

Synergy and Resilience to
**SUSTAINABLE
PERFORMANCE**

Sustainability Report
2022



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Archieving of Sustainable Business Performance with Strong Stakeholders Relations, Environmentaly - Friendly Policies, Continuous Silviculture, Mill Innovations and Human Capital Engagement



“ PT Toba Pulp Lestari, Tbk. (TPL) together with stakeholders continuously strives to implement sustainability policies at every step in its journey to achieving sustainability goals which can also contribute to the fulfillment of the global sustainable development agenda. We always maintain positive relationships with our stakeholders by improving the social welfare of the community, protecting the ecology, and increasing economic efficiency. By moving together in the spirit of sustainable development, we believe we can meet the needs of today and future generations.





1.

ABOUT THIS REPORT [GRI 2-1, 2-6]

As an Industrial Plantation Forest/ Hutan Tanaman Industri (HTI) management company and pulp producer, PT Toba Pulp Lestari, Tbk. (TPL, We, and/or the Company) understand its role in being able to contribute to sustainable licensed forest management in accordance with Indonesian government regulations, building and developing surrounding communities. For this reason, in its journey, TPL always ensures that sustainability is implemented in its strategy and business practices. So that TPL's operations are in line with the Sustainable Finance roadmap of the Financial Services Authority (Otoritas Jasa Keuangan/OJK), applicable laws and regulations, and international best practices. TPL is proud to present its 2022 Sustainability Report.

1.1. OUR REPORTING APPROACH [GRI 2-5]

This 2022 Sustainability Report covers TPL sustainable development initiatives across all mill operations located in Toba Regency and all Industrial Forest Plantation (HTI) operations in North Sumatera Province, Indonesia. This report has been prepared in line with the Global Reporting Initiative (GRI) Standards: In Accordance and has complied with the Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 and Financial Services Authority Circular Letter (SEOJK) No. 16/SEOJK.04/2021. Thus, all materials included in this report comply with the requirements of the Financial Services Authority (OJK), GRI reporting standards. This sustainability report is used to support ZSL SPOTT assessment. TPL's sustainability report is published annually since 2018 and external assurance has been carried out for the 2022 Sustainability Report. Bureau Veritas has provided limited assurance for general disclosure information and specific material topics in our Sustainability Disclosures this year. Detailed explanations regarding the scope and basis of the guarantee, including the standard of guarantee used, the level of guarantee obtained, and any limitations of the guarantee process have been explained in the attachment to the guarantee statement which is part of this report.

1.2. REPORT DISCLOSURE [GRI 2-4, 3-2]

TPL's management made a decision to maintain reporting disclosures with a three-year cycle as its reporting period in order to achieve the objectives and/or targets set for each important materiality. Reporting disclosure in 2022 is a new cycle involving stakeholders to see what to be their concerns about sustainability aspects with the GRI methodology. In writing this report we have adopted the Summary of reporting principles from the GRI standard in the form of accuracy, balance, clarity, comparability, comprehensiveness, sustainability context, timeliness, and verifiability.

Reporting disclosures ("Important Materialities") identified in 2021 will be used for 2022 to 2024. In addition, TPL also stipulates that reporting also follows the standards set by the Financial Services Authority (OJK) in terms of writing sustainability reports. Below are important materiality matters disclosed in this report.

- GRI 201 : Economic Performance 2016
- GRI 202 : Market Presence 2016
- GRI 203 : Indirect Economic Impacts 2016
- GRI 204 : Procurement Practices 2016
- GRI 301 : Materials 2016
- GRI 302 : Energy 2016
- GRI 303 : Water and Effluents 2018
- GRI 304 : Biodiversity 2016
- GRI 305 : Emissions 2016
- GRI 306 : Waste 2020
- GRI 401 : Employment 2016
- GRI 403 : Occupational Health and Safety 2018
- GRI 404 : Training and Education 2016
- GRI 405 : Diversity and Equal Opportunity 2016
- GRI 413 : Local Communities 2016

To see the differences in standards, material topics, and data presented in this report, see the attachment to the Presentation of Information between Reporting Periods which is part of this report.

1.3. REPORTING PERIOD [GRI 2-3]

This report covers TPL's sustainability performance data for the period of January to December 2022. This sustainability report period is also in line with the annual financial report period which will be published in April 2023.

Contact persons to receive questions about reports or information reported regarding this report can be sent via the following email: sustainability@tobapulp.com.

Detailed information and feedback sheets are also part of the attachment to this sustainability report.

1.4. SCOPE AND BOUNDARIES [GRI 2-2]

This report covers TPL's operations, governance structure and framework, as well as activities related to sustainability. The data presented was collected from factory operations and TPL HTI located in North Sumatra Province. There are no subsidiaries or entities under TPL. The company has 1 factory and 5 forestry sectors.

2. 2022 HIGHLIGHTS

2.1. ECONOMY ASPECT [OJK B.1]

Description	Unit	2022	2021	2020
Total Production	Tons	198,429	202,192	205,933
Sales	Thousand USD	175,277	146,859	126,023
Net Income	Thousand USD	(20,489)	618	3,749
Total Local Suppliers	Suppliers	1,083	1,054	917

2.1.1. Environmentally Friendly Products

For the Company, environmentally friendly products are defined as the amount of biodegradable Dissolving Pulp (DP) produced and the production process complies with TPL's environmental policies and applicable laws and regulations. In 2022, the company has produced 198,429 tonnes of DP. In carrying out its operational activities, TPL has implemented a strategy of sustainable forest

management, including the protection of biodiversity, monitoring of protected flora and fauna, and prevention of pollution. These efforts are part of the environmental management guidelines that are responsible for reducing environmental impacts, increasing socio-economic benefits, and continuous improvement programs to achieve meaningful environmental performance.

2.2. ENVIRONMENTAL ASPECT [OJK B.2]

Description	Unit	2022	2021	2020
Electrical consumption	GJ	39,701	46,256	67,072
Fuel consumption	GJ	8,758,390	8,902,872	9,455,544
Water consumption	m ³	11,121,698	12,068,832	12,460,868
Effluents Reduction	m ³	947,134	392,036	(44,071)
Waste Reduction	Ton	(21,624.61)	(5,343.31)	1,601.99
Emission Scope 1	tCO ₂ e	42,933.234	39,182.694	41,557.568
Emission Scope 2	tCO ₂ e	0.029	0.034	0.05
Emission Scope 3	tCO ₂ e	10.2	-	-

2.2.1. Biodiversity Preservation

No.	Activities	Unit	Year		
			2022	2021	2020
1	Provide natural seeds	Tree	121,983	198,046	177,005
2	Protected area enrichment				
	Natural Succession	Ha	32.20	195	191
	Artificial Succession	Ha	46.32	*76.13	*19.25
3	Erosion mitigation	Location	91	100	75
4	Quarry rehabilitation/maintenance	Ha	0.30	1.20	3.00
5	Planting animal feed plants	Tree	250	3,700	2,500
6	Rafflesia protection at Tele Estate	Location	1	1	1

*changes in information from the data presented in 2021 report due to improvements in data collection methods

2.3. SOCIAL ASPECT [B.3]

Description	Unit	2022	2021	2020
Total CD/CSR Program	Program	201	197	241
Average Employee Training Hours	Hour	17,806	16,238.15	17,613.33
Proportion of Senior Management from Local Communities based on Gender	%	♂ 92% ♀ 8%	♂ 94% ♀ 6%	♂ 94% ♀ 6%
Rate of Death Accidents because of Work	Cases	0	0	0.08
Rate of Work Injury with High Consequences	Cases	0.15	0	0.46
Recordable Work Rate	Cases	1.05	1.03	4.65

2.4. OPERATIONAL HIGHLIGHTS IN 2022 [GRI 2-6, 2-7, 2-8, 2-30]



North Sumatera, Indonesia

Nomor SK.1487/Menlhk/Setjen/HPL.0/12/2021
TPL's wood source are 100% from Indonesia



Wood Supply Source



TPL Concession Area



TPL Employees

Permanent Employees



Temporary Employees



***Indirect Employees**



****Collective Bargaining Agreement**

100% Permanent and temporary employees are included in Collective Bargaining Agreement

The methodology used to compile the reported data is in head count.

* indirect employees consist of contractor employees type of worker, contractual relationship, and work performed by each worker who is not an employee is not under the control of the company but is returned under the respective contractor company.
** contractor employees are not covered by the collective bargaining agreement. So that their working conditions are adjusted to the Contract Agreement Letter that has been agreed upon between TPL and the contractor company.

3. MESSAGE FROM THE PRESIDENT DIRECTOR [OJK D.1; GRI 2-22]



Venkateshwarlu Cheruku

President Director

Sustainability has been an integral part of TPL since we established our business. We continuously strive to balance sustainable business improvements with the positive contributions we can make to society and the environment.

We are present in the midst of communities and Indigenous communities that we respect, all of whom we always involve in various programs in order for all of us to grow and develop together to achieve our set sustainable goals. Our main business in the management of natural resources encourages us to continue striving to ensure that the environment in our concession area remains preserved.

TPL has already created a Sustainability Policy as a guide in implementing the principles of sustainability as well as the core values of T.O.P.I.C.C. (Complementary Team, Ownership, People, Integrity, Customers, and Continuous Improvement all of which are implemented by every member of the Company. We have strong fundamentals in implementing sustainability principles. One of the ways we implement the principles is through the policy, where we set clear standard operating procedures and regularly evaluated sustainability strategies. Each implementation activity of sustainability aspects will be documented and reported transparently and regularly to stakeholders.

Through this report, we can monitor the progress of each sustainability program and evaluate them for future improvements. TPL has established a Sustainability Committee—a dedicated team tasked with monitoring the progress of our sustainability journey and ensuring that everything is implemented in alignment with existing procedures. Therefore, we can state, through all of these measures, that we have become at the forefront in implementing best practices of sustainable governance.

However, our biggest challenge is ensuring all stakeholders including indigenous peoples, the general public and other stakeholders know, understand and believe in the sustainability values that we apply. For this reason, we emphasize the importance of transparency in everything we do with clear and detailed communication to stakeholders through information sessions, joint discussions to listen and gather insights, and other knowledge dissemination activities, such as through websites and other means of communication. TPL also has a feedback mechanism that is implemented in a transparent manner.



Through this mechanism, we try to resolve arising problems with the best solutions, anchored in existing procedures. These include providing detailed explanations such as data and facts in cases of misunderstandings, and involving the local government to ensure that we would be able to harmoniously walk and grow together in this sustainability journey.

