



IVY OAK

FOREST DERIVED MATERIALS POLICY

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INTRODUCTION

IVY OAK is committed to protect the world's forests and natural resources. With this Forest Derived Materials Policy, we want to make this commitment a reality.

We recognise that forest-based fabrics and paper products can be linked to the deforestation of the World's Ancient and Endangered Forests, as well as human rights abuses. Since we use a high share of forest-based fabrics in our collections, including viscose, modal, lyocell and acetate, as well as paper-based products in our packaging and office supplies, we want to ensure that our forest-origin materials stem from responsible sources and that they are manufactured using processes that are safe for workers and the environment. Therefore, we decided to partner with not-for-profit organisation Canopy and join its CanopyStyle and Pack4Good initiatives to reduce our forest-derived materials footprint.

This Policy outlines our goals in order to protect Ancient and Endangered Forests and provides procurement guidelines for forest-based fabrics and paper products.

The key points of our Commitment are:

1. We will ensure that our supply chain is free from wood sourced from endangered and ancient forests, endangered species habitat and illegal sources.
2. We will ensure that our supply chain is free from wood from areas being logged in contravention of indigenous peoples' rights.
3. We are committed to encourage the development of alternate fibre sources for forest-based fabrics and traditional forest products such as agricultural residues and recycled fibres.
4. We are committed to encourage suppliers to adopt best processing practices, including appropriate chemical management.

I CONSERVATION OF ANCIENT AND ENDANGERED FORESTS AND ECOSYSTEMS

Our goal is to ensure that no forest-based materials that originate from the world's ancient and endangered forests enter into our supply chain.

To do this, we will:

1. Map our forest-based fabrics, paper and packaging supply chains and eliminate all sourcing from endangered species' habitat and ancient and endangered forests such as the Canadian and Russian Boreal Forests, Coastal Temperate Rainforests, tropical forests and peatlands of Indonesia, the Amazon and West Africa, by the end of 2020 for forest-based fabrics, paper and packaging.
2. Map our forest-based fabrics, paper and packaging supply chains and eliminate all sourcing from companies that are logging forests illegally, from tree plantations established after 1994 through the conversion or simplification of natural forests, from areas being logged in contravention of indigenous and local peoples' rights, and from other controversial suppliers, by the end of 2020 for forest-based fabrics, paper and packaging.

3. Where relevant, work with organisations and our suppliers to support collaborative and visionary solutions that protect the remaining ancient and endangered forests.

Should we learn that any of our cellulosic fibres are being sourced from ancient and endangered forests, endangered species habitat or through illegal logging, we will engage our suppliers to change practices and/or re-evaluate our relationship with them.

We strongly encourage suppliers to have third party audits conducted, such as CanopyStyle Audits, a third-party verification audit of viscose producers. These audits represent a major step in transforming the environmental footprint of the viscose supply chain. IVY OAK will favour suppliers who receive Green Shirts in Canopy's Hot Button Report

II RECOGNIZING, RESPECTING AND UPHOLDING HUMAN RIGHTS AND THE RIGHTS OF COMMUNITIES

We expect that our suppliers respect the Universal Declaration of Human Rights and acknowledge indigenous and rural communities' legal, customary or user rights to their territories, land and resources. To do so, we endorse and we expect that our suppliers acknowledge the rights of Indigenous People, First Nations, and rural communities

to give or withhold their Free, Prior and Informed Consent (FPIC) before new logging rights are allocated or plantations are developed. We request that our suppliers resolve complaints and conflicts, and remediate human rights violations through a transparent, accountable, and agreeable dispute resolution process.

III FOREST CERTIFICATION FOR FABRICS

Where the above conditions have been met and virgin tree fibre is still used, IVY OAK will encourage suppliers to use wood pulp from FSC certified forests whenever

possible and will work to progressively increase the proportion of FSC certified fibres and fabrics within our supply, as they become available on the market.

IV SUPPORT BEST PROCESSING PRACTICES

As part of our commitment to source eco-friendly materials, IVY OAK seeks to encourage the shift towards closed-loop manufacturing systems, and we encourage our forest-based fibre and fabric suppliers to use best available environmental practices for processing.

According to the Changing Markets Roadmap towards Responsible Viscose and Modal Fibre Manufacturing suppliers should aim to achieve closed-loop manufacturing by 2023–25.

V REDUCE GREENHOUSE GAS FOOTPRINT

Recognizing the importance of forests as carbon storehouses and as part of our ongoing efforts to combat climate change, we will support initiatives that advance forest conservation to reduce the loss of high carbon value forests, by encouraging suppliers to avoid harvest in these areas, and by giving preference to those that use effective strategies to actively reduce their greenhouse gas footprint.

Viscose production is a very energy-intensive process and we encourage manufacturers to set their own GHG

reduction targets and pathways to achieve them, for example via increased energy efficiency, for example through heat recovery, and a move towards sustainable renewable energy sources. We also encourage reporting annual GHG emissions through the Greenhouse Gas Protocol, and energy efficiency through ISO:50001 (ISO, 2011).

