

ENVIRONMENTAL POLICY

(the “Policy”)

1. Our Responsibility to Achieve Better Environmental Performance

Asia Pulp & Paper (APP) Sinar Mas (hereinafter referred as “APP”) believes in achieving better environmental performance and developing environmentally friendly products to maintain sustainability in our business. We are committed to responsibly manage the available resources and minimizing environmental impacts from all of our operations.

Our Operations and Suppliers

Our facilities and suppliers shall comply with all applicable environmental legislation and regulations in the jurisdictions where we operate.

2. Our Approach

To achieve APP’s environmental commitments:

- 2.1 We implement internationally recognized standards such as ISO 14001 Environment Management System, ISO 50001 Energy Management System to manage our environmental impact and to set targets for continuous environmental improvement.
- 2.2 We conduct environmental impact assessment that used as guideline in efforts to prevent, control and monitor environmental impacts.
- 2.3 We implement innovative methodologies to prevent and minimize land, water and air pollution utilizing control technologies through waste reduction, recycling & reuse and proper waste disposal
- 2.4 We implement programs for the reduction of Greenhouse Gas (GHG) emission through energy efficiency initiatives, increasing the share of renewable energy and the reduction of fossil fuels where technically or commercially feasible.
- 2.5 We minimize the use of water in our operations per unit of production as part of our commitment to the UN Global Compact’s CEO Water Mandate program.
- 2.6 We ensure the procurement and use of chemicals complies with national and international laws and regulations designed to protect both public health and the environment.
- 2.7 We ensure that the sourcing of our main raw materials complies with environmental requirements in accordance with APP’s Fibre Procurement and Processing Policy (FPPP).
- 2.8 We implement Sustainable Forest Management (SFM), including the protection and conservation of High Conservation Values (HCV) and High Carbon Stock (HCS) across APP’s pulpwood suppliers’ concessions.
- 2.9 We implement an Integrated Fire Management (IFM) system to prevent and mitigate environmental impacts as stated in APP’s Fire Prevention and Management Policy.

- 2.10 We ensure the protection of biodiversity in our mills.
- 2.11 We apply eco-design principles for our new products in accordance with Life Cycle Assessment (LCA) and Circular Economy concept.

3. Governance

- 3.1 This Policy applies to APP's operations and suppliers in Indonesia.
- 3.2 The provisions stated in this Policy are applied in the derived rules in our operations.
- 3.3 This Policy will be reviewed on a regular basis for relevance and its effectiveness to achieve business objectives. To ensure the implementation of this Policy, we conduct regular monitoring and evaluation of its progress.
- 3.3 Sustainability and Stakeholder Engagement Division is appointed to coordinate the day-to-day implementation of APP's environmental performance in line with this Policy. APP¹ regularly reviews the progress on the implementation of this Policy.
- 3.4 We report the progress on the implementation of this Policy, to our stakeholders in a variety of ways that include publications, stakeholder forums and webinars.

This Policy is to further elaborate APP's sustainable environmental commitment as stated in the APP's Sustainability Commitment.

This Policy supersedes APP's Environment Stewardship Policy of 2012 and APP's Procurement Policy on Chemical Substances & Articles of 2009.

¹ As referred to APP's Governance Policy