Arpa

SUSTAINABILITY POSITION PAPER

INTRODUCTION

Arpa is a leading manufacturer of HPL panels for interior applications.

Arpa's management and employees have put License to Operate (LTO) first in their Strategic priorities. LTO includes:

- The health and safety of employees and the local community
- Product compliance to meet all regulatory requirements
- Transparent reporting and appropriate behaviour by employees
- Sustainability and the preservation of the environment

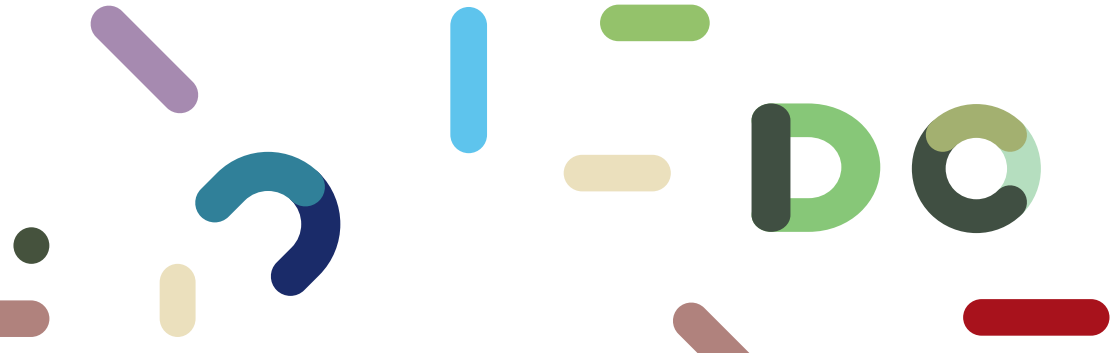
Whilst LTO is ultimately the responsibility of Arpa's top management, these issues can only be properly addressed if all employees are truly committed to it.

Sustainability became part of Arpa's LTO strategy in 2010, following an initial survey of the environmental impact of the production site.

This paper covers 5 chapters:

1. Philosophy and Beliefs
2. Sustainability Policy
3. Measuring environmental impact
4. Progress
5. Improvement initiatives and targets

As an anchor and guideline to our efforts on sustainability, we look to the ISO 26000 standard, Guidance on Social Responsibility.



The ISO 26000 standard features seven 'core subjects', ranging from "Human Rights" to "Community Involvement and Development". We have selected "The Environment" as the basis for our sustainability efforts, covering:

- Prevention of pollution
- Sustainable resource use
- Climate change mitigation and adaptation
- Protection and restoration of the natural environment

This paper describes the environmental performance profile of the company so far.

The improvement process started in 2010 and, year after year, the company has set new, ambitious targets, especially in waste and energy reduction. The reason for focusing on these two main priorities is the importance of raw materials in Arpa's environmental impact. As Arpa progresses in its efforts, or as new information becomes available, Arpa will restate its position accordingly and issue new versions of this position paper. In doing so, Arpa will clearly outline its progress, as well as any changes in its priorities.

1) For more information about the ISO 26000 norm, see Appendix 1 and http://www.iso.org/iso/home/standards/iso26000.htm

PHILOSOPHY AND BELIEFS

Transparent and standardized methodology to promote lasting improvement.

Common sense

As in many of its business decisions, Arpa will use common sense in addressing the topic of sustainable development. This implies avoiding philosophies and dogmas and choosing to base its sustainability strategy on measuring its environmental impact.

Objective and fact-based

Arpa believes in objective and fact-based analysis and has performed a Life Cycle Analysis (LCA) to map its environmental footprint along the entire value chain.
Although many different methods exist, Arpa believes that the Life Cycle Analysis, as described in ISO 14040 and ISO 14044, is currently the most objective and fact-based method available to measure its environmental footprint. This is confirmed by an increasing number of certifications relying on this methodology. Although Arpa is looking to achieve certification, this is not the backbone of its sustainability policy.

For Arpa, the Life Cycle Analysis is the basis for all of its improvement initiatives. However, Arpa will continue to monitor alternative methodologies and adopt them if they are understandable, transparent and standardized, and promote lasting improvements.

Integral part of the business planning and review cycle

To achieve change, Arpa will set realistic, but challenging, priorities based on its Life Cycle Analysis (LCA) as part of a continuous Improvement process.
In line with other License to Operate topics, Arpa integrates all sustainability issues into its ongoing business planning and review cycle.

MEASURING ENVIROMENTAL IMPACT

Life cycle assessment.

The first LCA in Arpa was performed in 2010 and then updated in 2012, thus improving the quality of the data collection. These LCA analyses were performed from a 'cradle-to-gate' perspective that basically looks at the total impact of the manufacturing footprint, including the extraction and processing of raw materials as well as transport to the manufacturing site, for all products produced by Arpa. The results are shown on the next page.

