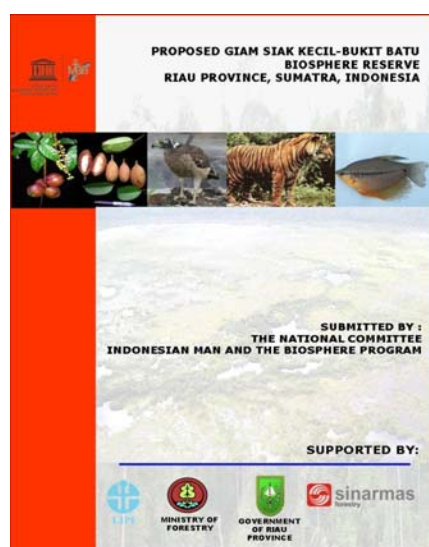


First-ever Industry Proposed Biosphere Reserve Approved by International UNESCO MAB Committee

APP sponsored initiative is global first in conservation and sustainable timber production



APP and Sinarmas Forestry (SMF) proposed Giam Siak Kecil – Bukit Batu Biosphere Reserve (GSK-BB) in Riau, Indonesia, the first ever initiated by a private company, has received official approval by the UNESCO Man and the Biosphere project.

The Chief Court of the 21st Session of the International Coordinating Council of the Man and the Biosphere Programme (MAB/ICC) made the decision at its meeting in Jeju, the Republic of Korea, between 24th and 29th May 2009. The 178,000 hectare GSK-BB reserve was one of 22 proposed biosphere locations in 17 countries to receive approval.

“This is the first time in Indonesia, or globally, that a private company has proposed the creation of a Biosphere Reserve. We are hoping that the initiative will be sustained and become a role model for other companies, and encourage them to become more involved in biodiversity conservation,” stated Mr. Endang Sukara, Chief of the National Committee of the Man and Biosphere Program for Indonesia, also the Deputy of the Indonesian Institute of Sciences (LIPI).

Located in the Bengkalis and Siak Districts of Riau Province, Indonesia, the GSK-BB is described on the UNESCO MAB website as “a peatland area in Sumatra featuring sustainable timber production and two wildlife reserves, which are home to the Sumatran tiger, elephant, tapir, and sun bear.” The site also has potential to serve as a testing ground for carbon dioxide sequestration in the context of international carbon trade mechanisms. The area is being managed through a multi-stakeholder approach involving local government, NGOs, industry, and the scientific community, environmental experts and the local communities.

The decision marks the culmination of five years work since APP and SMF first initiated the process which has led to the creation of the biosphere reserve.

SMF, APP’s exclusive pulpwood supplier, is an active member of the working group currently managing the area and APP has contributed significantly to the development of the GSK-BB into a Biosphere Reserve as well as funding operating and management costs. The GSK-BB area will be used for conservation, research activities and sustainable economic development.

“This is a great step forward for biodiversity conservation and the development of sustainable forestry, two goals APP is deeply committed to,” said Aida Greenbury, director of sustainability and stakeholder engagement at APP. She added, “Together with other concerned stakeholders, we have been working hard to ensure this area is properly and sustainably managed for the sake

of conservation and the benefit of local communities and it is a great boon to have the support and recognition of the UNESCO MAB Program.”



