

## **FIBRE PROCUREMENT AND PROCESSING POLICY** **(the “Policy”)**

### **1. Our Responsibility to Fibre Procurement and Processing**

PT. OKI Pulp & Paper Mills (hereinafter referred as “OKI”) implements responsible management to all of its fibre suppliers as a priority of its commitment to sustainable operation and environmental protection. Fibre used to manufacture our pulp and paper products are either source from 100% plantation wood, sustainably managed forests, or recycled fibre from imported and local sources.

#### **Our Operations**

The foundation of our supply chain is wood legality and, we go one step further to only procure sustainable sources of wood fibre. Therefore, we only accept:

- 1.1 Wood that is from sustainable forest plantation management as defined in our Forest Conservation Policy.
- 1.2 Wood that is properly checked and verified as to its legal origin and/or certified chain of custody.
- 1.3 Wood that does not violate traditional and civil rights.
- 1.4 Wood originated from area in which High Conservation Value (HCV) are protected by forest management activities.
- 1.5 Wood that are not restricted and listed under government regulation or The International Union for Conservation of Nature (IUCN) Red List Critically Endangered species or The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Appendix I.
- 1.6 Wood from forest management units free from genetically modified organism.
- 1.7 Wood harvested in compliance with the ILO Core Conventions.
- 1.8 Recycled fibre in compliance with government regulations.

### **2. Our Approach**

To implement this Policy:

- 2.1 We maintain processes to ensure that wood from unacceptable sources does not enter OKI’s mills. These processes are included in the Mills’ Chain of Custody (CoC) systems. The CoC systems are certified and assessed by independent third parties.
- 2.2 We ensure that environmental impact assessment and social impact assessment are conducted prior to pulpwood plantation development. In addition to government regulated assessments, we will also carry out High Conservation Values (HCV) assessments in accordance with HCV Resources Network’s methodologies and High Carbon Stock (HCS) assessments.

- 2.3 We ensure that each pulpwood supplier have fulfilled their certification obligations.
- 2.4 We conduct the Supplier Evaluation and Risk Assessments (SERA) for all fibre suppliers to ensure their compliance with OKI's Sustainability Commitments.

Any fibre supplier, found in breach of applicable laws and regulations or provisions of this policy shall be immediately warned and/or suspended and/or have their contract terminated. For suppliers that are warned and/or suspended, we will develop a corrective action plan or remedial plan be implemented. Failing to implement the corrective action plan or remedial plan will have their supplier contract terminated.

### **3. Governance**

- 3.1 This policy applies to OKI's operations in Indonesia.
- 3.2 The rules applied across our operations are derived from the provisions in this Policy.
- 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 Quality Assurance Division is appointed to coordinate the day-to-day implementation of OKI's responsible fibre procurement and processing in line with this Policy. OKI <sup>1</sup> 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.

This Policy is to further elaborate OKI's no deforestation in its supply chain commitment as stated in the OKI's Sustainability Commitment.

This Policy supersedes OKI's Responsible Fibre Procurement and Processing Policy (RFPPP) of 2019.

Jakarta, 31 May 2023

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<sup>1</sup> As referred to OKI's Governance Policy

## REFERENCE

### REGULATION (LAW)

Law of the Republic of Indonesia Number 41 Year 1999 concerning Forestry

Law of the Republic of Indonesia Number 18 Year 2013 concerning Prevention and Eradication of Forest Destruction

Law of the Republic of Indonesia Number 20 Year 2014 concerning Standardization and Conformity Assessment

Law of the Republic of Indonesia Number 11 Year 2020 concerning Job Creation

### STANDAR

The International Union for Conservation of Nature (IUCN) Red List Critically Endangered species

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Appendix I

International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and its 8 Core Conventions (1998)

The HCS Approach Toolkit Version 2.0 of 2017: Putting No Deforestation into Practice