As a concrete manifestation of our commitment to developing local communities, we have developed various Community Development (CD) or Corporate Social Responsibility (CSR) programs. Our CD/CSR program focuses on education, health, village infrastructure of people's economic enterprises, sports, and socio-culture. The entire program is always monitored and evaluated so that we can gauge the effectiveness of each program that has been implemented, measuring the social return on investment being one of the examples.

In 2022, we are proud to announce that one of the social investment programs, Gerobak Madu, had won a Silver Award at the 2022 CSR & Sustainable Village Development Awards event in the Other CSR category organized by

the Ministry of Villages, Development of Disadvantaged Regions and Transmigration in collaboration with the Indonesian Social Sustainability Forum (ISSF). It is our honor and privilege to receive this achievement, which also showcases what our values are as a company that is fully committed to implementing sustainability principles.

Looking ahead, we will continue this sustainability journey by making improvements and improvements based on the input we received from stakeholders. Currently, we are preparing a sustainability target for 2030 which would be aligned with the target for achieving Sustainable Development Goals (SDG). We are always listening to people's aspirations and will always strive to understand and fulfill their expectations of mutual growth.

We thank you for all support we received from the entire team and the community at large, without which TPL cannot have achieved our proud achievements throughout the year. We will work even harder to move forward and make even greater contributions to sustainable development.



4. COMPANY PROFILE

4.1. CORPORATE INFORMATION [OJK C.2, C.4; GRI 2-1, 2-2, 2-3, 2-6]

Company Name
PT Toba Pulp Lestari Tbk



Activities, Brands, Products and Services
Management of Industrial Plantation Forest and Pulp Production



Legal Entity
TPL is a public company, listed on the Indonesia Stock Exchange (IDX) since 1990 under the ticker code INRU.



Mill Address
Pangombusan Village, Parmaksian District, Toba Regency, North Sumatera Province, Indonesia



Head Office Address
Uniplaza, East Tower, 3rd Floor, Jl. Lt. Gen. Haryono MT No. A-1 Medan 20231



Phone
Head Office (62-61) 4532088,
Factory (62-632) 7346000

E-mail
investor_relation@tobapulp.com

Website
www.tobapulp.com

Estate Office Address

Aek Nauli: Sibaganding Village, Girsang Sipangan Bolon Subdistrict, Simalungun Regency

Habinsaran: Simare Village, Bor-bor Subdistrict, Toba Regency

Tapanuli Selatan: Marisi Village, East Angkola Subdistrict, South Tapanuli Regency

Aek Raja: Aek Raja Village, Parmonangan Subdistrict, North Tapanuli Regency

Tele: Hutagalung Village, Harian Subdistrict, Samsir Regency





4.2. TPL BUSINESS OVERVIEW [OJK C.6; GRI 2-6]

TPL obtains *Izin Usaha Perizinan Berusaha Pemanfaatan Hutan-Hutan Tanaman Industri* (PBPH-HTI) at the forest area from the Minister of Forestry. PT TPL is a global company leading in forest management and pulp production. TPL is licensed to manage 167,912 hectares of Industrial Plantation Forest in North Sumatra, Indonesia. The plantation authorized to TPL with an operation license by the Indonesian Government is located across five locations in North Sumatra namely Aek Nauli, Habinsaran, South Tapanuli, Aek Raja, and Tele.

The coverage area of each Estate location are as follows:

1. Aek Nauli: 20,360 Ha
2. Habinsaran: 26,765 Ha
3. South Tapanuli: 28,340 Ha
4. Aek Raja: 45,562 Ha
5. Tele: 46,885 Ha

During 2022 there were no significant changes regarding the company's operations.

TPL in developing its businesses along with the application of strict forest management policies and optimal sustainability policies with best practices according to international standards. This is proven by the acknowledgment of independent external parties who reward us for implementing sustainable practices throughout the supply chain value.

We strive to create value for the environment by ensuring efficiency in factory processes so as to produce waste that can be recycled and management with a closed system on machine utilization and environmental management. In addition, we also implement environmental policies to ensure the implementation of responsible Industrial Plantation Forest and Factory thereby reducing negative impacts on the environment and increasing socio-economic benefits.

4.3. SUSTAINABILITY ACROSS THE SUPPLY CHAIN [GRI 2-6]

From 2021 to 2022, TPL has carried out Sustainable Supply Chain Assessment activities for its suppliers such as wood suppliers, goods suppliers, and service suppliers. Supplier selection is made based on the results of a risk assessment from the Procurement Department. The sustainability policy

Based on deed 05 TPL is committed to allocating 1% of net sales to support the CD/CSR program and grow together with the community. TPL focuses its CD/CSR program on five main areas, namely:

Education

This field is intended to support the improvement of the quality of human resources by increasing access to education around company operations

Health

The health sector is carried out in the company's operational areas by contributing to building health facilities and procuring medicines or nutritious food for vulnerable communities.

Village Infrastructure

Development of infrastructure such as road infrastructure, sanitation, and provision of clean water facilities for the community.

People's Economic Enterprises

This field aims to encourage community economic development, such as through mentoring programs for farmer groups and MSME actors.

Sports and Socio-Cultural

This field aims to support the community in maintaining social, cultural and religious aspects, such as through assistance programs for building houses of worship and cultural events.

Beyond that, we have collaborated with the communities as a form of our contribution in empowering small farmers and the communities through the Outgrower Scheme program.

is the basis for this assessment. This activity is carried out to ensure that TPL and its suppliers have the same commitment in achieving optimal results for society, the environment and the economy. No significant changes to the organization and its supply chain in 2022.

4.3.1. TPL's Sustainable Supply Chain



This infographic shows the sustainable supply chain of TPL consisting of nursery process, industrial plantation forest management, pulp production, sales, and corporate social responsibility. We ensure that:

- Prohibition against the use of Genetically Modified Organisms (GMO) in the nursery process, and the implementation of the 3R (Reuse, Reduce, Recycle) program
- Sustainable forest management without deforestation and biodiversity conservation and implementation of Sustainable Supply Chain Assessment (SSCA) for all suppliers without any exception
- 79.87% of previously-used water was treated before releasing it to the river
- Implementation of the 3R program in the use of chemicals, the percentage of reused chemicals was recorded at 91.4%
- Allocation of 1% of net sales for the Community Development and Corporate Social Responsibility (CSR) programs with the realization amounting to Rp10,403,344,740

4.4. TPL'S SUSTAINABILITY VISION AND MISSION [OJK C.1; GRI 2-23]



4.4.1. Vision

PT Toba Pulp Lestari, Tbk. (TPL) aims to become a Sustainable Industrial Plantation Forest Company and preferred world-class pulp producing organization.



4.4.2. Mission

We strive in developing the lives of our talent, ameliorating and harmoniously living with the community surrounding our operation, producing only from renewable resources, managing the forest sustainably and pursuing world-class standards in four aspects of sustainability – Economic, Environment, Social, and Good Governance.



4.4.3. Core Values



TPL believes that our business should not only contribute positively but also add value to our people and to the environment around us. Our culture of integrity has been upheld by our Core Values. The Core Values are built around Behavioral Competency Framework and it is a guideline on how our people should conduct themselves as they go about their day-to-day operation and personal growth.

TOPIC

As a way to help TPL's stakeholders understand our Core Values better, the acronym T.O.P.I.C.C, was developed. Below are the principles on each Core Value.



Complementary Team

- We put the team's success ahead of our own.
- We give our best as a team and achieve more together.
- We work together based on mutual trust and respect.
- We are direct and open in our communication with each other.
- We share our knowledge and ideas with our colleagues and we do not operate in silos.
- We align ourselves and support the development goals of the countries we operate in.



Integrity

- We are uncompromising on dishonesty.
- We put problems and issues on the table and act without fear or favour.
- We do not accept corrupt practices.
- We safeguard company's assets and knowledge



Ownership

- We are responsible and accountable for our actions.
- We practice hands-on management and lead by example.
- We set ambitious targets through internal and external benchmarking.
- We achieve results through people, processes, systems, and structure.
- We seek out the best value when making decisions.
- We keep things simple and smart.
- We have a "can-do" attitude.



Customers

- We regularly engage our customers to better understand their businesses and needs.
- We serve our customers through stable quality, supply and service.
- We track the pulse of the competitive landscape and market dynamics.
- We align internally to what our customers need.
- We innovate and customise our products and services to provide.



People

- We groom our talent by developing their skills and capabilities.
- We strive to build our organisation from within.
- We promote and reward based on performance and people development, in a fair and transparent way.
- We grow people to be better than ourselves.
- We learn from our mistakes and do not repeat them.
- We enable the communities we operate in to grow with us.



Continuous Improvement

- We aim for today to be better than yesterday and tomorrow to be better than today.
- We strive to do better, faster, and at a lower cost.
- We focus on quality, productivity and cost to always stay competitive.
- We understand the changing market landscape and trends, and their impact on the organization.
- We are always vigilant in ensuring health and safety, and strive for zero accidents and zero non-compliance.
- We do not tolerate wastage.
- We act in accordance with our Sustainability Framework.



4.5. TPL'S MILESTONE

Since its establishment, TPL has continued to grow by placing the surrounding community and the environment as top priorities in running its business in line with the sustainability strategy. Our achievements in this sustainability journey are the result of the support and trust of our stakeholders. Here are our footprints over the years.

