



indah kiat
pulp and paper products



COMMUNICATION ON PROGRESS – WATER

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Sector	Pulp and paper industry	Member Since	22 March 2011



STATEMENT OF CONTINUOUS SUPPORT

Asia Pulp & Paper (APP) has a vision to become the 21st Century's premier, world-class pulp and paper manufacturer – a company dedicated to providing superior value to customers, shareholders, employees and the community. To achieve this vision, APP has committed itself to being socially, environmentally and economically sustainable throughout its operations.

As an embodiment of its commitment, APP marked the World Water Day 2011 by pledging to the United Nations Global Compact CEO Water Mandate and becoming one of the first companies in Indonesia to do so. Furthermore, APP is honored to be elected as the Chairman of Indonesia Water Mandate Working Group, which was created to help members implement the CEO Water Mandate Principles, within and outside their operational boundaries.

During the first year of the commitment, APP has been intensifying its efforts in sustainable water management. In addition to the on-going water saving projects on site, APP is engaging an external partner to implement an organisation-wide Water Footprint Assessment with the aim of identifying further potentials for water consumption reduction and improvements in the quality of its water effluent. As a responsible producer, APP also contributes to addressing community water issues nearby its operations and beyond. In implementing its water projects, APP engages various partners to optimize the impact of the project on the community.

The six areas of commitment to the UN CEO Water Mandate are useful frameworks in implementing its commitment to sustainability and responsible business practices. APP is committed to continuing to adhere to these principles in its corporate strategy, roadmap and day-to-day operational activities.

Jakarta, December 2012


Aida Greenbury
Managing Director Sustainability & Stakeholder Engagement
Asia Pulp & Paper Group Indonesia

COMPANY AT A GLANCE

PT. Indah Kiat Pulp & Paper, Tbk. (“IKPP”) is part of the Asia Pulp and Paper Group (APP) Indonesia family of companies. It was established in 1976 and has produced wood-free paper since 1978. The company has production facilities in three locations -- Perawang, in Riau Province, and Tangerang and Serang, in Banten Province. It produces pulp and paper for the consumer market, including writing, printing (coated and uncoated free-sheet) and photocopy paper. The company also manufactures industrial papers, including container board, corrugated shipping containers, boxboard and specialty colored papers.

INTERNAL WATER INITIATIVES

Typical of all pulp and paper manufacturing, IKPP mills use substantial quantities of water for its production activities. About 85 – 90 percent of the water is used for pulp and paper production processes while the remaining 10 – 15 percent is used to produce steam and for cooling associated with power generation. To fulfill its water consumption needs, IKPP mills are located adjacent to watercourses.

Recognizing its responsibility for sustainable water management and to protect the environment surrounding its mills, especially the water source, IKPP strives to continuously improve its process efficiency and to reduce environmental impact of its mills’ operations. In addition, IKPP commits to meet or exceed the regional and national regulations on environmental performance.

Before starting the operation, any manufacturing facility in Indonesia needs to develop the Environmental Impact Analysis document (AMDAL) to assess the environmental impacts of its processes and operation. Once the AMDAL is completed, the facility has to maintain an Environmental Management Plan (Rencana Kerja Lingkungan/RKL) and an Environmental Monitoring Plan (Rencana Pemantauan Lingkungan/RPL). The RKL and RPL have to be developed and submitted every six months to the regional and national Environmental Agency to report its environmental monitoring and impact control activities and performance.

In IKPP mills the RKL (Environment Management Plan) and RPL (Environment Monitoring Plan) include monitoring the quality of the wastewater, which is treated in the wastewater treatment facilities before being discharged into water bodies. The mills also monitor water quality at both the intake and discharge points to assess the impact of its operation on the water sources. The parameters used in the IKPP mills monitoring system are biological oxygen demand (BOD), chemical oxygen demand (COD), suspended solid, dissolved oxygen (DO), AOX, temperature and pH values. In addition to the physical parameters, the mills also monitor the biodiversity in its water source to ensure that its operations do not negatively affect the existing ecosystem.

In addition to meeting regional and national requirements, IKPP mills also benchmark their operational and environmental performance against relevant international standards, such as the Environmental, Health and Safety Guidelines for Pulp and Paper Mills, published in December 2007 by the World Bank / International Finance Corporation (WB / IFC), when relevant.

To further enhance the quality of its water effluent, IKPP Serang mill, which produces recycled paper, has recently installed an advanced waste water treatment plant which combines aerobic and anaerobic

treatment systems. The installation of the system enables the mill to reduce energy consumption, solid waste generation minimization, and effluent quality improvement. This system can improve approximately 70% of the effluent quality compared to a conventional single system. Furthermore, the anaerobic system allows the release of methane gas during the process which was captured and can be combusted inside the power generation systems as renewable energy.

