



Wood and Fibre Sourcing Policy

Asia Pacific Rayon is committed to sustainable development and upholds our business philosophy of doing what is “Good for the Country, Good for the Community, Good for the Climate, Good for the Customer, and Good for the Company”.

Acknowledging the critical importance of forests and natural ecosystems in combating climate change, protecting and enriching biodiversity and natural resources, and sustaining community livelihoods, APR is firmly committed to eliminate deforestation¹ and conversion² in our supply chain. We reiterate our commitment to sourcing all wood, virgin fibre, pulp, biomass (together “fibre”) only from responsibly managed forests. We will follow all applicable national laws to only source legal fibre from supply chains with known origin and continue to commit to no illegal logging.

This policy aligns with the principles and guidelines laid out in the United Nations (UN) Global Compact, the UN Guiding Principles for Business and Human Rights, the International Bill on Human Rights, and the International Labour Organization (ILO) fundamental conventions.

This policy applies to APR’s own operations and our fibre suppliers which will be required to implement a fibre sourcing due diligence system, including risk assessments, to evaluate and mitigate risks, and avoid material from unacceptable sources.

1. We commit to obtaining raw materials from low-risk sources which exclude these unacceptable categories:
 - i. Wood that is illegally harvested or illegally traded;
 - ii. Wood harvested in violation of customary, traditional and human rights;
 - iii. Wood harvested from forests in which there are known activities in violation of workers’ rights and principles as defined in the ILO Declaration on Fundamental Principles and Rights at Work;
 - iv. Wood harvested in which high conservation values in forests or high conservation value areas are being destroyed or at risk of being destroyed due to management activities;
 - v. Wood harvested in areas in which there is conversion of natural forest to plantations or non-forest use;
 - vi. Wood from areas where the use of genetically modified organisms in forestry operations exist or in areas where research takes place.
2. We commit to source fibre that meet credible forest certification standards where feasible. This includes commitment to:
 - i. Increase the proportion of certified fibre overtime;
 - ii. Meet the standard for Controlled Wood or Controlled Sources as a minimum for all non-certified fibre procured;
 - iii. Implement and maintain Chain-of-Custody certification systems at all our pulp and paper mills.
3. We commit to work with our suppliers to meet the requirements of this policy which includes:
 - i. Supporting efforts to obtain forest certification in an efficient, cost effective manner;
 - ii. and where breaches occur, applying constructive engagement in working with our suppliers to resolve and prevent further instances of non-compliance.
4. To implement and demonstrate progress toward our commitments, APR further commits to conduct:
 - i. Risk assessment: assess deforestation, conversion and human rights risks within our operations, supply chains, and prioritize interventions in areas or with suppliers that are not low-risk.
 - ii. Supplier engagement: Work with our suppliers to address, prevent, mitigate, and where necessary, remedy any harms that result from actions that violate this policy.
 - iii. Monitoring: Track implementation and results through a robust and transparent monitoring mechanism.

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¹Accountability Framework’s definition of deforestation, “the loss of natural forest as a result of: a) conversion to agriculture or other non-forest land use; b) conversion to a plantation; or c) severe or sustained degradation

²Accountability Framework’s definition of conversion, including “gross conversion” Change of a natural ecosystem to another land use or profound change in the natural ecosystem’s species composition, structure, or function