VI SHIFT TO MORE ENVIRONMENTALLY AND SOCIALLY BENEFICIAL FABRICS

We believe that apart from ensuring a responsible forest materials supply chain it is also key to reduce the demand on our forests. Therefore, IVY OAK will collaborate with relevant stakeholder organisations, innovative companies and suppliers to encourage the development of fibre sources that reduce the environmental and social impacts of cellulosic fibres, with a focus on agricultural residues, recycled fibres and other lower impact innovative alternative origin fibres as demonstrated through LCA.

We encourage our suppliers to expand the availability of materials with a high proportion of recycled pre- and

post-consumer waste material in a sustainable way. We will continuously assess the market availability of proven environmentally and socially beneficial fibre innovations and strive for increased procurement of these.

In 2020, IVY OAK will put in place a preference for purchasing forest-based fabrics that include a minimum of 50% of these innovative fibre sources and develop a 2025 procurement target for these closed-loop solutions based on viscose fibre producer innovation.

VII COMPLIANCE WITH LAWS AND WORKPLACE REGULATIONS

We expect suppliers to have all requisite environmental permits and comply with relevant national and local regulations.

All business partners and suppliers of forest-based materials are expected to comply with all applicable environmental, health & safety, labour and social laws and regulations, including applicable land tenure and use rights. Business partners and suppliers should follow industry minimum standards, ILO and UN Conventions, and any other relevant statutory requirements, whichever requirements are higher or more stringent, in all of their business operations. Should any requirement in this

Policy conflict with the national law in any country or territory, the law must always be followed. In such cases the supplier must notify IVY OAK immediately, so that these conflicts can be evaluated in order to establish the most appropriate course of action.

In case of omissions, we request that they are rapidly addressed and that corrective actions are taken for any breaches. If corrective action is not taken by a specified deadline and the factory does not undertake significant efforts to address and remediate environmental damage, we will re-evaluate our relationship with the factory.

VIII GENERAL ENVIRONMENTAL REQUIREMENTS

Suppliers should commit to protect the environment, and in particular to:

- Protect biodiversity
- Prevent, reuse, recycle, recover and/or dispose of waste in an environmentally sustainable way
- Reduce greenhouse gas emissions; reduce air emissions from processing plants with appropriate air pollution control systems in place
- Mitigate impacts on water by implementing water management plans and additional measures in water-stressed areas, including impact assessments,

- water resource assessments, minimisation of water withdrawal from the environment, deployment of dedicated wastewater treatment systems appropriate to the volume, of wastewater produced, so that chemicals used in the production of viscose are discharged in compliance with best practice
- Implement precautionary measures to reduce/eliminate release of toxic chemicals, including accident-prevention measures and regular surveillance
- Develop a plan for zero discharge of hazardous waste through leaks, spills, regular operations,

IX CHEMICALS AND ENVIRONMENT

Correct management of chemicals and prevention of discharges to the environment are key components of responsible viscose manufacturing. IVY OAK strongly encourages suppliers to review and follow the Greenpeace Detox and Zero Discharge of Hazardous Chemicals (ZDHC) commitments and guidelines as well

as the recommendations set out by Changing Markets' Roadmap Towards Responsible Viscose and Modal Fibre Manufacturing regarding Best Available Techniques, Emissions, Environmental Management and Chemical Management.

X GRIEVANCE AND REMEDIATION PROCEDURES

We encourage suppliers to establish appropriate grievance procedures that allow stakeholders to report concerns without fear of recrimination or dismissal. Such protocols should include redress for workers, impacted individuals or communities. They should respond rapidly and effectively to issues raised and address them as transparently as possible. Remediation should be undertaken in consultation with, and with the support of affected communities; it could include (for example) corrective actions on pollution prevention /

control measures, drinking water, waste removal etc. to improve the lives of affected people. In cases where land rights, title and/or traditional lands have been usurped or infringed upon, suppliers shall, in consultation with government and with the full participation and agreement of affected communities, seek solutions that may include compensation, restitution and/or relinquishment of concessions/tenures to restore land to the community.

XI SPECIFIC REQUIREMENTS FOR PAPER PRODUCTS

IVY OAK prioritizes procuring recycled paper products, preferably certified under the Blauer Engel standard. If

recycled paper is not available or not feasible for some reason, FSC standard should be sought.

XII DESIGN AND PRIORITIZATION OF REDUCTION AND REUSE FOR PAPER AND PACKAGING

The reduction and reuse of paper and packaging is of paramount priority for the protection of the world's limited forest resources and has a clear and beneficial impact on reduced costs.

Therefore, in 2020 IVY OAK will establish a reduction and reuse strategy with clear targets and timelines. Over the next 3 years we will:

- Explore possibilities to source or design re-usable/ refillable shipping boxes to reduce corrugated paper and paperboard

- Design and implement e-commerce, shipping, display and wrapping systems that minimize the use of paper
- Explore possibilities to utilize re-useable packaging systems for intra business applications
- Increase the use of digital communication, marketing and accounting systems
- Adopt best practices including researching and applying emerging and circular economy innovations.