<div data-bbox="140 499 268 600" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">1992</div>	<div data-bbox="284 499 762 600" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <p>TPL obtained IUPHHK-HTI for 269,060 ha forest area from the Minister of Forestry</p> </div>	<div data-bbox="805 499 933 600" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2017</div>	<div data-bbox="949 499 1428 600" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> TPL received the IFCC Certificate CD/CSR Fund initiated by TPL based on AKTA No 05 </div>
<div data-bbox="140 622 268 723" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">1995</div>	<div data-bbox="284 622 762 801" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <p>TPL obtained approval from ANDAL, RKL, and RPL HPHTI PT. Inti Indorayon Utama with No. 97/DJ-VI/AMDAL/95 dated May 16, which was approved by the Director General of Forest Protection and Nature Conservation (Chairman of the Ministry of Forestry's AMDAL Central Commission)</p> </div>	<div data-bbox="805 622 933 723" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2018</div>	<div data-bbox="949 622 1428 734" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> TPL achieved PEFC - COC certifications TPL acquired PEFC - COC Certificate TPL acquired VLK-Out Grower scheme Certificate </div>
<div data-bbox="140 824 268 891" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2004</div>	<div data-bbox="284 824 762 891" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <p>TPL received ISO 14001 : 1996 Certificate</p> </div>	<div data-bbox="805 768 933 869" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2019</div>	<div data-bbox="949 768 1428 1126" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> The TPL operational area has been renewed from 185,016 Ha to 184,486 Ha based on the Decree of the Minister of Environment and Forestry, for the benefit of developing national tourism strategic areas. TPL achieved Project-Based CSR & Business Sustainability in the women empowerment category in CECT Sustainability Award 2019 Establishment of Pesticide Usage Policy Establishment of Genetically Modified Organism Use Policy Mill Revitalization with Cold Blow System </div>
<div data-bbox="140 925 268 1003" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2005</div>	<div data-bbox="284 925 762 1014" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> TPL received the ISO 9001:2000 Certification TPL received the OHS Certification based on Permenaker No. 5/1996 </div>	<div data-bbox="805 1149 933 1249" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2020</div>	<div data-bbox="949 1149 1428 1451" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> The operational area of TPL was renewed from 184,486 Ha to 167,912 Ha based on the Decree of the Minister of Environment and Forestry, which was renewed for the benefit of food estates, botanical gardens, Forest Areas with Special Purposes, community incense trees, and Final Disposal Sites. TPL was ranked 12th in the Wood and Pulp Industry in the ZSL SPOTT assessment TPL received a Platinum award in the Indonesian CSR Awards 2020 </div>
<div data-bbox="140 1037 268 1137" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2007</div>	<div data-bbox="284 1037 762 1227" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> TPL revised the ANDAL, RKL/RPL documents with number 1266/BPDL-SU/BTL/2007 dated 14 August which was approved by the Head of the North Sumatra Provincial Environmental Impact Management Agency TPL received OHS Certification </div>	<div data-bbox="805 1473 933 1574" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2021</div>	<div data-bbox="949 1473 1428 1809" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> The operational area of TPL was renewed based on the Decree of the Minister of Environment and Forestry for the change in the name of the IUPHHK Nomenclature to PBBPH TPL was ranked 5 (five) for the Wood and Pulp Industry in the ZSL SPOTT assessment Define and conduct Sustainable Supply Chain Assessments for suppliers of timber, services, and goods Making Anti-Corruption Policy and Human Rights Policy Updating the Sustainability Policy </div>
<div data-bbox="140 1249 268 1350" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2011</div>	<div data-bbox="284 1249 762 1451" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> The TPL operational area was updated with a change in area from 269,060 Ha to 188,055 Ha based on the Decree of the Minister of Forestry of the Republic of Indonesia TPL received the OHSAS 18001: 2007 Certification TPL received the PHPL Certification </div>	<div data-bbox="140 1473 268 1574" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2013</div>	<div data-bbox="284 1473 762 1630" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> The entire working area of TPL is determined with a definitive boundary area of 190,188 Ha according to the Decree of the Minister of Forestry of the Republic of Indonesia TPL obtained VLK Industry Certificate </div>
<div data-bbox="140 1653 268 1731" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2014</div>	<div data-bbox="284 1653 762 1720" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <p>TPL obtained SMK3 Certification PP 50/2012</p> </div>	<div data-bbox="140 1742 268 1821" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2015</div>	<div data-bbox="284 1742 762 1821" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <p>Established the Masyarakat Peduli Api (MPA) and Sustainability Policy in December</p> </div>
<div data-bbox="140 1843 268 1944" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2016</div>	<div data-bbox="284 1843 762 2078" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> The TPL working area was added with a change in area from 190,188 Ha to 185,016 Ha to be allocated to the people of Pandumaan Village and Sipituhuta Village with an area of 5,172 Ha TPL conducts HCV/HCS Assessments Updating the Sustainability Policy (Complaint Mechanism and Free, Prior and Informed Consent/FPIC) </div>	<div data-bbox="805 1843 933 1944" style="background-color: #4CAF50; color: white; border-radius: 15px; padding: 10px; text-align: center; font-weight: bold; font-size: 1.2em;">2022</div>	<div data-bbox="949 1843 1428 2078" style="border: 1px solid #ccc; border-radius: 15px; padding: 10px;"> <ul style="list-style-type: none"> TPL was ranked the 3rd for Wood and Pulp Industry in the SPOTT ZSL Assessment. TPL received the Silver Award on CSR and Sustainable Village Development TPL implements management and monitoring of HCV-HCS areas TPL cooperates with the Earthworm Foundation to build systems and capacity building on social aspects </div>

4.6. BUSINESS SCALE [OJK C.3; GRI 2-7]

As of December 31, 2022	
Operational Area	North Sumatra Province, Indonesia
Shareholders	Pinnacle Company Pte. Ltd. 92.42%
	Public 7.58%
Total Assets	USD 467,802,000
Total Liabilities	USD 332,171,000

Position	Gender		Area	
	Male	Female	Mill	Fiber
Total Employees	1,073	165	709	529
Permanent Employees	1,012	157	657	512
Temporary Employees	61	8	52	17
Employees with unguaranteed working hours	NA	NA	NA	NA
Full-time Employees	1,073	165	709	529
Part-time Employees	NA	NA	NA	NA

Position	Gender		Total
	Male	Female	
Managerial	50	4	54
Executive	507	96	603
Non-Executive	516	65	581

Age	Gender		Total
	Male	Female	
< 30 years old	341	78	419
30 - 50 years old	569	81	650
> 50 years old	163	6	169

Education	Gender		Total
	Male	Female	
Junior High School	4	0	4
Senior High School	472	33	505
Diploma	201	34	235
S1	383	95	478
S2	11	3	14
S3	2	0	2

Total employees in 2021 were 1,228 people. Thus, the fluctuation of total employees compared to 2021 was 0.5%. The increase of total employees was due to the Company's operational needs. The methodology used to formulate the reported data is by headcount.

4.7. MEMBERSHIP OF ASSOCIATION [OJK C.5; GRI 2-28]

Asosiasi Pengusaha Hutan Indonesia (APHI)

The Indonesian Forest Entrepreneurs Association (APHI) is a forum for companies domiciled and/or operating in Indonesian jurisdiction that have a Business Permit for Natural Forest Management (IUPHHK-HA) and a Business Permit for Utilization of Timber Products from Plantation Forests (IUPHHK-HT). As a member of APHI, TPL actively participates in promoting healthy lifestyles, competition in the forestry industry, and improving standards and compliance with sustainable forest regulations.

Asosiasi Pulp dan Kertas Indonesia (APKI)

As a member of the Indonesian Pulp and Paper Association (APKI), TPL participates in broadening and sharing insights with fellow pulp and paper companies in Indonesia, especially in entering the global market while taking into account economic growth based on environmental, social, and governance aspects. APKI assists its members in complying with Indonesian government regulations. APKI association members are companies that produce products such as Pulp, Industrial Board, Carbonless, Carton Box, Cigarette Paper, Fluting and Kraft Liner, Joss Paper, Newsprint, Sack Kraft, Specialty Paper, Tissue Paper, Writing and Printing Paper.

4.8. COMPLIANCE, AWARDS, AND CERTIFICATIONS [GRI 2-27]

In its operations, TPL complies with the applicable laws and regulations. No significant non-compliance cases in our operations were reported in 2022. We ensure that all permits related to environmental management comply with applicable government regulations, such as RKL-RPL reporting, B3 waste utilization and management, implementation of the SPARRING system which is reported directly to the government, and so on. In 2022, TPL received awards and certifications from national and global institutions in 2022. TPL received one award and three certificates and has seven valid certificates.

TPL was awarded the Silver Award at the “CSR & Sustainable Village Development Awards 2022” in the Other CSR programs category for “Gerobak Madu” program organized by the Ministry of Village, Development of Disadvantaged Regions and Transmigration in collaboration with the Indonesian Social Sustainability Forum (ISSF) on June 23, 2022.



Since 2017, our flagship CSR program, Gerobak Madu, has served as a manifestation of our concern and contribution to the local communities to improve welfare of honey farmers around the Company’s operational areas, namely in Aek Natolu Village, Lumban Julu Sub-District, Toba Regency. This program provides mentors for honey farmers to improve their skills. The award was handed over directly by the Vice President of the Republic of Indonesia, Prof. Dr. (HC) K.H. Ma’ruf Amin, accompanied by the Minister of Village, Development of Disadvantaged Regions and Transmigration, Dr. (HC) Drs. A. Halim Iskandar, M.Pd., and Chairman of ISSF, Sudarmanto.

No	Certification	Certification Body
1	IFCC ST 1001:2013 - Sustainable Forest Management	Bureau Veritas Certification
2	PEFC - Chain of Custody	Societe General de Surveillance (SGS)
3	Sustainable Production Forest Management	PT Ayamaru Sertifikasi
4	Occupational Health and Safety Management System	PT Sucofindo
5	ISO 9001:2015 Quality Management System - Mill	Societe General de Surveillance (SGS)
6	ISO 14001:2015 Environmental Management System - Mill	Societe General de Surveillance (SGS)
7	Timber Legality Verification (VLK) - Mill	Societe General de Surveillance (SGS)
8	Timber Legality Verification (VLK) - Out Grower Scheme	Societe General de Surveillance (SGS)
9	ISO 45001 Occupational Health and Safety Management System	Societe General de Surveillance (SGS)
10	ISO 14001:2015 Environmental Management System - Fiber	Societe General de Surveillance (SGS)

5.

CORPORATE AND
SUSTAINABILITY GOVERNANCE

TPL is committed to implement corporate governance best practices across all levels of the organization, with a focus on risk management and ensuring the highest level of compliance with applicable laws and regulations. We believe strengthening consistent corporate governance practices can protect the interests and trust of stakeholders. TPL already has a robust and comprehensive governance structure and sustainability framework to ensure its implementation throughout the organization.

5.1. SUSTAINABILITY STRUCTURE AND GOVERNANCE

5.1.1. Leadership

[OJK E.1; GRI 2-9, 2-10, 2-11, 2-18, 2-19, 2-20]

In accordance with the Indonesian Law no. 40 of 2007 concerning the governance structure consisting of the General Meeting of Shareholders (GMS) as the highest organ, the Board of Directors as management of the Company, and the Board of Commissioners as supervisor. The nomination and appointment of the Board of Directors and Board of Commissioners become the authority of the shareholders and is ratified at the GMS. Disclosure of complete information regarding the GMS, Board of Directors, Board of Commissioners, Committees under the Board of Commissioners, and Functions under the Board of Directors, as well as the process of nomination and selection of members of the Board of Directors and Board of Commissioners, performance evaluation is presented in the Annual Report and company website.

The TPL management structure is led by the Board of Commissioners which oversees the Board of Directors. TPL recognizes the need to incorporate diversity at our board level and we are proud to have a Board of Commissioners that has a broad range of industry-relevant skills, experience,

and knowledge. The Board of Commissioners is chaired by Ignatius Ari Djoko Purnomo as President Commissioner, with three Independent Commissioners namely Elisa Ganda Togu Manurung, Thomson Siagian, dan Joni Supriyanto.

