roadmap 2020

Our Sustainability Targets by 2020

- Published in Jun 2012, protect the natural resources in Indonesia is the 1st priority
- a Platform to make APP sustainable and promote sustainability in the industry
- 11 key aspects included

SUSTAINABLE VALUE

Business in balance with social and environmental



CLIMATE CHANGE

(1) Support Carbon Emission reduction effort in the APP as policy chain in line with the national target from Business As Usual by 2015.



REFORESTATION

Support the national target for reforesting degraded land.



CLIMATE CHANGE

(1) Reduce Carbon Emission in APP's life in line with the national target from Business As Usual by 2015.



EMPLOYEE WELFARE

(1) Provide a Healthy & safe work environment for APP employees.
(2) Maintain employee satisfaction to ensure that APP attract and retain talented and competent people.



FIBER SOURCING

(1) 100% Independent 3rd party verification for pulpwood legality.
(2) Zero High Conservation Value Forest Risk.
(3) 100% plantation wood for its pulp production.
(4) 100% Sustainable Forest Management (SFM) certified pulpwood
(5) Maintain a sustainable proportion of recovered Fiber in addition to renewable virgin Fiber.



WATER MANAGEMENT

Improve management of water use in line with the UN Global Compact-CRO Water Mandate program.



INDIGENOUS PEOPLES

Adopt international guidelines for the protection of indigenous people's customary rights in the forest.



COMMUNITY EMPOWERMENT AND WELFARE

(1) Improve Procedure for Community Engagement & Conflict Resolution in APP mills.
(2) Increase the number of communities that can benefit from APP's social programs and improve their effectiveness.



HUMAN RIGHTS

Ensure that APP's and its suppliers' operations are in line with national and international standard of human rights.



CONSERVATION AND BIODIVERSITY

(1) Support the national target to preserve designated protected and conservation areas.
(2) Support the national target to increase the endangered species population.



SOLID WASTE

Reduce solid waste to landfill.



Sustainability Practice at APP (China)

From Sustainable Forests Management to Waste Recycling

Sustainable Forests Management

Forest certification scheme

Carbon sink assessment

Local community engagement

Responsible Supply Chain

Supplier risk assessment

Basic CSR requirements

Other standards: CFCC, PEFC

Combat Climate Change

Energy saving and innovation

Emission reduction

Transportation

Promote Waste Recycling

Waste paper recycling

Waste water treatment

Other chemical and biomass, etc.



Case Study: Sustainable Forests Management

Forests Certification in APP China and Indonesia

as of 2017, APP China plant

290,000 ha

Certified by (China)

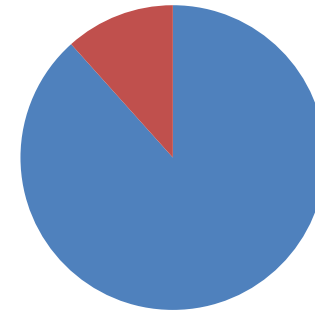
CFCC-FM & PEFC-FM

Certified by (Indonesia)

IFCC-FM & PEFC-FM



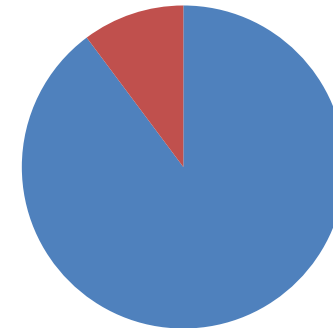
88.36% in China



■ certified

■ uncertified

89.79% in Indonesia



■ certified

■ uncertified



Case Study: Solar Power Project in APP China mills

How we combat climate change



- **2 billion RMB** investment
- generate upto **200,000,000KWH** annually
- saves coal over **80,000 tons** annually
- Reduced CO2 emission over **300,000 tons**
- Reduced SO2 emission **17,000 tons**



Case Study: Local Community Engagement at APP China Mills

How we create shared value with our stakeholders



in 2016, employee volunteer hours are
Over 37,000



Total donation in China over
720 m RMB



Case Study: APP Indonesia



INTEGRATED FORESTRY AND FARMING SYSTEM



In 2015, APP launched the Integrated Forestry and Farming System (IFFS), also known as Desa Makmur Peduli Api (DMPA), was developed to mitigate these threats.

In **500** villages in **5** provinces over the next **5** years.

USD 10 million from APP.





Case Study: APP Indonesia

191 villages

have been implemented in IFFS program as of March 2018.

25 woman groups

out of 573 farmer groups in 2017.

13,814 households

are benefitting from IFFS program.

IDR 32.21 Billion

have been channelled into the IFFS programs on village level.

* Data as of February 2018

Asia Pulp & Paper China

Beyond compliance

Questions & Answers