



**PT. ARARA ABADI**

**PRODUCTION AND SUPPLY OF WOOD FIBRE RAW MATERIAL**  
**POLICY**  
**(the "Policy")**

**1. Our Responsibility for the Production and Supply of Wood Fibre Raw Materials**

PT. Arara Abadi (hereinafter referred to as the "Company") implements responsible management as a priority commitment to sustainable operations and environmental protection. Wood fibre raw materials produced and supplied for the production of 100% pulp and paper products come exclusively from sustainably managed plantation wood.

**Our Operations**

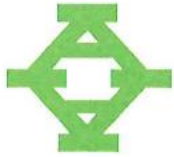
The Company has a legal operational foundation, ensuring that the produced wood adheres to the principles and indicators of legal wood. The Company goes further by exclusively engaging in the production and supply of sustainable wood fibre raw materials. Therefore, the Company will:

- 1.1. Produce and supply wood fibre raw materials sourced from sustainably managed plantation forests as defined in APP's Forest Conservation Policy (FCP).
- 1.2. Produce and supply wood fibre raw materials that have been properly examined and verified regarding their legitimate origin and/or certified log tracking.
- 1.3. Produce and supply wood fibre raw materials without violating traditional and civil rights.
- 1.4. Produce and supply wood fibre raw materials not originating from areas with High Conservation Values (HCV) and protect these areas through forest management activities.
- 1.5. Produce and supply wood fibre raw materials not restricted in trade, registered under government regulations, or listed on 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) Appendices I, II and III.
- 1.6. Produce and supply wood fibre raw materials that are not a result of Genetically Modified Organism/GMO.
- 1.7. Produce and supply wood fibre raw materials harvested in compliance with the Core International Labour Organization (ILO) Conventions.

**2. Our Approach**

To implement this Policy:

- 2.1. The Company will maintain its operations effectively to ensure that it does not engage in unacceptable activities.



## PT. ARARA ABADI

- 2.2. The Company ensures that environmental impact assessment and social impact assessments have been conducted before the development of plantation forests for fibre raw materials. In addition to government-regulated assessments, the Company also conducts assessments of High Conservation Values (HCV) in accordance with the HCV Resources Network methodology and High Carbon Stock (HCS) assessments.
- 2.3. The Company ensures that required certification obligations have been fulfilled.
- 2.4. The Company follows and fulfills all indicators in the Supplier Evaluation and Risk Assessment (SERA) to ensure compliance with the Company's Sustainability Commitment.

### **3. Governance**

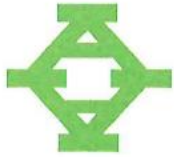
- 3.1. This policy applies to the Company's operations.
- 3.2. The rules applied across the Company's operations are derived from the provisions in this Policy.
- 3.3. This Policy will be reviewed on a regular basis for relevance and its effectiveness to achieve business objectives. To ensure the implementation of this Policy, we conduct regular monitoring and evaluation of its progress
- 3.4. Harvesting Control Function is appointed to coordinate the day-to-day implementation of the Company's responsible fibre procurement and processing in line with this Policy. The Company<sup>1</sup> regularly reviews the progress on the implementation of this Policy.
- 3.5. We report the progress on the implementation of this Policy to our stakeholders in a variety of ways.

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

Tangerang Selatan,  
Latest update: 25 March 2024

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



# PT. ARARA ABADI

## REFERENCE

### REGULATION (LAW)

Law of the Republic of Indonesia Number 41 Year 1999 concerning Forestry *jo.* Law of the Republic of Indonesia Number 6 of 2023 concerning Stipulation of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation

Law of the Republic of Indonesia Number 18 Year 2013 concerning Prevention and Eradication of Forest Destruction *jo.* Law of the Republic of Indonesia Number 6 of 2023 concerning Stipulation of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation

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

Law of the Republic of Indonesia Number 6 of 2023 concerning Stipulation of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation

### STANDARD

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) Appendices I, II and III

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