WATER INITIATIVES

IKPP mills have a commitment to addressing the water issue in the community surrounding its mills and outside its operation area. For example in IKPP Serang mills, there were various CSR programs in 2011 related to water issues, including provision of clean water, providing a pumping system for irrigation, and construction of artesian well as water source where water access is difficult. Around 200 villagers in the area benefit from these CSR activities which provide them with daily access to clean water and sufficient water supply to support their farming activities. The other IKPP mills also have similar community water programs which include water provision during the dry season, infrastructure development for community water access and rehabilitation of sanitation facilities.

Outside its operational boundaries, IKPP, as part of the APP group, engaged with external stakeholders in further addressing various water challenges across Indonesia.

- **Water Purification Project Giam Siak Kecil – Bukit Batu Biosphere Reserve**

In partnership with UNESCO's Man and Biosphere Programme (MAB) Indonesia – LIPI (Lembaga Ilmu Pengetahuan Indonesia/Indonesia Institute of Sciences) , IKPP is addressing clean water issues faced by communities living in and around the Giam Siak Kecil – Bukit Batu Biosphere Reserve in Sumatra by developing a community-based water treatment system that can purify peat-water. Peat water is not fit for human daily use and consumption as it contains high levels of microbes and toxic materials and is highly acidic. The project will benefit more than 500 villagers living inside the Biosphere Reserve. The project is a first stage of a larger and long term plan to implement a bio-village concept in the Biosphere Reserve, where communities are encouraged to utilize their natural resources in a more sustainable, balanced manner so that they can support the conservation of the Biosphere Reserve area.

- **Clean Water Access Installation in Taman Nasional Ujung Kulon**

As a part of its commitment to biodiversity conservation, IKPP supports the Ujung Kulon National Park (UKNP) for Javan rhino conservation efforts. Javan rhino is one of the most endangered species in the world. In the wild they only exist in UKNP with an estimated number of around 40 to 50 remaining. A significant threat to the survival of Javan rhino is the community living nearby the National Park. To minimize the threat of poaching, the communities living nearby need to have a better living standard through improved livelihood and improved sanitation. Therefore, the project includes community development programs as well as provision of basic human needs such as access to clean water. Starting on August 2011, the company, in collaboration with the National Park Working Group, also supports the construction of a water piping line, using a sustainable and traditional method, aimed to provide continuous access to clean water for villagers who live nearby the rhino's habitat. Bamboo were used as the pipe to carry the water from the water source and gravitational force is used to distribute the water so that an electrified pumping system is not required. The program is planned to run for five

years, targeting 15 villages that are directly adjacent to the UKNP area. In addition to the clean water provision, campaign programs are also implemented to raise the community's awareness of the importance of clean water and sanitation.

- **Indonesia Water Mandate Working Group**

IKPP pledged to the UN Global Compact CEO Water Mandate Initiative during the World Water Day commemoration on March 22, 2011, along with other mills under the APP Group and other five Indonesian companies. Shortly after the pledge, the Indonesia Global Compact Network established the Indonesia Water Mandate Working Group, whose initial objective was to provide capacity building for its members and to provide a platform for collaborative actions. APP was elected Chair of the Working Group. The members of the Working Group meet at least once a month to discuss their water initiatives and to develop programs together. One of the projects developed in 2011 is a multi-stakeholder 'Save Water Campaign' which aims to raise public awareness on the urgency of taking actions to save water and water sources, and the importance of taking collaborative actions in tackling the water issue in Indonesia and globally. The project includes seminars, discussions and report development around water policy, water disclosure, best practices and collaborative actions on the ground with relevant government agencies, UN bodies, NGOs, academicians, community and other private sectors.

TRANSPARENCY

In order to meet the transparency principle of the UN CEO Water Mandate, IKPP mills regularly report their water consumption, waste water monitoring and control and their other water reduction initiatives through the APP Sustainability Report, which is developed based on the Global Reporting Initiative (GRI). APP achieved the A+ disclosure level in the previous report, which is the highest level of transparency based on the GRI standard.

Other communication media used by APP to cover its activities include Stakeholder Update, press releases, and blog (www.rainforestrealities.com), which are continually updated.

FUTURE PLAN

Internally, IKPP is committed in continuous improvement and innovation to reduce its water consumption and increase the quality of its waste water effluent. Partnering with Nalco, one of the world's leading innovators in clean water technology and solution, the mill is planning to undertake a water footprint analysis to identify potential water consumption reduction on site.

Outside its operations, IKPP will continue to work together with various partners and stakeholders in contributing to the improvement of access to clean water for its surrounding community and beyond.

Detailed water performance and other sustainability initiatives of IKPP mills will be covered in the upcoming APP Sustainability Report 2010-2011.