

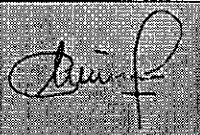


APPROVAL & REVISION HISTORY PAGE

APPROVAL

Role	Name & Title	Signature & Date
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REVISION HISTORY

09 September 2019	0	Initial Issue
02 October 2019	1	Removal of APRIL grievance reference, Appendix section and flowcharts removed.
25 August 2020	2	Inclusion of Asia Pacific Yarn (APY)



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1.0 PURPOSE

This Grievance Resolution Procedure ensures that local communities and other relevant stakeholders understand the process of submitting a grievance. The procedure provides guidance for Asia Pacific Rayon (APR) and Asia Pacific Yarn (APY) here referred to as the company on how to handle grievances received from external parties, including individuals, government organisations and non-government organisations.

All grievances will be resolve or settled in a consultative, efficient, timely and appropriate manner through a fair and transparent process to achieve a consensual agreement between parties.

2.0 SCOPE

This Procedure applies to the settlement or resolution of grievances relating to the the company operations and those of its Suppliers, recognising the principle of Free, Prior, and Informed Consent (FPIC) as stating point.

When a potential grievance is received and assessed, further action may be taken to verify the claims. Once the grievance is confirmed, an action plan will be developed in consultation with the concerned parties to resolve/settle the grievance, with the regular monitoring of proper implementation. Regular progress updates will be provided to relevant stakeholders including follow-up action where necessary.

3.0 RELATED FORMS AND/OR ATTACHMENTS

Grievance Submission Form [APR/IMS-006-FM](#)

4.0 DEFINITIONS

- a) A grievance is a complaint, concern, observation or resentment raised by an individual or group which needs to be address and resolved by the company.

5.0 BASIC PRINCIPLES / ROLES AND RESPONSIBILITIES

- a) The Grievance Processing Units (GPU) role and responsibilities include:
 - i. Coordinating and performing all tasks necessary for engagement with external parties who raise grievances and will consist of a representative from Sustainability, Operations and the Social Capital Team.
 - ii. To make contact with the Complainant at the earliest opportunity and to ensure their participation in the procedure.
 - iii. To maintain a dialogue with the Complainant throughout the process to ensure that the grievance handling is fair and accountable, and documented.
 - iv. To appoint a Grievance Coordinator to manage the ongoing implementation of the Grievance Resolution Procedure and coordinate progress and actions.



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- v. The duties include receiving, recording, classifying potential grievances and reporting to the Grievance Committee.
 - vi. To maintain an updated Grievance List, providing details on the grievances handled in accordance with this Procedure. The Grievance List will be periodically circulated to the Grievance Committee and updated in a Dashboard.
 - vii. Preparing external communications, including response letters to Complainants.
 - viii. Maintain all files and documentation, including all correspondence between the Grievance Committee and external parties.
 - ix. Developing action plans with the Complainant and to address any confirmed grievances (on the basis of the findings and recommendations by the Verification Team if a verification mission is conducted).
 - x. To review the progress any outstanding time-bound action plans on a quarterly basis.
 - xi. To escalate slow or lack of progress to the Grievance Committee for further actions.
- b) The Grievance Coordinator role and responsibilities include:
- i. To be the central liaison between all relevant stakeholders, including the company Management, the Complainant, and verifications team.
- c) The Grievance Committee (senior the company management, and can include independent members (e.g. SAC)) roles and responsibilities include:
- i. Making management decisions in relation to grievances.
 - ii. Approving action plans designed to resolve/settle confirmed grievance
 - iii. Approving the Grievance Verification Terms of Reference , in cases where verification is required
 - iv. To instruct the company's relevant Operations and Social Capital teams to implement the approved actions plan on confirmation of a grievance.
 - v. Approving notifications to the Complainant concerning the outcome of any grievance processes
- d) The Verification Team roles and responsibilities include:
- i. To investigating potential grievances and collecting information to confirm their validity
 - ii. Verification Team will consist of the company technical experts, and/or other independent third party service providers as required, the Complainant or a binding representative of the Complainant.(if required), the subject of the grievance, as well as the grievance coordinator
 - iii. To studying and verifying data/information provided by external parties on the potential grievance and, if necessary, conducting field investigations to collect additional data to determine the validity of the potential grievance.
 - iv. To work with relevant the company Operations Teams to conduct required assessments
 - v. To prepare a Grievance Verification Report outlining the result of the verification process with recommended actions to address any confirmed grievances.
 - vi. To submitted the report to the Grievance Committee for review before being issued to the relevant the company Operation Team. A copy will be made available to the Complainant.



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- e) The Subject of The Grievance (the company or Suppliers)
The relevant the company Operational manager will take the necessary actions to resolve/settle any confirmed grievances and report on the implementation and outcome of the action plan to the GPU, whom will inform the Grievance Committee and the Complainant accordingly.