The units are based on the production of 1 kg of Arpa HPL in 2012.The analysis excludes the effects during the use and end-of-life phases which have to be analysed on a product-specific level.

Six key environmental indicators, agreed as most relevant from the LCA analysis, are commonly reported in Environmental Product Declarations (EPDs). Such EPDs are the leading documents when publishing sustainability results. The LCA parameters include indicators with a negative impact on the environment (air, water and soil), emissions of greenhouse gases that contribute to climate change, and energy resources depletion (non-renewable and renewable).

These indicators are listed and further explained in Appendix 2. This analysis has made it clear to us that our environmental footprint is mainly determined by the effect of our raw materials. Up to 70% of the energy consumption for our products comes from upstream raw materials production processes and transportation to our production site. The same holds true for emissions, leading to the occurrence of acid rain (AP) and the extinction of life in water (EP).

Per kg HPL	Environmental impact dimensions	Units	Total 2010 LCA	Total 2012 LCA	Arpa contribution	Raw material contribution
Emission to air, water and soil	Acidification (AP)	Kg SO2- Equiv	1,2 E - 02	1,78 E-02	12%	88%
	Eutrophication (EP)	Kg Phosphate-Equiv	1,9 E- 03	1,9 E-03	13%	87%
	Photochemical Ozone creation (POCP)	Kg R11-Equiv	1,4 E - 03	1,44 E-03	35%	65%
Primary energy consumption and carbon footprint	Total primary energy	MJ	89	94	21%	79%
	Carbon footprint (GWP)	Kg CO2-Equiv	2,8	4,4	25%	75%
	Renewable energy share	MJ	29	78	6%	94%

As mentioned on the previous version of the Sustainability Position paper, more accurate information on the environmental profile of the Kraft paper became available. While performing the 2010 LCA, Arpa came to the conclusion that it needed more detailed information on some topics, in particular the upstream contribution from raw materials production and transport. For this reason, Arpa started a dialogue with its Kraft paper suppliers to get more detailed information. An analysis of the data showed that the Kraft core paper manufacturing operations have a significantly larger, and thus worse, impact on Arpa's environmental profile, especially in terms of primary energy consumption and carbon footprint. This is clearly visible in the table above showing the comparison between the 2010 LCA and the 2012 LCA.

PROGRESS AT ARPA SITE

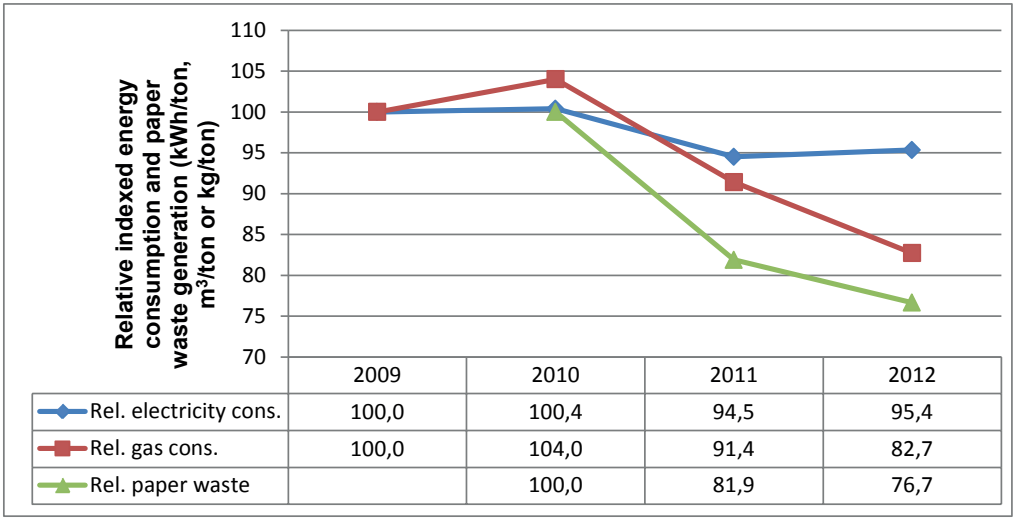
The 2012 LCA confirms the two clear focal points for Arpa's sustainability efforts:

- Upstream contributions from raw materials production
- Primary energy use for Arpa's own production processes

Arpa has established and monitors the waste and energy balances of its manufacturing process in order to identify material usage and waste reduction opportunities.
Despite the fact that the overall environmental performance has worsened due to the contribution by the paper suppliers, energy and waste consumption at the Arpa site have decreased significantly.

In particular, Arpa has decreased its paper waste by optimising the number of changeovers, implementing an internal paper recycling system, and modifying the impregnation line stacking operation. It has decreased its energy consumption by adding a new boiler regulation system, increasing efficiency and implementing daily checklists.