The Board of Commissioners is responsible for monitoring and providing direction to the Board of Directors for the benefit of TPL in accordance with its aims and objectives. The Company has the policy to award the employee's working period as an appreciation of the employees' loyalty. For the Board of Directors, the incentive policy is inseparable with the Company's remuneration policy.

The remuneration for members of the Board of Commissioners and Directors for 2022 is USD 741,000.

The procedure for determining remuneration for the Board of Commissioners is:

1. The Board of Commissioners in accordance with its remuneration function recommends a proposed salary and/or allowance for members of the Board of Commissioners to the Main Commissioner of the Company.

2. The Board of Directors proposes to the Shareholders at the Annual General Meeting of Shareholders to authorize the Main Commissioner of the Company to determine the salary and/or allowances for the Directors and Commissioners of the Company.
3. The Annual GMS grants authority to the President Commissioner on the recommendation of the Board of Commissioners in accordance with his remuneration function to determine remuneration.
4. The President Commissioner reviews the recommendations of the Board of Commissioners and then determines the salary and/or benefits for members of the Board of Commissioners

- Providing independent views in the event of disagreements between management and the appointed accountant; Providing recommendations to the Board of Commissioners regarding the appointment of an accountant based on independence, scope of assignment, and costs;
- Reviewing the implementation of internal audit and monitor the implementation of follow-up by the Board of Directors;
- Reviewing the risk management profile of the Board of Commissioners.

The Board of Commissioners is also responsible for appointing the Audit Committee. The current Audit Committee has been in existence since August 12, 2022 and is chaired by Thomson Siagian SH, and two audit committee members consisting of Hong Chun and Lamsaudin Situmeang. The Audit Committee has the following responsibilities:

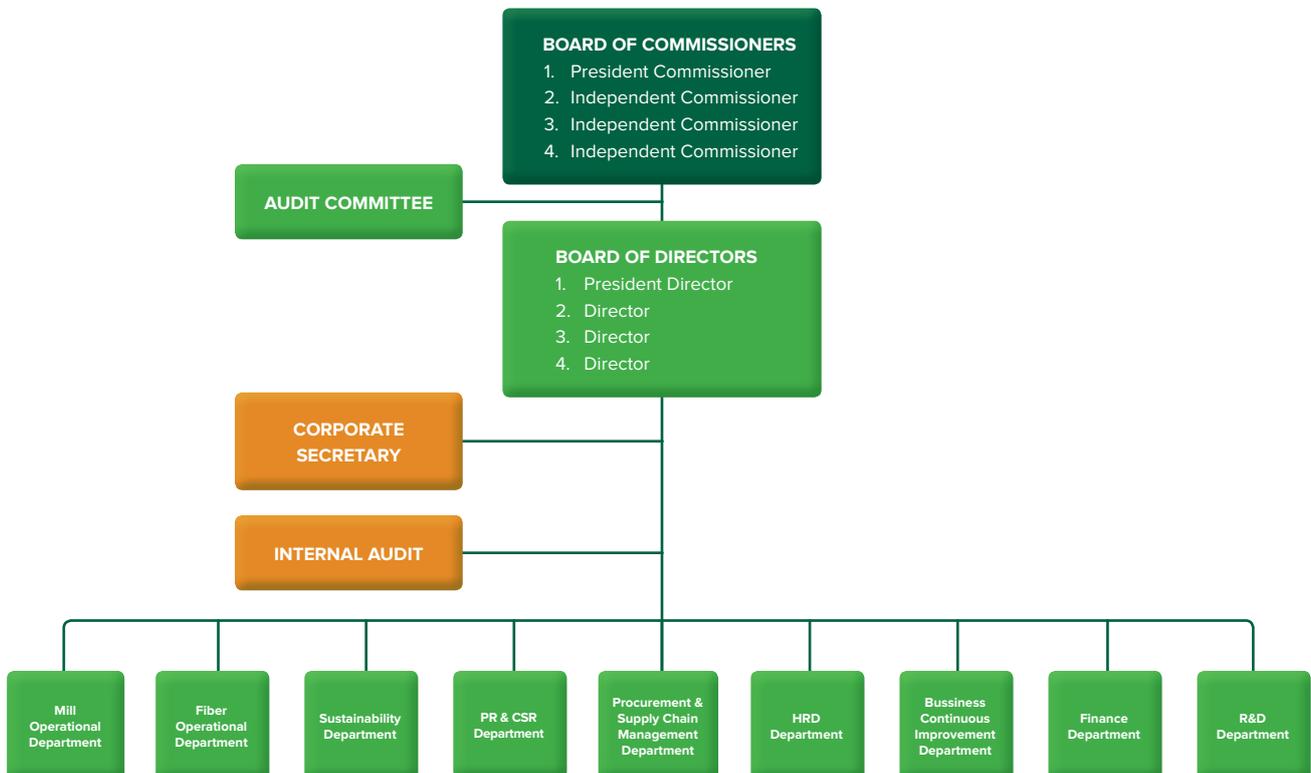
- Checking financial information that will be announced to the public and/or related authorities;
- Auditing compliance with capital market regulations and other laws;

The TPL Directors are given direction by the Board of Commissioners. Currently TPL consists of 4 Directors. All directors are male and no female, namely: Venkateshwarlu Cheruku, Tee Teong Beng, Jandres Halomoan Silalahi, and Anwar Lawden.

The Board of Directors is responsible for managing the various departments of TPL and is primarily responsible for overseeing TPL's economic, environmental, social and governance interests. The Board of Directors is chaired by the President Director, namely Venkateshwarlu Cheruku.

TPL management consists of Heads of Departments and various members of the Board of Directors who also hold management positions.

Organization Structure
as of 31 December 2022



5.1.2. Issues Against the Implementation of Sustainability [OJK E.5; GRI 2-25]

The application of sustainable finance principles certainly has challenges, one of the main challenges is that there are still many internal and external stakeholders who do not understand ESG (Environmental, Social, Governance) issues in their business. Therefore, TPL continues to improve its outreach program to all stakeholders, both internal and external. Apart from providing training and assessments to suppliers, TPL also distributes summary of sustainability reports to all relevant stakeholders. It is hoped that all stakeholders can find out more about the sustainability practices that have been carried out by TPL which are naturally in line with the sustainability policy.



5.2. SUSTAINABILITY STRATEGY [OJK A.1]

TPL implements a sustainability strategy of establishing an effective and robust governance structure, transparent reporting, a guaranteed process, an efficient grievance mechanism, and target-driven special projects.

TPL adopts a sustainability framework consisting of 4 pillars namely Economic, Environment, Social, and Governance in carrying out its operations. TPL also has a sustainability policy that is aligned with the sustainability framework. The Sustainability Policy has been disseminated to all internal and external stakeholders. This is done bearing in mind that the TPL policy does not only apply to TPL but also to all of its suppliers.

Currently TPL has developed a Sustainability Dashboard which aims to monitor the progress of TPL's sustainability policy implementation. In addition, TPL also identify relevant Sustainable Development Goals (SDG) so that TPL can contribute to SDG 2030. We manage and monitor all of these activities from the infographic below to see the room for improvements in operating operations.



5.3. SUSTAINABILITY CULTURE [OJK F.1; GRI 2-24]

TPL's sustainability culture is part of the implementation of the Company's core values which serve as a guideline for every TPL employees in their daily behavior. TPL instills a culture of sustainability and ensures its implementation at all levels of employees.

Internally TPL continues to build a culture of sustainability by disseminating policies among employees through E-learning, publishing brochures and posting policies in public places such as office. TPL has also socialized its policies with external parties by issuing policies through its website and distributing handbooks to suppliers.

In its implementation TPL has done the following things:

- To achieve sustainable industrial forest management, TPL is committed not to developing HCV-HCS areas and conducts assessments through a team of licensed assessors.
- Before starting the community development program, we used the Social Return on Investment method through a systematic approach to the program and maintaining a mutually beneficial relationship between TPL and the community.
- Ensuring that there are no human rights violations and compliance with all labor laws and regulations through policy socialization and assessment of sustainable supply chains.
- Implementing FPIC principles in every company operational process.

TPL has Kaizen program and several development projects as continuous improvement efforts in terms of resource use, efficiency/optimization in the operational processes of the mill and fiber areas.

5.4. COMPETENCY DEVELOPMENT RELATED TO SUSTAINABILITY [OJK E.2; GRI 2-17]

In 2022, the highest governance body will continue to improve its competency in accordance with developments in operational needs and company developments related to governance, environmental and social topics.

The Board of Directors has received training related to competency development for leadership known as the Executive Development Program which aims to develop strategies that are integrated into the business by taking into account governance, environmental and social aspects.

The Annual General Meeting of Shareholders evaluates the performance of the Board of Commissioners and the Board of Directors annually based on their annual responsibility report. No external parties are appointed to evaluate the performance of the Board of Commissioners and the Board of Directors in 2021. Each year, the Key Performance Indicator (KPI), which is related to the Company's strategies and implementation plans, including sustainability target and purposes, are set to the Board of Commissioners and the Board of Directors.

TPL believes that human resources development through competency improvement will help the company achieve its sustainability strategy. Every year, the Learning and Development (L&D) team continues to carry out refreshment & awareness training for the company's internal employees. The training covers corporate sustainability, environmental management, and standards used by companies (such as ISO 14001; ISO 9001; PEFC, and so on).

In 2022, the Integrated HCV-HCS Assessor Training Course has been implemented by the Remark Asia team for 25 TPL employees who are representatives from various departments namely Sustainability, Planning, Environment, Wood Supply and Social Capital. This training was held on July 4-8, 2022 with the aim of increasing employee capacity

in assessing areas with high conservation value & high carbon stock. This is also carried out in accordance with the company's commitment that it will only develop non-forest areas after the assessment is carried out so that it is ensured that the supply of wood will not contribute to forest degradation or loss in HCV and HCS areas.

In 2021, several trainings related to sustainability have also been conducted, such as:

- a. GRI Standard Certification conducted by the National Center for Sustainability Reporting (NCSR) on 21-25 June 2021. This training was conducted by two people from the Sustainability Working Committee which aims to increase knowledge regarding the preparation of sustainability reports.
- b. Social Return on Investment held by Social Investment Indonesia on February 14-16, 2021. This training was conducted by two people from the Sustainability Working Committee which aimed to assess the impact of the community development programs provided by the company.

