



Sustainable Sourcing Policy

004/ORIMBA/CL/2025

1. Policy Overview

The Sustainable Sourcing Policy form a critical component of PT. Orimba Alam Kreasi ("OAK") Group's Sustainability Framework, specifically addressing the procurement of timber from certified legal and sustainable forests. The objective is to ensure that 100% of all materials used in OAK's products meet the highest standards of timber legality and sustainability.

2. Program Management

2.1 Program Owner

- The OAK Supply Chain Department and Logs Procurement team will be responsible for the implementation and oversight of the program.

2.2 Oversight and Support

- The program will receive support and oversight from the OAK Sustainability Committee and Sustainable Source Sub-Committee.

3. Key Components

3.1 Verification and Approval Process

- Timber suppliers must undergo an annual verification and approval process to be included in the OAK Verified Suppliers list.
- Verification is based on compliance with key Sustainable Forest Management (SFM) criteria.
- OAK will implement a Supplier Assessment and Risk Classification Matrix that will assess supplier performance based on legality, sustainability (PHPL/SVLK), and No Deforestation, No Peat, No Exploitation (NDPE) compliance. Suppliers will be classified as Verified, Under Review, or Non-Compliant. Only suppliers rated Compliant or Under Review (with a Corrective Action Plan) will be eligible for sourcing.



3.2 Required Documentation

- Suppliers must submit documents for assessment and verification, which must include Pengelolaan Hutan Produksi Lestari (PHPL) and Sistem Verifikasi Legalitas Kayu (SVLK). Other documents are listed in the SOP Log Procurement.

4. Traceability and Transparency

- The policy ensures strong traceability and transparency across OAK's supply chain.
- Stakeholders will have access to information showcasing the sustainable impact of OAK's timber procurement practices.
- All timber procured must align with OAK's NDPE Commitment. OAK will conduct monitoring and reporting of NDPE performance.
- Monitoring and reporting shall include remote sensing alerts, field audits, and supplier self-reporting. This will ensure timely identification of risks such as forest conversion, encroachment, or compliance breaches.

5. Best Practices for Legal and Sustainable Timber Sourcing

5.1 Third-Party Audit & Certification

- Engage in regular third-party audits to ensure compliance with sustainability and legality standards.
- Promote voluntary international certification from recognized bodies such as Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC).

5.2 Material Traceability/Chain of Custody

- Implement robust systems for tracking the origin and movement of timber through the supply chain.

5.3 Grading Rules for Commercial Species and Quality

- Establish and adhere to clear grading rules for commercial timber species to ensure quality.
- Ensure the protection of endangered or protected tree species.

5.4 Conservation, Biodiversity Protection, and Climate Impacts



- To encourage best practices in Sustainable Forest Management, OAK will prioritize suppliers that are willing to join our Sustainable Forest Partnership Program (SFPP) which utilizes the HCV Approach, Reduced Impact Logging (RIL), and Free, Prior, and Informed Consent (FPIC) to ensure better land use, reduced emissions, and improved access to livelihoods for local communities.
- For suppliers that are not part of the SFPP, OAK will encourage the prioritization and implementation of measures to protect forests and conserve biodiversity in the sourcing areas.
- To support emissions reduction goals, OAK will promote RIL practices across our supply chain. OAK will explore opportunities to quantify and report the climate benefits associated with deforestation-free procurement and biodiversity conservation.

5.5 Social Safeguards

- Ensure proper engagement by suppliers with indigenous people and local communities living in and around the area, including (but not limited to) obtaining Free, Prior, and Informed Consent, clear benefit sharing (per Governor's regulations), participatory mapping, etc.
- Develop and implement a grievance mechanism for suppliers and local communities with transparent processes for filing grievances, mitigation, and mediation.
- OAK is committed to promoting gender inclusivity across its operations and supply chain.
- All suppliers must pass a labor compliance review. Non-compliance will trigger a Corrective Action Plan (CAP) or suspension.
- Suppliers must comply with OAK's Chemical Management Policy, which encourages suppliers to minimize the use of chemicals and prohibits the use of WHO Class 1A and 1B pesticides and chemicals listed under the Stockholm and Rotterdam Conventions.

6. Learning and Development

- Regular assessments, training, and incentives will be provided to OAK employees to foster a culture of sustainability.
- Employees involved in timber sourcing and procurement will receive specialized training on sustainable forest management practices.

7. Continuous Improvement

- The policy will undergo regular reviews to incorporate emerging best practices and evolving standards.
- Continuous improvement initiatives will be integrated into the program structure.



8. Benchmarking with Leading Forestry Companies

- OAK will regularly review and benchmark its Sustainable Sourcing Policy against leading forestry companies to ensure alignment with industry best practices.

By adhering to the Sustainable Sourcing Policy, OAK Group aims to establish a robust and transparent sourcing Policy that aligns with the highest standards of legality and sustainability in the forestry industry, contributing to the protection of ecosystems and the promotion of responsible timber sourcing.

This regulation has been established by the Management of OAK as a guideline to be followed by all relevant parties. It may be reviewed and updated as necessary, in accordance with developments and conditions in the field. Therefore, it is issued to be properly understood and implemented.

On Behalf of OAK Management
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