The chart below shows the relative energy and waste trends:



	2009	2010	2011	2012
Rel. electricity cons.	100,0	100,4	94,5	95,4
Rel. gas cons.	100,0	104,0	91,4	82,7
Rel. paper waste		100,0	81,9	76,7

FSC CERTIFICATION

In 2013, Arpa obtained FSC Chain of Custody certification. This FSC certification confirms that paper-based products come from responsibly managed forests that foster environmental, social and economic benefits.

FSC Chain of Custody certification applies to manufacturers, processors and traders of FSC certified products along the production chain.
Chain of Custody certification guarantees that FSC-certified wood products are kept separate from uncertified products or only mixed with uncertified products in an approved way at each stage in the processing and transformation chain.

FSC
www.fsc.org
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The mark of responsible forestry

IMPROVEMENT INITIATIVES 2013-2015

Arpa will continue to focus on reducing the impact of its raw materials and energy consumption. In particular:

Upstream contributions from raw materials production

- Reduction of the relative amount of waste (in kg/ton of Arpa HPL) by 5% by the end of 2015 compared to the end of 2011.

Primary energy consumption for Arpa's own production processes

- Reduction of the relative amount of energy (in GJ/ton of Arpa HPL) by 8% by the end of 2015 compared to the end of 2011.

The main projects initiated in order to achieve the above results are:

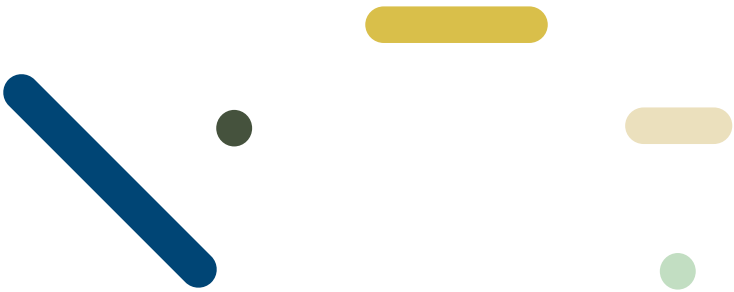
- Replacing all lamps by LED lights
- Substituting some electrical motors which have a major impact on energy consumption by new, more energy efficient equipment.
- A new ventilated facade for the main office building.

An updated energy diagnosis of the plant is performed every year in order to identify new opportunities and confirm improvements.

APPENDIX 1

Guidance on Social Responsibility from ISO 26000 including the priority areas.

Core subjects and issues	ADDRESSED IN SUB-CAUSE
Core subject: Organizational governance	6.2
Decision-making processes and structures	6.2.3
Core subject: Human rights	6.3
Issue 1: Due diligence	6.3.3
Issue 2: Human rights risk situations	6.3.4
Issue 3: Avoidance of complicity	6.3.5
Issue 4: Resolving grievances	6.3.6
Issue 5: Discrimination and vulnerable groups	6.3.7
Issue 6: Civil and political rights	6.3.8
Issue 7: Economic, social and cultural rights	6.3.9
Issue 8: Fundamental rights at work	6.3.10
Core subject: Labour Practices	6.4
Issue 1: Employment and employment relationships	6.4.3
Issue 2: Conditions of work and social protection	6.4.4
Issue 3: Social dialogue	6.4.5
Issue 5: Human development and training in the workplace	6.4.7
Core subject: The environment	6.5
Issue 1: Prevention of pollution	6.5.3
Issue 2: Sustainable resource use	6.5.4
Issue 3: Climate change mitigation and adaptation	6.5.5
Issue 4: Protection and restoration of the natural environment	6.5.6



APPENDIX 2

Environmental indicators for LCA

Emissions parameters
Acidification Potential (AP) gauging the effect of releasing acids into the environment, ultimately leading to phenomena such as acid rain.

Eutrophication Potential (EP) measuring the effect of releasing excessive amounts of nutrients into surface water which reduces the oxygen content in the water and kills aquatic life.

Ozone Depletion Potential (ODP) measuring the effects of gas emissions, ultimately leading to gaps in the earth's protective ozone layer with all the associated detrimental effects on life. Well-known but fortunately banned contributors to ozone depletion are CFC gases.

Photochemical Ozone Creation Potential (POCP) gauging the emissions of gases with negative impact on the local environment resulting in the build-up of summer smog.

C**limate change parameters**
Global Warming Potential (GWP) Global Warming Potential (GWP) is the emission of greenhouse gases leading to climate change. This is also known as the carbon footprint and is measured in the equivalent emission of carbon dioxide. Burning fossil fuels is the major source of GWP, but carbon capture in raw materials such as wood can offset these emissions.

Resource depletion parameters
Primary energy usage is the energy required to produce one unit of product. Some of this energy can be provided in the form of renewable energy such as solar and wind energy.

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