



Asia Pulp & Paper is First Indonesian Pulp and Paper Company to Commit to UN CEO Water Mandate

APP Teams with Global Water Conservation Leader Nalco to Explore New Water Conservation Technologies and Practices

Jakarta, 22 March 2011 - Asia Pulp & Paper Group (APP) marked *World Water Day* by becoming the first Indonesian pulp and paper company to commit to the United Nations Global Compact CEO Water Mandate. APP joined the president of Indonesia Global Compact Network (IGCN) and five other companies as the first Indonesian companies pledging a commitment to supporting UN sustainable water management principles and practices.

The UN's CEO Water Mandate was created in 2007 to recognize and emphasize public-private partnership to help address critical water challenges in the face of a growing global water crisis. The potential effects of a water crisis are felt most in emerging nations like Indonesia. Countries with large populations living in rural areas that rely on agriculture for their livelihoods often lack access to clean water for drinking, cooking and sanitation. Rapid industrialization and urbanization, essential to growing the economic base of the country, creates additional challenges to the clean water supply.

"Lack of clean water and sanitation causes great suffering in humanitarian, social, environmental and economic terms and seriously undermines development goals. This issue is particularly relevant to Indonesia as the country transforms itself into a global economic power," said Y.W. Junardy, IGCN President. "The CEO Water Mandate calls on business and industry to recognize its responsibility to protect world water sources and take a leadership role in sustainable water management. APP and the companies signing the CEO Water Compact today are setting the standard for Indonesia that all companies should strive to achieve."

Seven pulp and paper mills within APP Group signed the UN CEO Water Mandate, including inter alia PT. Indah Kiat Pulp & Paper Tbk (Perawang, Serang and Tangerang mills), PT. Pindo Deli Pulp and Paper Mills, PT. Pabrik Kertas Tjiwi Kimia Tbk, PT. Lontar Papyrus Pulp & Paper Industries and PT. Ekamas Fortuna.

World Leaders in Pulp & Paper, Water Management Join Forces

APP today also announced its first major new initiative in support of its water mandate pledge. APP, one of the world's largest pulp and paper companies, is teaming with one of the world's leading innovators in clean water technology and solutions on a series of joint initiatives.

APP and Nalco signed a Memorandum of Understanding (MOU) to embark on a two-year research and development program to map out the company's overall water footprint across all aspects of its Indonesia and China operations. Nalco is renowned in the pulp and paper industry worldwide for its expertise in minimizing the overall impact of environmental health and safety concerns and reducing overall water usage. The two companies will also look at potential

opportunities to work together to create programs to provide healthier clean water to local Indonesian communities.

“Our work with Nalco jump starts our commitment to the UN CEO Water Mandate and is one of the most important initiatives we will undertake. Conservation, management and providing greater community access to clean water will be part of the foundation of our sustainability program and our 2020 vision for APP. It hits at the core of what we believe is our most significant commitment to Indonesia: creating economic development opportunities to help advance our growing economy and contributing to the quality of life of the people living in and around the communities we serve,” said Aida Greenbury, APP Managing Director.

“A sustainable approach to water management and conservation is good for the world, good for the environment, and is simply good business,” said Eric Melin, President Asia Pacific for Nalco. “It’s essential for paper companies the size of APP to constantly explore new technologies and operating procedures that can potentially reduce their overall water footprint. This initiative will start by examining every aspect of water usage in all APP facilities to benchmark current performance against best-in-class global standards to allow us to chart a course for the future.”

Current APP Water Management Initiatives

The pulp and paper manufacturing process relies heavily on water usage. APP has implemented a range of innovative water treatment and conservation initiatives across its pulp and paper mills in Indonesia. Examples include installing new production technologies and equipment and re-engineering existing systems to improve efficiency, reduce water and steam consumption, improve water treatment and recycle treated water back into manufacturing process for reuse. APP treats all waste water with high efficiency activated sludge and chemical processes. The company was the first in the Indonesian pulp and paper industry to introduce combined aerobic and anaerobic waste water treatment processes to generate bio-fuel. This combined waste water treatment system generates a significantly higher quality effluent than the conventional single system.

APP and its pulpwood suppliers currently support a broad range of community water access programs. Activities include providing access to clean water for hundreds of villagers around the mills and working together with local stakeholders to maintain community wells. APP also provides community-based agricultural and horticulture training designed to help produce maximum yield with minimum water usage, and brings water treatment technology to communities around its conservation areas.

In addition, Since 2003 APP has actively supported the protection of critical peat domes in Riau province, working to maintain essential hydrology systems in the surrounding forest conservation areas and pulpwood supplier concessions while supporting the economic development in surrounding communities. Examples of these types of initiatives include the Giam Siak Kecil – Bukit Batu Biosphere Reserve which includes 178,000 hectares of richly bio-diverse natural forest with a massive carbon sink and unique peat land as well as Kampar Carbon Reserve designed to protect 15,000-hectares of deep peat carbon sink. Both programs integrate community and economic development activities with active water management and forest conservation programs.

“It’s critical that we look at all aspects of water usage in our mills, which represent a large percentage of our water footprint. But for us to truly live up to the spirit of the UN’s CEO Water Mandate our commitment has to extend far beyond our production facilities,” Ms. Greenbury said. “So many of us are fortunate to be able to take access to clean water for granted. For millions of Indonesians that’s not the case. Clean water is a luxury. It’s heartbreaking to visit these communities and see mothers cook dinner and children bathe in water you know is unclean and not healthy. We hope to use this initiative to build partnerships that can lead to real clean water solutions for these families. Success here could make a meaningful and lasting impact on people’s lives.”

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Notes for Editor:

About APP

APP is brand umbrella for paper products manufactured by a number of mills in Indonesia and China. APP is headquartered in Indonesia and markets its products to over 120 countries. The majority of APP’s production facilities hold Chain-of-Custody certification from LEI and PEFC.

About Nalco

Nalco is the world’s largest sustainability services company focused on industrial, energy and air applications; delivering significant environmental, social and economic performance benefits to its customers. Nalco helps customers reduce energy, water and other natural resource consumption, enhance air quality, minimize environmental releases and improve productivity and end products while boosting the bottom line. Together Nalco’s comprehensive solutions contribute to the sustainable development of customer operations. Nalco is a member of the Dow Jones Sustainability World and North American Indexes. More than 12,000 Nalco employees operate in 150 countries supported by a comprehensive network of manufacturing facilities, sales offices and research centres to serve a broad range of end markets. In 2010, Nalco achieved sales of \$4.25 billion. For more information visit www.nalco.com.

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