XIII IMPROVE ENVIRONMENTAL QUALITY OF PACKAGING AND PAPER

IVY OAK will collaborate with Canopy, innovative companies and suppliers to encourage the development of next generation solutions and packaging and paper that reduce environmental and social impacts, with a focus on agricultural fibres (particularly residues) and recycled content. We will use Canopy's Ecopaper database and The Paper Steps as a guide for paper and packaging sourcing.

To help reduce the footprint of the paper and packaging we use, IVY OAK will:

- Do an annual review of all of our paper and packaging use in order to identify areas where we can increase paper use efficiencies, reduce paper and packaging basis weights, and save money and resources.
- Continue to give preference to paper/packaging with high-recycled content, specifically post-consumer waste content keeping the overall recycled fiber content in our papers and packaging at least at 80% on average;

- Encourage our suppliers to continuously improve and expand the availability of recycled content in papers/packaging;
- Source packaging and paper from alternative fibres such as wheat straw or other agricultural residues, when possible;
- Support research and development of commercial scale production of pulp, paper and packaging from alternative fibre sources such as wheat straw, and other alternative fibres including participation in trials as appropriate.

This Forest Derived Materials Policy has been approved by the IVY OAK Executive Management Team.

¹ Environmentally friendly fibre sources include:

- Post-consumer recycled waste fibre
- Pre-consumer recycled fibre
- Agricultural residue defined in "definitions and explanations" section
- Fibre from FSC certified tenures (FSC 100%)

² Paper Task Force Report and the Environmental Paper Network Paper Calculator. "The scientific basis for these conclusions is the analysis of the Paper Task Force, a three-year research project convened by Environmental Defense and involving Duke University, Johnson & Johnson, McDonald's, Prudential Insurance, and Time Inc. The Paper Task Force examined environmental impacts through the full lifecycle of paper, along with economic and functional issues across major paper grades. Its findings were extensively peer-reviewed by scientists, academics, environmental experts, and government and industry representatives."

ANNEX:

DEFINITIONS & EXPLANATIONS

Ancient and Endangered Forests are defined as intact forest landscape mosaics, naturally rare forest types, forest types that have been made rare due to human activity, and/or other forests that are ecologically critical for the protection of biological diversity. Ecological components of endangered forests are: Intact forest landscapes; Remnant forests and restoration cores; Landscape connectivity; Rare forest types; Forests of high species richness; Forests containing high concentrations of rare and endangered species; Forests of high endemism; Core habitat for focal species; Forests exhibiting rare ecological and evolutionary phenomena. As a starting point to geographically locate ancient and endangered forests, maps of High Conservation Value Forests (HCVF), as defined by the Forest Stewardship Council (FSC), and of intact forest landscapes (IFL), can be used and paired with maps of other key ecological values like the habitat range of key endangered species and forests containing high concentrations of terrestrial carbon and High Carbon Stocks (HCS). Key endangered forests globally are the Canadian and Russian Boreal Forests; Coastal Temperate Rainforests of British Columbia, Alaska and Chile; Tropical forests and peat lands of Indonesia, the Amazon and West Africa. A definition can be found [here](#).

Legal forest management is management that complies with all applicable international, national, and local laws, including environmental, forestry, and civil rights laws and treaties.

Lyocell manufacturing is a process that works in a 'closed loop', meaning that water and chemicals in the process are reused, and therefore appears promising in terms of reducing the environmental impacts of manmade cellulose production. It also substitutes the harmful chemical carbon disulphide (CS₂) with a less harmful organic solvent. The process to make

TENCEL™ Lyocell is particularly efficient, being made with cellulose fibres derived from the pulp of low-energy input, fast-growing, sustainably sourced trees. While implementing closed-loop production at existing viscose manufacturing plants will not happen immediately, it should be standard for any new capacity being introduced and an end goal for existing facilities, which must move towards closed-loop production within a three- to five-year timeframe.

Agricultural Residues are residues left over from food production or other processes and using them maximizes the lifecycle of the fibre. Fibres used for paper products include cereal straws like wheat straw, rice straw, seed flax straw, corn stalks, sorghum stalks, sugar cane bagasse, and rye seed grass straw. Where the LCA shows environmental benefits and conversion of forest land to on purpose crops is not an issue, kenaf can also be included here. Depending on how they are harvested, fibres for fabrics may include flax, soy, bagasse, and hemp. Agricultural residues are not from on purpose crops that replace forest stands or food crops.

UN Declaration of Human Rights can be accessed [here](#).

Plantations areas have been "established by planting or sowing using either alien or native species, often with few species, regular spacing and even ages, and which lack most of the principal characteristics and key elements of natural forests". Plantations prior to 1994 are often FSC certified. Source: [FSC](#).