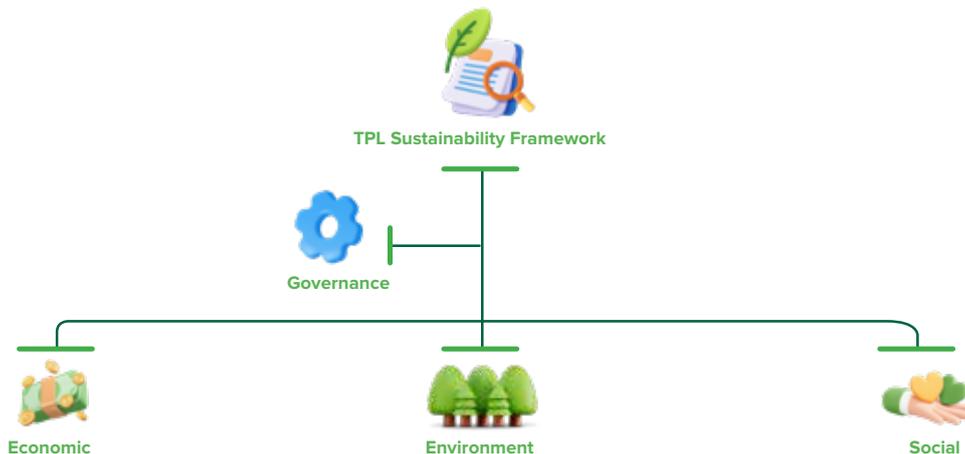
5.5. SUSTAINABILITY FRAMEWORK AND STRUCTURE

TPL has its Sustainability Strategy updated in 2021 with targets that are in line with global standards of sustainable development goals and national strategies.

5.5.1. Sustainability Framework

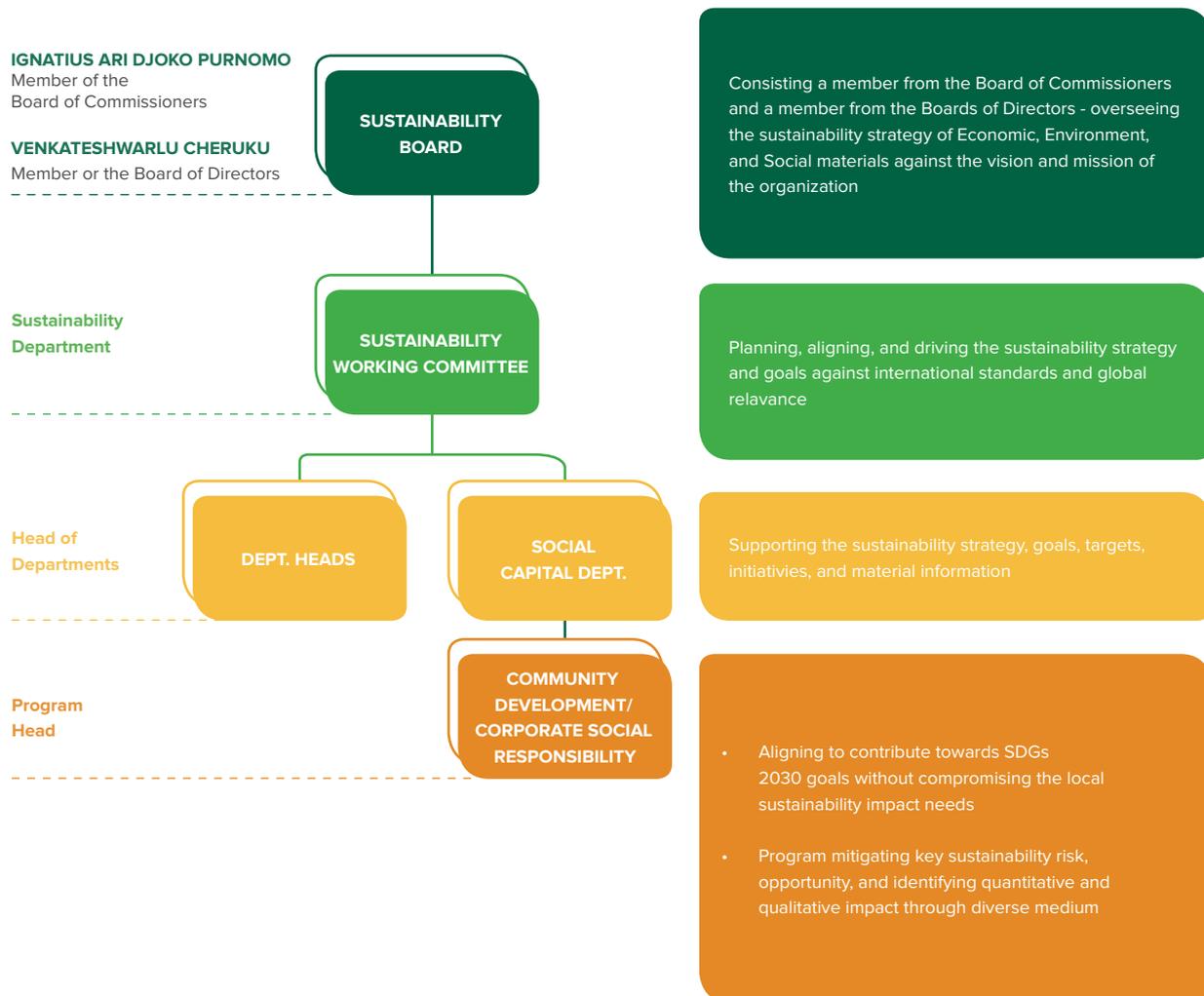
TPL has a sustainability framework that is divided into several pillars so that each aspect of sustainability can be implemented in a directed and measurable manner. These pillars consist of; Governance, Economics, Environmental, and Social. This framework was created to ensure a thorough integration of sustainability to work properly and effectively into TPL's business and initiatives.

This framework guides TPL in carrying out operational activities and builds on the Sustainability Policy and the supporting governance policies below it.



5.5.2. Sustainability Structure [OJK E.1; GRI 2-12, 2-13, 2-14]

As part of the TPL Sustainability Strategy, a Sustainability Governance Structure has also been introduced since 2020 with the aim of being more centralized, effective, and efficient in achieving the Sustainability Strategy objectives. The head of the department or manager at TPL will be responsible for disclosing data, goals, targets, and departmental initiatives in achieving Sustainability targets. The sustainability structure below describes the role of the highest governance in addressing operational impacts and reporting. Critical concern of sustainability matters are communicated to the highest level of governance bodies and are reported monthly through ORM (Organization Report Monthly).



5.6. OUR POLICIES

5.6.1. Sustainability Policy

Following the update on the sustainability strategy, the Company has also revised the Sustainability Policy in 2021, as the main governance document in terms of our environmental and social commitments to address key sustainability issues. This policy acts as a guideline and strategic vision for TPL. This Sustainability Policy was prepared based on input from stakeholders, including feedback from an Independent Team formed by the Governor of North Sumatra and the Sustainability Committee, with discussions conducted with the community.

To be the best in the industry, we are committed to maintain the highest quality products and services. We contribute to the global and national climate change agenda. We want to promote forest rehabilitation, transition to renewable energy, and manage waste according to industry best practices. TPL is committed to eliminate deforestation from our supply chain by only sourcing raw materials from suppliers that comply with TPL's sustainability policies. This commitment also includes for the entities who provide traceability systems in the supply chain and who have a policy commitment to sustainable practices in their own operations and this applies to all suppliers.

TPL's Sustainability Policy outlines commitments through areas that are important to the sustainability aspect as a responsible HTI management and pulp producer. These commitments are:

1. Sustainable Wood
2. Forest Conservation & Protection
3. Peatland Management
4. Continuous Reduction of Carbon Footprint
5. Community Development
6. Respect the Rights of Indigenous Peoples and Rural Communities
7. Clean Production
8. Responsible Practices at Work
9. Legal Compliance and Certification
10. Good Corporate Governance, Verification and Transparency

To view available policy links please click [here](#)

5.6.2. Supporting Policies

TPL's Sustainability Policy is also strengthened by other policies that help TPL achieve our commitments to the sustainability vision. We want to ensure that TPL's stakeholders will be equipped with an accurate representation of TPL's environmental management system's performance. We also entrust that our employees and communities will be provided with relevant training on their responsibilities and that all policies will be communicated accordingly.

5.6.2.1. Fiber Environmental Policy

The Fiber Environmental Policy was created in our effort as the Company commitment on responsible environmental management and reduce negative impacts on the environment while increasing socio-economic benefits.

TPL is committed to complying with applicable legislations, implement environmental protection of biodiversity, habitats and ecosystems, implement sustainable resource management, empower local communities and continuously review the effectiveness of this policy.

This is to ensure that this policy will have a positive contribution to not only the business, but also toward internal stakeholders, consumers, shareholders and the surrounding communities. To view available policy links please click [here](#)

5.6.2.2. Mill Environmental Policy

Responsible management of mill against potential environmental risks will enable TPL to contribute positively to the business.

TPL is committed to fulfil all compliance and environmental obligations, improve environmental, health and safety performance, ensure efficient resource use, implement the 3R program which benchmarks against the best practices of the pulp industry, empower the community and continuously review the effectiveness of this policy.

TPL requires that all stakeholders and employees to have access to these policies with relevant training and education for the success of this policy. To view available policy links please click [here](#)

5.6.2.3. Mill Quality Policy

TPL's management aims for the company to be one of the best managed, cost effective and environmentally sustainable pulp mills in the world. The success of TPL depends on our ability to continue to meet and satisfy customers' requirements and fulfilling the needs and expectations of stakeholders. TPL is committed to maintaining a Quality Management System that conforms to prevailing ISO 9001 standards. We also commit to inspiring a working environment conducive to motivate employees, increasing shareholders' value and encouraging quality responsibility and standards amongst our business partners, suppliers and contractors. To view available policy links please click [here](#)

5.6.2.4. Production Forest Sustainable Management Policy

TPL believes that the good management of forest land for today will benefit the future, support global warming reduction programmes and provide benefits to all stakeholders. TPL's Management is committed to the implementation of good forest management practices such as timber utilisation, implementing silvicultural techniques, environmental stewardship and social responsibility. We believe that these practices will maintain the value of forest as a source of timber and other forest products, whilst preserving biodiversity and ecosystem functions and act towards the conservation of soil, water, and catchment areas. TPL is committed to upholding the Production Forest Sustainable Management Policy as per international standards and utilizing new technology in the HTI industry To view available policy links please click [here](#)

