



SPEECH BY BEY SOO KHIANG, VICE CHAIRMAN OF RGE

TEXTILE EXCHANGE SUSTAINABILITY CONFERENCE, 16 OCT 2019

'TOWARDS CLOSED-LOOP, CIRCULAR & CLIMATE-POSITIVE CELLULOSIC FIBRES'

Good afternoon,

La Rhea Pepper (Managing Director of Textile Exchange),
Erik Solheim (Former Executive Director of UN Environment Programme and Former Norway Minister of Environment and Minister of International Development),
Ladies and Gentlemen,

Our presence at Textile Exchange comes as fashion reaches a crossroad. Fashion is one of our most basic necessities and among our most popular pastimes. But, it is also a big contributor to waste pollution. How clothing is manufactured and consumed is taking a toll on supply chains, on workers in emerging markets, on the brands and producers of the pieces we know and love, and most importantly: on the environment.

The ultimate goal should be for the fashion industry to operate within a circular economy. This means the total eradication of waste and pollution, and maximising the utility of present resources. Initiatives and dialogue around increasing the use of renewable resources in textile manufacturing, particularly from fashion houses and companies, are on the rise. But it is incumbent upon other critical players within the value chain to take steps that complement this momentum, so that meaningful action and change are truly possible.

For that reason, we are pushing ourselves to innovate and contribute in ways that both benefit our business and drive progress against the broader aims of the industry.

Today, RGE is proud to announce a commitment of 200 million US dollars over the next 10 years towards next-generation textile fibre innovation and technology. Our investment will focus on solutions deployable at industrial scale in 2 key areas: alternative cellulose feedstock and closed-loop manufacturing.

We plan to allocate 70% of the 200 million dollars into scaling up proven clean technology in fibre manufacturing; 20% in bringing pilot scale production to commercial scale, and the remaining 10% towards R&D in emerging frontier solutions.

The pursuit of these technologically advanced, sustainable textile fibre solutions for commercial production will play a key role in our strategic business direction moving forward. It reflects the sustainability DNA of RGE and our strong belief that plant-based fibres like viscose have

tremendous potential to meet global textile demand and consumer needs in an environmentally sustainable way.

RGE's group of companies in China, Indonesia and Brazil occupy a sizeable and unique upstream position in the textile industry. Our businesses are integrated from renewable plantation management, to production of dissolving pulp, viscose fibre and yarn. Collectively, our companies Sateri and Asia Pacific Rayon are the world's largest viscose producer today.

Our companies enjoy the strategic advantage of operating in Asia, which is both a major textile manufacturing hub, as well as importer of textile waste. This presents a big opportunity to localise supply of alternative cellulosic feedstock like recycled cotton within proximity of manufacturing facilities, bringing about operational efficiency as well as cost-competitiveness.

As an integrated upstream value chain player, we are also able to harness the advantages of scale, product quality assurance, supply stability and traceability. Most importantly, our businesses can pool knowledge, and embark on practical collaboration to jointly pursue technology-based innovation for the industry.

But we know we can't do this on our own. Our commitment includes comprehensive cooperation with innovators, startups and key industry players to promote real progress towards the circularity that the global textiles and fashion industries need.

Earlier this year, we signed an MoU with Sweden's re:newcell for technical cooperation and trials on production of viscose using recycled cotton, with the aim of industrial scale production by 2025.

We also invested as a strategic partner in Finland's Infinited Fiber Company (or IFC) to scale up its technology, which turns textile waste and other pulp-based materials into new textile fibre. Other investors in the company include H&M Group, Virala and Fortum.

In the meantime, our in-house R&D teams have continued their research into alternative cellulosic feedstock, such as agricultural waste and recycled cotton, as well as closed-loop manufacturing for viscose production.

Off the back of these efforts, RGE has commenced partnership discussion with Fashion for Good. This will include active participation in their Innovation Platform, which is focused on sparking and scaling technologies and business models that have the greatest potential to transform the fashion industry – very much in line with the R&D commitment we are announcing here.

Ultimately, we hope our investment will bridge the challenge of enabling next-generation textile fibre solutions to find commercial viability – through scale, affordability and quality.

Scale is key. We have an ever-growing number of very promising pilots with the potential to make a lasting difference. But it is critical that we take the next step. Doing so requires real determination, among all stakeholders, that translates from promising idea into a significant commitment of resources. For transformative impact, we need to move urgently from niche to mass.

We hope to strengthen and deepen our collaboration with current and future partners, as we pursue mutual goals. This does not come without challenges, but through strategic cooperation

that addresses long-term obstacles and engages and involves every stakeholder – be they manufacturer, brands, consumers or civil society groups like Canopy – we can make a lasting, positive difference.

We're excited by what the future holds. RGE and our business groups are guided by the 5Cs business philosophy – that whatever we do must be Good for the Community, Country, Climate and Customer, and only then will it be good for the Company.

We hope our investment commitment will especially benefit the Climate and our Customers. We look forward to updating you on the progress of our efforts, including reporting annually the investments we make.

Thank you.

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