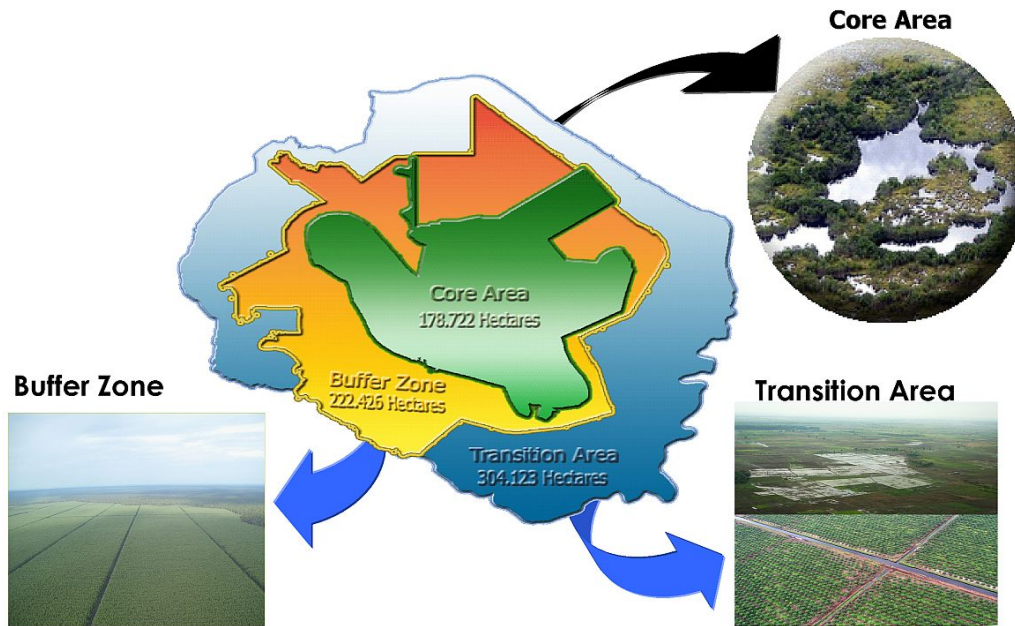
The Man and Biosphere (MAB) Program under UNESCO highlights the importance of forest utilization to elevate the living standard of local communities.

The Biosphere Reserve is the seventh in Indonesia, and the first approved in over 20 years, the last two, Gunung Leuser and Pulau Siberut, being approved in 1981. The GSK-BB Biosphere was initially proposed by APP and SMF in 2004, when SMF and its partners set aside 72,255 hectares of their production forest as a permanent conservation area after it was found to be an integral link between the Giam Siak Kecil and Bukit Batu Natural Reserves, rich in conservation values and a massive carbon sink due to its deep and unique peat land. The initial proposal was supported by the Indonesian Institute of Sciences (LIPI, Lembaga Ilmu Pengetahuan Indonesia), the Indonesian Forest Service, the Riau Provincial Government (Bengkalis and Siak Districts), and the community of Riau. The Government of Indonesia then submitted the proposal to the UNESCO Headquarters in Paris, France for final approval through the Indonesian National Committee of the UNESCO MAB program.

“From the beginning we fully supported the submission of the Biosphere Reserve project because in order to deal with the multi-faceted issues faced by the two conservation areas, we need the cooperation of various stakeholders, in particular the private sector, in the surrounding area,” said Mr. Rachman Sidik, head of Riau’s Natural Resources Conservation Agency (BBKSDA).

The majority of the 222,425 hectare Buffer Zone for the GSK-BB Biosphere Reserve is part of a production forest concession managed by APP’s exclusive pulpwood supplier SMF and its partners and it will have a key role in ensuring the protection of the Core Conservation Area. The outmost region of the GSK-BB Biosphere Reserve is a 304,123 hectare Transition Area which will be turned into a collaborative sustainable development region that incorporates plantations,

agriculture, fishing, farming and community settlement. The management of the three zones will be based on local conditions and needs. The Buffer Zone, which is the plantation forest, is expected to be able to provide better protection for the Core Conservation Area since this zone will be continuously monitored and sustainably managed by APP's exclusive pulpwood supplier SMF.



Production forest concession managed by APP's exclusive pulpwood supplier SMF and its partners will have a key role in ensuring the protection of the GSK – BB Core Conservation Area. The outmost region of the GSK-BB Biosphere Reserve will be turned into a collaborative sustainable development region that incorporates plantations, agriculture, fishing, farming and community settlement

UNESCO defines a biosphere reserve as a terrestrial and/or coastal ecosystem that has been recognized by the international Man and the Biosphere Program framework. The Indonesian program was founded in 1972, through the formation of the MAB-UNESCO Indonesian National Committee, with LIPI acting as a coordinator.

For inclusion in the World's Biosphere Reserve Network, the proposed biosphere reserve has three main functions to fulfill. First, to conserve biodiversity (including genetic, species, ecosystem, and landscape); second, to encourage growth in the local economy; and last, to provide research and educational opportunities, especially in conservation and sustainability studies.

Jakarta, 16 June 2009

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