5.6.2.5. Occupational Health and Safety (OHS) Policy

TPL strives to ensure to provide a safe workplace for all employees that is free of occupational illnesses and incidents with the full cooperation of each employee of TPL. TPL is also committed to provide support for injured employees to the maximum limit of TPL's capabilities to ensure the care needed is given. TPL is committed to comply with health

and safety regulations, eliminate any possible dangers and constantly promote good OHS practices while remaining vigilant to incidences. TPL is also dedicated to keeping Industrial Plantation Forest to comply to best practices in accordance to the international standards. Reviews of effectiveness of this policy will also be implemented to ensure OHS policies, targets, and objectives are held to the highest standards, standards, and this policy applies to all suppliers. To view available policy links please click [here](#)

5.6.2.6. Chain Of Custody (Coc) Policy

Following through with TPL's commitment to sustainability, we also look for development opportunities in all locations where we operate. TPL continues to maintain timber legality assurance certifications, and continuously improves on the Programme for the Endorsement of Forest Certification Chain of Custody (PEFC-CoC) Management System. TPL has a robust CoC tracking system and mill wood sourcing monitoring system that ensures all wood is traceable back to the source. TPL pledges transparency and to keep our stakeholders informed to ensure this policy is up to date and applied. To view available policy links please click [here](#)

5.6.2.7. Genetically Modified Organism Policy

Since December 2019, TPL has confirmed that no Genetically Modified Organisms are used or are present in licensed areas or areas where research takes place under TPL's direct and indirect responsibility and it's applied to all suppliers. To view available policy links please click [here](#)

5.6.2.8. Pesticide Usage Policy

TPL prioritizes the usage of biological and non-chemical methods and minimising the usage of chemical pesticides and other materials (chemical fertilisers). We continue to be committed to only using pesticides and other materials in accordance to laws and regulations and as stated in Annex 3 IFCC Standard 2013, World Health Organization (WHO) type 1a and 2b (2013), Stockholm Convention (2016) and Rotterdam Convention (2018). TPL strives to manage the usage of pesticides in a manner that is not harmful to health in accordance to International OHS Standards. The usage of pesticides is documented to ensure adherence to legal requirements and usage guidelines. This policy also applies to all suppliers and sub contractors throughout TPL's operations. To view available policy links please click [here](#)

5.6.2.9. Biodiversity Policy

As part of TPL's acknowledgement of its responsibility towards biodiversity sustainability, we have also created what we believe is a robust forest management system and framework applicable to all employees, suppliers and our stakeholders. We believe that this policy will preserve natural resources, that will improve the balance of natural biodiversity. As part of this policy, we have achieved our commitment to stop harvesting mixed hardwood in 2014 and enabling the use of sustainable non-timber forest products (NTFPs), preserve High Conservation Value (HCV) and High Carbon Stock (HCS) areas, promoting and improving biodiversity by way of best management practices, no hunting and no illegal activities as well as devoting to the three Zeros – Zero deforestation, Zero conversion of natural ecosystem and Zero tolerance to new developments in HCV-HCS area by all our suppliers. We are also dedicated to teaching and increasing knowledge to our employees, partners, and communities around TPL operations. To view available policy links please click [here](#)

5.6.2.10. Human Rights Policy

TPL believes that within our operations and supply chain, it is our responsibility to operate our businesses with respect and understanding that everybody deserves to be treated equally with respect and dignity, guided by the following local and international human rights principles and applicable laws:

- UN Guiding Principles on Business and Human Rights
- International Bill of Human Rights consisting of the Universal Declaration of Human Rights;
- International Covenant on Civil and Political Rights;
- International Covenant on Economic, Social and Cultural Rights;
- International Labour Organization (ILO);
- The 1945 State Constitution of the Republic of Indonesia;
- Law of the Republic of Indonesia No. 39 of 1999 concerning Human Rights
- Law of the Republic of Indonesia No.13 of 2003 concerning Employment and/or Omnibus Law No. 11 of 2020 Chapter IV concerning Employment.

TPL continues to be committed to avoiding, causing or contributing to adverse impacts to human rights and to the best of our abilities, prevent adverse human rights impacts. We also pledge to be responsible to respecting the tenured rights of indigenous people and their customs, as well as

communities without TPL’s operational boundaries – may it be current or new locations - and in our workers’ rights, and the equality of human rights to all persons without discrimination. We will continue to monitor and review the effectiveness of our steps to prevent activities that can cause or contribute impact to human rights. This includes our Grievances and Whistleblowing Mechanisms. To view available policy links please click [here](#)

5.6.2.11. Anti-Corruption Policy

With upholding TPL’s high ethical standards and ensuring business is conducted with integrity, to also comply to all applicable laws and regulatory requirements, we have created an anti-bribery policy that applies to all employees, suppliers and stakeholders in order to remain compliant with all applicable laws and regulatory requirements to prevent any incidents of corruption, bribery or extortion. TPL has placed high priority to supporting good corporate governance, business ethics and business sustainability to maintain high ethical culture in performing work or services to internal or external parties, by continually improving business processes in line with prevailing laws and regulations by conducting business professionally, fairly and responsibly based on TPL’s Code of Conducts and Ethics. TPL has a zero-tolerance approach to addressing all forms of bribery, corruption and extortion as we are

committed to support the Indonesian government’s effort to eradicate corruption. To view available policy links please click [here](#)

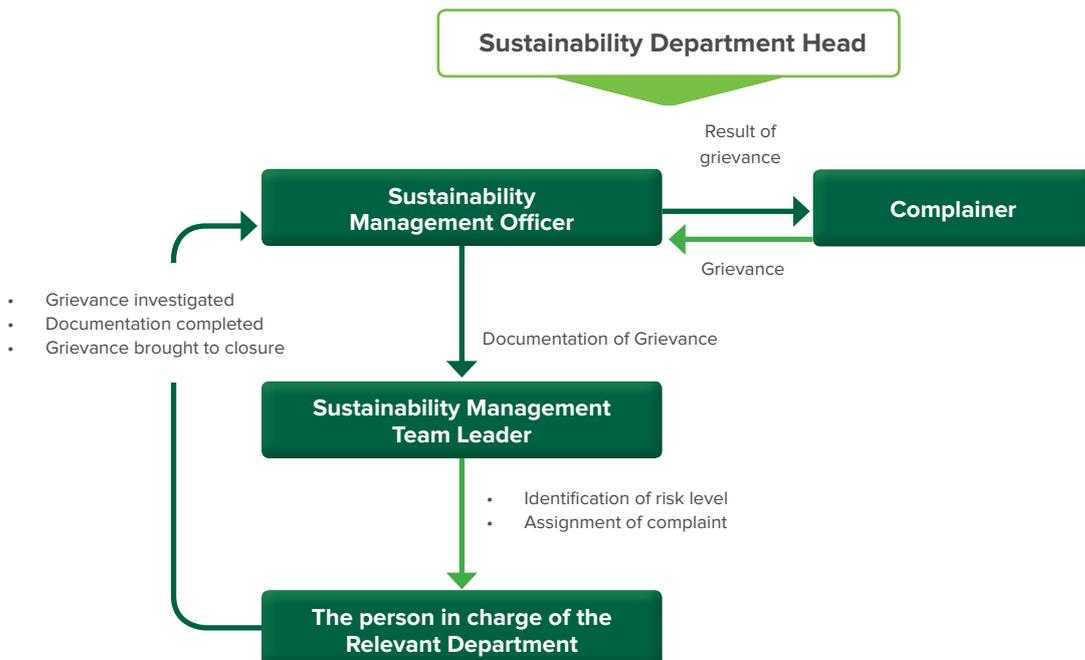
5.7. RISK ASSESSMENT ON SUSTAINABILITY IMPLEMENTATION [OJK E.3]

TPL realizes that the operational process is inseparable from economic, environmental, and social risks. Therefore, in 2021 TPL established an anti-corruption policy. This is done to increase awareness and concern, especially internally. Previously, the commitment related to anti-corruption was already in the core values, in which we also conduct training on our core values every year for all employees. In addition, we have also included a commitment to anti-corruption in the company’s code of ethics which is also the basis for the work agreement between the company and employees.

5.8. GRIEVANCE MECHANISM [GRI 2-25]

TPL already has a grievance system both externally and internally. The TPL grievance mechanism is created for the management of external grievances to minimize potential impacts, while the internal grievance is handled by a whistleblowing system and employee complaints.

5.8.1. External Grievance Mechanism



The SOP for External Grievance Mechanism was created in 2020 to manage complaints from external stakeholders covering all TPL operational areas. Handled by the Sustainability Management Team (starting from the department head, team leader and officer) in collaboration with those in charge from each relevant department.

The person in charge of the relevant department will provide a response and action to complete the complaint document after a complaint has been received. Complaints received are classified in the following categories:

- Industrial plantation forest environment (forest fires, pollution, illegal logging, etc.)
- Factory environment (odors, noise, pollution, etc.)
- Labor and payroll, contractors and payments
- Community Timber Plantation (PKR – complaints related to operational cooperation)
- Legal and social conflicts (customary land, law violations, and social problems)

- Transportation (logging trucks and pulp carriers), truck queues, and other transportation issues
- Job vacancies
- Occupational Health and Safety
- Other from the above topics

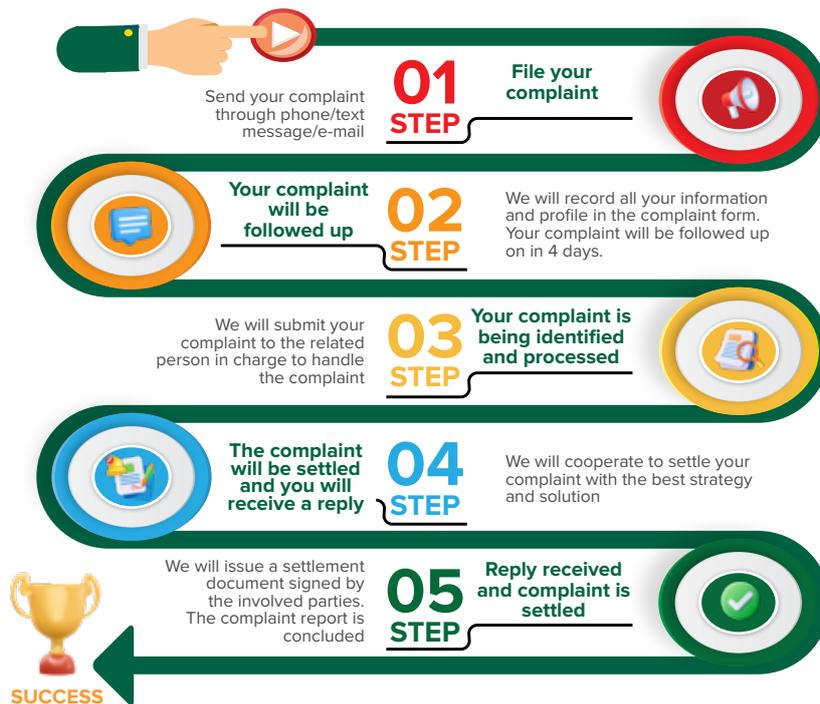
Submissions can be submitted via SMS, telephone or email, and the handling time for grievance will depend on the risk category of the submission - whether it is in risk category 1, 2 or 3.

