

PULP SOURCING POLICY

Sateri contributes to responsible forest management and strives to move the global supply chain of wood pulp towards sustainability, by working with our suppliers and when necessary, choosing not to work with a supplier who cannot or will not meet the goals of Sateri's Pulp Sourcing Policy.

Sateri's Pulp Sourcing Policy forms part of our commitment to fully implement the Royal Golden Eagle (RGE) Group's Forestry, Fibre, Pulp & Paper Sustainability Framework^[1]. Sateri will fully implement the components of the Framework relevant to our viscose staple fibre manufacturing operations and will request our pulp suppliers to implement those components relevant to them^[2].

Sateri avoids using wood pulp which are:

- illegally harvested or traded;
- from forests of high conservation value (HCV), high carbon stock (HCS)^[3], from ancient and endangered forests or from endangered species habitat;
- from natural forests;
- from genetically modified trees;
- obtained in violation of 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;
- obtained in violation of workers rights or any of the ILO' s Declaration on Fundamental Principles and Rights at Work

We will engage with our pulp suppliers and encourage them to obtain Chain of Custody certifications. As our customers are increasingly asking for certified products (e.g. Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC), Chinese Forest Certification (CFCC), we will engage with international as well as national forest certification bodies such as FSC, PEFC, CFCC and our suppliers with the objective of encouraging our pulp suppliers to achieve certification. We will also encourage our suppliers to implement the relevant national sustainable forest management practices as well as perform landscape level conservation of forests in areas of particular conservation concern.

We will implement a supply chain tracing system to track the origin of the wood used to manufacture the pulp we purchase.

Sateri will plan and implement a verification process by independent third parties and report our progress in a transparent manner. We commit to working with stakeholders and industry partners to develop and make available, by 15 December 2015, an implementation plan with time-bound targets that is shared transparently.

Sateri,
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^[1] RGE Forestry, Fibre, Pulp and Paper Sustainability Framework outlines our broader commitment to proactively support local communities, respect the rights of indigenous peoples and communities, responsible practices in our work places, conservation as part of our sustainable forestry business model, no deforestation, reduction of our carbon footprint and responsible peatland management.

<http://www.rgei.com/sustainability/sustainability-framework>

^[2] Sateri will publish its Sustainability Policy by December 2015.

^[3] As HCS is a new concept, introduced primarily in Indonesia, Sateri will use HCS criteria to assess the pulp suppliers from Indonesia.