6.0 PROCEDURE

a) Workflow

- a) Potential Grievances can be raised through any of the following channels

Via email to : APRgrievance_responses@aprayon.com

In writing : Asia Pacific Rayon, Jalan Lintas Timur, Pangkalan Kerinci, Pelalawan, Riau,
Attention: Sustainability Department (Grievance Coordinator)

Online at : <http://Sustainability.Aprayon.com/sustainability/raise-a-grievance>

- b) Where possible, potential grievance should be lodged using the standard template.

The Complainant should provide the following information:

- i) Full Name
- ii) Name of Organization (if applicable)
- iii) Address
- iv) Phone No./Email Address(at least one contact point)
- v) Description of the potential grievance in detail
- vi) Evidence to support the potential grievance

Potential grievance can be lodged in English and/or Bahasa Indonesia.

Contact details are required to seek further clarification regarding potential grievances. The Complainant may request that their identity remain confidential. The Complainant may appoint a third party to submit their potential grievances provided that the third party follows the procedure outlined.

The Complainant is entitled to seek expert advice during the grievance settlement/resolution process, which the company will consider supporting on the Complainant's request.

- c) Potential grievance will be processed by the GPU.
- d) For potential grievance related to APRIL, the GPU will refer the potential grievance to the relevant Department in APRIL for further handling.
- e) The Grievance Committee will review the Grievance File from the GPU. The Grievance Committee may request the provision of additional evidence from the Subject of the Grievance.
- f) Several scenarios could arise and will be handled as follows:
 - i) If the Grievance Committee determines that the grievance has no merit, the GPU will notify the Complainant and update its status in the Grievance List, with approval from the Grievance Committee.
 - ii) If the Grievance Committee determines that the grievance has merit but no further investigation is needed, the GPPU will notify the Complainant and proceed to draft an action



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plan. The GPU will notify the Complainant and update its status in the Grievance List, with approval from the Grievance Committee.

iii) If the Grievance Committee determines that the grievance has merit but requires further investigation, the Grievance Committee will prepare a Grievance Verification Terms of Reference and proceed with the verification efforts as detailed in section g and h below.

- g) For a potential grievance related to the company's own operations, the Verification Team will contact the relevant the company Operations Team to request a meeting and/or field visit to confirm the validity of the grievance. The Verification Team will complete a Grievance Verification Report providing findings and recommendations for the action plan.
- h) The GPU will draft an action plan outlining the steps required to resolve/settle the confirmed grievance. The Complainant and the subject of the grievance will be consulted at this stage. The action plan will be subsequently submitted to the Grievance Committee for approval,
- i) After receiving the action plan, the relevant Operational Team will conduct steps/action in the field to resolve/settle the grievance. The Operations Team will report on the implementation status of the action plan and will communicate the final outcome through a Field Action Report to the GPU. The GPU will update the Grievance Committee and the Complainant.
- j) After obtaining the Field Action Report from the relevant subjects of the grievance, the GPU will prepare an initial response letter on behalf of the Grievance Committee to the Complainant. This response letter will be reviewed and approved by the Grievance Committee

b) Timeline for Handling Complaints and Grievances.

This Grievance Resolution Procedure is intended to address a wide range of stakeholder concerns which will often involve numerous parties with potentially conflicting interests. Hence the settlement or resolution of such grievances will at times involve lengthy process of enquiry and mediation among various stakeholders, and will require the application of a flexible approach. It is important that grievances are addressed in a timely manner in accordance with the company's Policy. In this context, the following timelines are provided for the key stages of this Procedure:

- Within 7 working days of receiving the potential grievance, the GPU will communicate the receipt of the grievance to the Complainant and prepare the grievance file, with additional inputs from the Complainant if necessary.
- Within 14 Working days of receiving the potential grievance, the Grievance Committee will assess whether the grievance is confirmed, unmerited, or whether further investigation is required
- If potential grievance has no merit, the GPU will notify the Complainant with approval from Grievance Committee within 16 working days on the outcome of the grievance assessment.
- If the grievance is confirmed and no further investigation is needed, the GPU will notify the Complainant within 16 working days the outcome of the grievance assessment. .
- If further investigation is required, the Grievance Committee will consolidate the Grievance Verification Terms of Reference within 16 working days. The verification mission will be conducted and the Grievance Verification Report will be completed within 21 working days of receiving the potential grievance.



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The complexity of each grievance will vary great across specific cases and, as such, it will be necessary to adjust the timeline to every scenario. When adjustment to the timeline is required, the GPU will communicate it to the Complainant.

c) Appeal Process

If a Complainant is displeased with the outcome of a grievance assessment, they may lodge an appeal including an explanation of the reasons, Appeals should be submitted through the communications channels outline section 6.1 above.

If deemed necessary, the Grievance Committee, with the assistance of the GPU, can do the following:

- a) Invite the Complainant to provide a direct explanation
- b) Together discuss other options that may be undertaken to resolve/settle the grievance.
- c) Where appropriate and relevant, involve other external independent observer (e.g. relevant experts or important stakeholders) in a second verification process.

The GPU will contact the Complainant to acknowledge the lodgement of an appeal within 5 working days of its submission. The outcome of the appeal review will be submitted to the Complainant within 30 working days of its submission.

7.0 APPENDICES

None