There are 3 (three) ways to submit complaints through the official channels, such as :

- a) SMS : 0812 6210 461
- b) Phone : 0812 6210 461
- c) E-mail : pengaduan@tobapulp.com

Complaints can be submitted 24 hours a day for SMS and Electronic Mail services. Telephone service is on Monday-Friday 08.00 - 17.00 WIB and Saturday 08.00 -12.00 WIB.

External Grievance Handling Mechanism



Complaint Service	Complaint Hotline	Service Hours
Phone	0812 6210 461	Monday-Friday 08.00 - 17.00 Saturday 08.00 - 12.00
Text Message	0812 6210 461	24 hours
E-Mail	pengaduan@tobapulp.com	24 hours

File your complaint at the right time and in the right way

5.8.2. Internal Grievance Mechanism [GRI 2-15, 2-16, 2-26]

Internal grievance procedures are handled by the whistleblowing system and employee complaints.

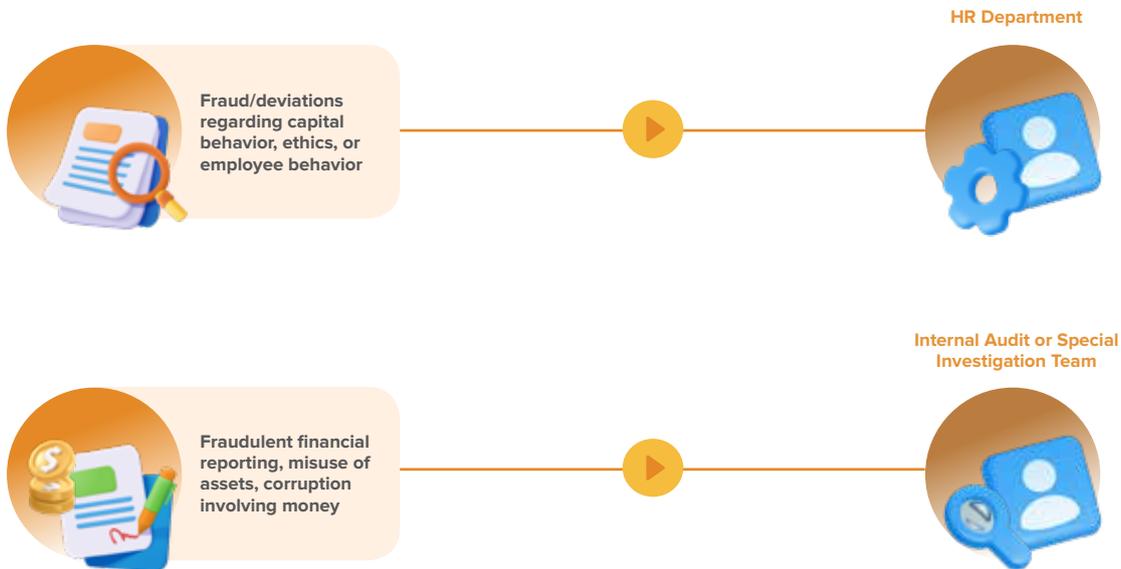
TPL’s whistleblowing system procedures are made to prevent, detect, report, and deal with potential fraud. It is the company’s goal to consistently promote anti-fraud that reflects a positive work environment and adheres to TPL’s code of ethics. To view available policy links please click [here](#)

For any employee who has a reasonable suspicion of believing that an act of fraud has occurred, they may report

the suspected act to their supervisor or via email or an anti-fraud hotline provided.

They can make a report using their real name (which is recommended) but using a pseudonym is also allowed. Complainants are not advised to carry out their own investigations or discuss cases, facts, suspicions or accusations with anyone while the investigation is ongoing.

The investigation is carried out by the relevant department as shown in the following figure:



The investigation results of the report will not be disclosed or discussed with anyone other than those who have a legitimate need to know. If fraudulent activities are proven from the investigation, the employees involved will be subject to appropriate disciplinary action.

We have a corporate code of ethics that ensures that none of our employees is allowed to use their position in the Company or any information obtained during a working relationship that can create a conflict of interest, or lead to a conflict of interest, between the employee’s personal interests and the interests of the Company.

During the reporting period, there were no matters indicating a conflict of interest.

The procedure for employee complaints is made to stipulate provisions and steps in handling/resolving complaints submitted by workers/labors or labor unions, or industrial relations disputes that occur within the company.

Complaints are submitted to the direct supervisor of the worker concerned (team/shift leader or assistant above) or through the suggestion box available in the company environment. Complaints are submitted to the immediate supervisor of the worker concerned (team/shift leader or assistant above) to try to resolve them.

Differences of opinion that occur between workers/labors or trade unions/labor unions and companies must first be discussed directly in a bipartite forum, before being

registered as an industrial relations dispute. Industrial Relations disputes resulting from rights disputes, interest disputes, employment termination disputes, and disputes between trade unions/labor unions within the company,

are resolved by referring to the provisions stipulated in Indonesian Law No. 2 of 2004, Concerning the Settlement of Industrial Relations Disputes.

5.9. STAKEHOLDERS ENGAGEMENT [OJK E.4; GRI 2-29]

The category of engaged stakeholders are identified externally and internally in which all stakeholders are connected both directly and indirectly with the Company's operational activities.

Stakeholders/Investors

Economic Performance, Sustainable Policy and Leadership, Certification and Guarantee.

Customers

Forest management practices, Product sustainability, Product carbon intensity.

Employees

Health and safety, Diversity and equal opportunities, Business ethic.

Governments/Regulations

Pulpwood supplier management, Compliance, Environmental performance, Economic impact.

Media

Forest management practices, CSR Programmers

Suppliers

Forest management Thrid party certification, Suppliers

Local Communities

Opportunities training, CSR Programs, Factory Environmental Impacts, and Indirect Economic Impacts.

NGOS

Forest Management practices, Human rights, Conflict resolution.

STAKEHOLDERS



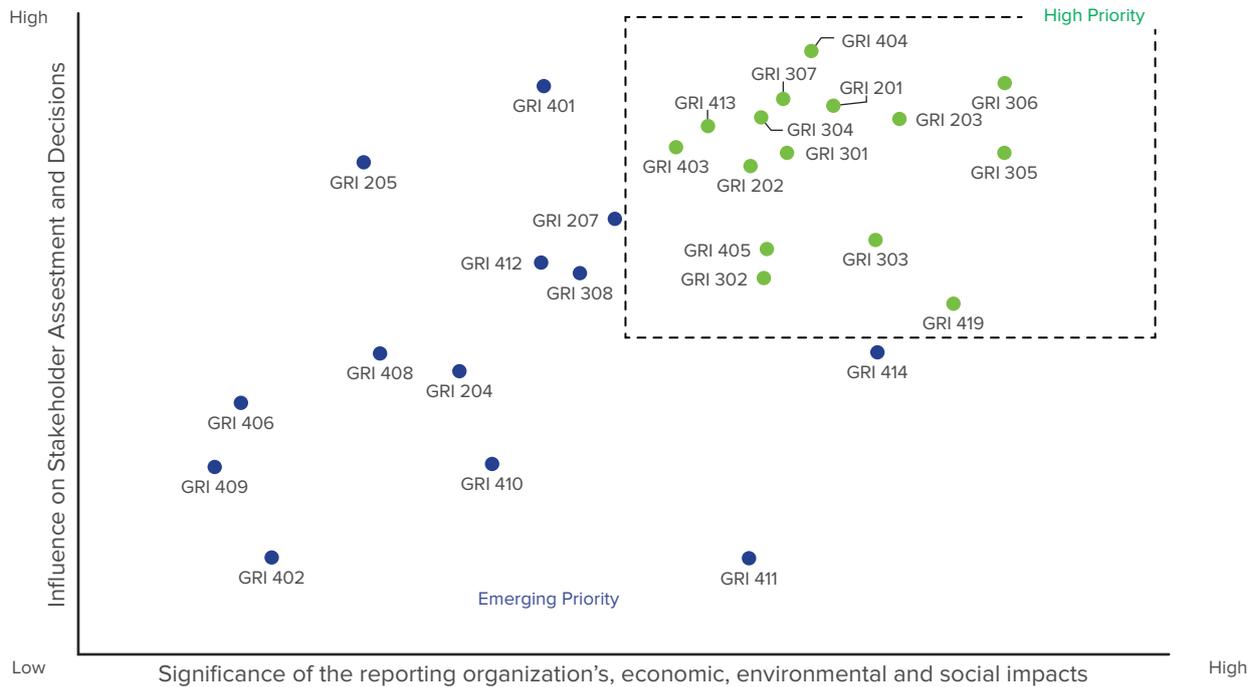
Stakeholders	Mode of Engagement	Engagement Frequency
Customers	<ul style="list-style-type: none"> Electronic Communications Customer Feedback Channel Corporate Website Sales/Purchase Contract 	<ul style="list-style-type: none"> As Needed As Needed As Needed Periodically/As Agreed
Stakeholders/Investors	<ul style="list-style-type: none"> Annual General Meeting Extraordinary General Meeting Annual Report Announcement on Corporate Website 	<ul style="list-style-type: none"> Annually As Needed Annually As Needed
Government	<ul style="list-style-type: none"> License Processing Mill Visits Development Plan Discussion Ceremony/Celebration of National, Religious or Cultural Days Handover of Community Development (CD) Assistance Plenary Meeting (e.g Regional/Central Legislative/Government) 	<ul style="list-style-type: none"> Periodically As Needed Annually Periodically Periodically As Needed
Employees	<ul style="list-style-type: none"> Management Meeting with Labor Union Annual Appraisal Electronic Communication Event (e.g Family Gatherings, and Celebrations) Coaching and Mentoring by Superiors 	<ul style="list-style-type: none"> As Needed Annually As Needed Annually As Needed
Media	<ul style="list-style-type: none"> Press Release and News Publication Media Visits Media Gathering Event such as Communal Breaking of Fast Infomal Meeting 	<ul style="list-style-type: none"> As Needed Monthly Monthly Annually As Needed
Suppliers	<ul style="list-style-type: none"> Meeting and Site Visits Supplier Assessment System Electronic Communication Making of Aggrement Contract 	<ul style="list-style-type: none"> Periodically/As Agreed Annually As Needed Periodically/As Agreed
Surrounding Communities	<ul style="list-style-type: none"> Community Outreach (Gotong Royong) FPIC Mill Visits Village Discussions Informal Meeting and Discussion Handover of CD Assistance 	<ul style="list-style-type: none"> Monthly Periodically/As Agreed Monthly Annually Daily Periodically
NGOs	<ul style="list-style-type: none"> Company Website Submission of Complaints Consultation on Selected Topics 	<ul style="list-style-type: none"> As Needed As Needed Periodically/As Agreed

TPL provides understandable and accessible information through communication methods that are suitable with the stakeholders.

