

## Asian Pacific Rayon (APR) Sustainability Policy

APR strives to be a leading viscose rayon producer committed to the sustainability, transparency and efficiency of our operations, serving the interests of communities and country, and delivering value with renewable fibre to our customers.

### **Our Mission:**

APR aims to help build a vibrant and sustainable textile industry where the raw materials are responsibly grown, and the resources, technology and design creation are professionally, creatively and proudly made in Indonesia and exported to the world.

### **What matters to us?**

Sustainability is fundamental to APR. We firmly believe in continuous improvement in guiding our sustainability efforts.

We uphold the principles of No Deforestation and source wood fibre only from sustainably managed plantations and forests. Beyond this, we are committed to the transparency of our supply chain.

Our goal is to achieve a clean production of viscose fibre and we will constantly strive to operate in the top quartile of viscose manufacturing in the areas of reduced greenhouse gas (GHG) emissions, improved carbon disulphide (CS<sub>2</sub>) recovery, and waste water management in line with industry leading practices.

We will openly and constructively engage our customers, civil society organizations and fashion brands to ensure that we are always aligned with Royal Golden Eagle (RGE) group's vision – to be one of the largest, best-managed and sustainable resource-based groups, creating value for the Community, Country, Climate, Customer and Company.

### **Core pillars of our sustainability strategy**

**Pulp sourcing policy**

**Clean manufacturing**

**Community engagement**

## Pulp Sourcing Policy

APR is committed to sourcing sustainable plantation wood fibre, a key material used in viscose production.

APR's pulp sourcing policy is in line with the Royal Golden Eagle (RGE) group sustainability framework and with APRIL Group Sustainable Forest Management Policy 2.0, both released in 2015.

This draft policy is effective from June 1, 2018 and requires our sourcing partners to comply with the following principles:

- I. 100% sustainably sourced dissolving pulp**
  - Sources from certified plantations, following internationally recognized certification standards such as PEFC, FSC or equivalent.
- II. No deforestation, no new development on peat**
  - Legally harvested
  - No conversion of high conservation value (HCV) and high carbon stock (HCS) areas. Active protection of all HCV and HCS identified areas<sup>1</sup>
  - No new development on peat
  - No burning and the promotion of fire prevention initiatives with communities
- III. Protection of indigenous communities and workers, including contract workers**
  - Respect the Universal Declaration of Human Rights, national laws and ratified international treaties on human rights
  - Respect the rights of indigenous peoples and communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operate on lands where they hold legal, communal or customary rights prior to commencing any new operations
  - Adopt the International Labour Organization's Declaration on Fundamental Principles and Rights at work
  - Implement an open, consultative and timely grievance and conflict resolution mechanism
  - Apply zero tolerance of the use of violence
  - Promote gender equality and diversity inclusion
- IV. Continuous improvement**
  - Apply sustainable forest management practices based on global standards across all production and protection areas
  - Implementation of forest conservation and ecosystem restoration within landscapes associated with our sourcing
  - Commit to GHG emissions reduction targets
- V. Transparency**
  - Implement supply chain traceability to all sourcing mills and associated concessions

## Supplier requirements

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<sup>1</sup> APR's commitment to not source fibre from ancient and endangered forests is covered by its commitments to protect identified HCV and HCS areas. The High Carbon Stock (HCS) Approach is a methodology developed by NGOs and industry to distinguish mainly tropical forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed.

APR requires all our sourcing partners and their third parties to verify that the wood fibre they supply meet the five principles above and based on internationally recognised sustainable forest management standards. In cases where we have identified potential non-compliance, independent verification may be required.

### **Implementation**

APR will work with all stakeholders in the value chain including our customers, communities, NGOs and experts to constantly innovate and improve our policies and its implementation.

In cases where we have identified non-conformances to the sourcing policy, we will adopt a step-wise approach of engagement and will work with the suppliers on a clear, time-bound action plan to remedy the issue and build capacity towards full compliance. Termination of contract as a last recourse will be considered if any of our sourcing partners refuses to take immediate corrective actions to address identified non-compliance and engage in a process of continuous improvement.

## Clean Manufacturing

We endeavour to achieve clean production of viscose fibre and employ state-of-the-art technology to optimise use of renewable energy and overall operations efficiency in our mill. We will constantly strive to reduce greenhouse gas (GHG) emissions, improve on carbon disulphide (CS<sub>2</sub>) recovery and manage waste water in line with leading industrial best practices.

Our clean manufacturing policy follows these principles:

### **I. Responsible Production**

- 100% compliance with laws and workplace regulations
- Appropriate chemical management systems, including wastewater and air emissions treatment

### **II. Workers and community wellbeing**

- Measures in place to protect workers including the provision of protective gears and Proper training on health and safety procedures
- Minimize the exposure of local communities to harmful chemicals
- Promotion of gender and diversity inclusion

### **III. Continuous improvement**

- Greenhouse gas emissions reduction
- Air emissions from processing plants reduced, with appropriate air pollution control systems in place
- Reduce, reuse and recycle waste materials

### **IV. Transparency**

- Monitoring and reporting of environmental performance with third party verification
- Addressing non-conformances including appropriate and immediate steps to remediate critical incidents

## Community

APR puts people first. We believe that wherever we operate, we have to help our communities in improving the quality of their lives and well-being.

We care about the livelihoods of the communities around us and are committed to improving their living standards by focusing on employment, health and education. Community empowerment is fundamental to our social license to operate.

Nationwide in Indonesia, we want to support local fashion designers and the growth of Indonesia's textile industry, generating more employment opportunities in this expanding sector and promoting the use of raw materials sustainably grown and made in Indonesia.

We will openly and constructively engage our customers, civil society organizations and fashion brands to ensure we are striving to be the best-managed and sustainable company, creating value for the Community, Country, Climate, Customer and as a result, it is good for the Company.