5.9.1. Results of Stakeholder Engagement [GRI 2-29, 3-1, 3-2]

We apply the online Stakeholder Engagement method in building a sustainability roadmap so that it is right on target and in accordance with the needs of stakeholders. In addition, this process has also become a continuous process from 2021 Sustainability Report.

The following is a materiality matrix as a result of stakeholder engagement that is considered important to them so that it helps us identify areas that we can develop and improve in order to meet their expectations.



The identified reporting disclosure (“Important Materiality”) in 2021 will be used in 2022 to 2024. The GRI Disclosures 307: Environmental Compliance 2016 and GRI 419: Socio-Economic Compliance 2016 have been revised by the GRI standards and have been included in the new disclosures on legal and regulatory compliance (Disclosures 2-27) which are part of this report. Based on this matrix, it can be seen that there are

15 priority topics that are of concern to the stakeholders and management of PT TPL. Disclosures highlighted in green are topics that will be disclosed in the 2022 Sustainability Report. Apart from this, there are additional disclosure topics, namely GRI 204: Procurement Practices and GRI 401: Employment. This is also disclosed in reporting to meet OJK requirements.





6. ECONOMY

6.1. ECONOMIC ASPECT

In implementing the sustainability strategy, the Company seeks to balance economic, social, and environmental aspects. The economic aspect is related to the Company's economic performance which has a direct impact and also our efforts to improve the standard of living of the surrounding community and overall economic growth so that it has an indirect impact.

6.2. ECONOMIC PERFORMANCE [GRI 3-3]

The Company realizes that the achievement of the Company's economic performance has an important role in contributing both directly and indirectly to the Company's stakeholders,

namely shareholders, the government, employees, customers, local communities, contractors, non-governmental organizations (NGOs), and the media. For this reason, the Company always strives to improve its performance so that it can provide additional value and greater benefits, both directly and indirectly to stakeholders.

The direct economic value generated and distributed by TPL to stakeholders so as to have a positive impact directly or indirectly is demonstrated by actions including:

1. Shareholders - By recording positive performance and submitting performance reports regularly and transparently
2. Government – By paying tax obligations to the government and submitting reports
3. Employees – By contributing to the welfare of employees



4. Customers – By ensuring product quality in meeting customer needs
5. Local Communities – By making positive contributions through various CD/CSR programs
6. Contractors – By creating jobs
7. Non-Governmental Organizations – By collaborating to promote economic, social and environmental good missions
8. Media – By providing the latest updates about the company to be communicated to the public

6.2.1. Direct Economic Value Generated and Distributed [GRI 201-1]

As part of its efforts to make a greater contribution to the socio-economic development of the surrounding and regional communities and provide value to stakeholders, TPL implemented a series of strategies to improve its economic performance. TPL focuses on creating a competitive advantage in its market, consistently and continuously improving the quality of its products to meet customer needs, increasing productivity and optimizing operational efficiency, maintaining a continuous supply of raw materials

and implementing good corporate governance practices including a risk management system.

In order to optimize the management of business operations, TPL has implemented a System Application and Processing (SAP), TPL also reports regularly and is transparent in financial reports, both non-audited every quarter and those that have been audited by a public accounting firm every year to shareholders and investors by electronic and public mail through the TPL website, as well as regulators through the reporting system.

6.2.1.1. Our Performance in 2022

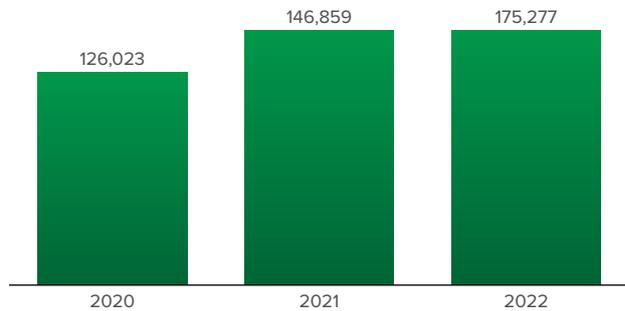
Every year, TPL records growth in direct economic value as shown in the table below. The economic value generated by TPL in 2022 was recorded at USD 175,277 thousand, growing by 19.35% compared to 2021 and 2020. The economic value generated was net sales of TPL products which were marketed to several destination countries, namely Indonesia, China and Taiwan. This growth also made a positive contribution to the distributed economic value, one of which was for community

development, which came from the company's net sales allocation of 1%. In 2022, TPL records an economic value distributed of USD 156,384,000 so that the economic value saved is USD 18,893,000 in 2022.

Description	2022	2021	2020
	(USD' 000)		
A Direct economic value generated	175,277	146,859	126,023
B Distributed economic value:	156,384	*136,202	132,034
Operating costs	143,380	125,021	119,255
Employee salaries and benefits	11,301	*9,753	11,569
Community development	1,703	1,428	1,210
C Retained economic value: (direct economic value generated - economic value distributed)	18,893	*10,657	(6,011)

*Changes to the data displayed in 2021 are based on the 2022 financial audit. To see the difference in data, see the 2021 sustainability report.

Direct Economic Value Generated in 2020-2022 (USD' 000)



Distributed Economic Value in 2022 USD 156,384,000

Sales based on Designated Countries

Country	USD '000	Contribution (%)
Indonesia	150,013	85.6
China	24,795	14.1
Taiwan	469	0.3
Total	175,277	100

6.2.2. Comparison of Target and Performance in 2022 [OJK F.2]

The Company has demonstrated a good performance in target achievement over the years, as shown in the table below:

Description	Unit	2022		2021		2020	
		Realization	Target	Realization	Target	Realization	Target
Production	Tons	198,429	202,140	200,192	202,128	205,933	200,200
Net Sales	Thousand USD	175,277	135,173	146,859	111,026	126,023	114,202
Net Income	Thousand USD	(20,849)	1,078	618	805	3,749	1,415

6.2.3. Obligations for Defined Benefit Pension Plans and Other Pension Plans [GRI 201-3]

As part of our responsibility to employees, one of the stakeholders who contribute the most to the Company, TPL has enrolled all of its employees in a pension plan which is part of the legal requirements regarding Pension Benefits. As part of its national responsibility to provide social and economic protection, TPL employees provide 1% and TPL provides 2% of reported basic wages, which is payable to employees upon retirement. The retirement process carried out by TPL includes activities starting from preparing employees both psychologically and financially when they enter retirement. Through its system, TPL has data on employees who will be entering retirement age

in the coming month. Furthermore, the HRD Department will inform the employee's direct supervisor regarding the employee's retirement date and also the employee concerned. To prepare psychologically, employees who are about to reach retirement age will undergo retirement training from the Learning and Development team, which covers topics such as retirement benefits, psychological readiness, financial arrangements and how to start other productive activities. This training is carried out within 1 to 2 years before the employee retires. Meanwhile, from a financial standpoint, every employee will be entitled to receive severance pay, gratuity pay and/or compensation rights remuneration.

In accordance with TPL's SOP for Termination of Employment, every employee who is about to reach retirement age must sign a collective agreement containing the end date of the employment relationship and the rights granted by the Company. If any complaints arise from this procedure, an employee has the right to file a complaint and a settlement can be reached in accordance with the SOP for Settlement of Industrial Relations Complaints and Disputes.

Based on government regulations, companies can terminate the employment relationship of employees who have reached the age of 55 by fulfilling all their rights. However, if the company still requires the dedication of employees who have entered retirement age, the company can choose a special contract based on the agreement of both parties.

To ensure that these procedures are effective and updated according to regulatory guidelines, the Collective Bargaining Agreement (CBA) is reviewed every 2 years, together with the trade unions. This approach ensures that all matters relating to pensions run smoothly, following government regulations. The PKB was renewed in 2020 and is valid until 2022. Several audits have been carried out, such as internal and external audits, to ensure that the PKB complies with applicable regulations.

RETIREMENT PROSES

- ✓ TRAINING
- ✓ COUNSELING
- ✓ FINANCIAL MANAGEMENT DIRECTIONS

Retirement training from the Learning and Development team 1-2 years before entering retirement



30 Days before retirement



Informed related parties



Sign the termination file exit clearance



Employee Ready to Retire

6.2.3.1. Our Performance in 2022

In 2022, TPL's post-employment benefit obligation as of December 31, 2022 are USD 3,651,000, decreased by 570,000 from 2021.

6.3. PROCUREMENT PRACTICES [GRI 3-3]

TPL seeks to have a positive impact both economically and socially on the surrounding community by using local resources in the Indonesian sense for operational activities in several significant locations, namely Mill and Fiber. TPL ensures that the procurement process for suppliers complies with SOP procedures and procurement policies as well as the Code of Ethics for the procurement of goods or services. Thus, TPL can apply good and transparent goods and services procurement practices and have a positive impact on economic and social aspects both for the sustainability of the Company's business and for the community.

6.3.1. Proportion of expenses for Local Suppliers [GRI 204-1]

The Company prioritizes local suppliers in meeting its needs, so that the proportion of expenses for local suppliers is higher than for imported suppliers. Thus, the Company can contribute to improving the economy of these suppliers.

6.3.1.1. Our Performance in 2022

In 2022, the percentage of procurement budget spent from local suppliers is 88% decreased from 2021, but still bigger than imported suppliers, 12%.

Description	2022	2021	2020
Local Supplier	88%	91%	68%
Import Supplier	12%	9%	32%

6.3.2. Comparison between Allocation and Realization of Sustainability Project [OJK F.3]

6.3.2.1. Community Development Project through Allocation of 1% Net Sales

TPL remains highly committed to developing community development projects through a number of programs in accordance with Deed 05. Through its annual CD/CSR programs, TPL is committed to allocating 1% of TPL's net sales to support community welfare. The amount of fund allocation is determined at the GMS in the fiscal year in accordance with the shareholders' agreement. Hence, the amount of fund allocation for 2022 shall be determined at the Annual GMS for the fiscal year 2022 that will be held after this report is published. The realization of CD/CSR programs in 2022 was recorded at Rp10,403,344,740.

Allocation of 1% net sales and CD/CSR program realization

Year	Allocation of 1% Net Sales	Realization
2020	Rp 17,071,793,344	Rp 11,345,030,383
2021	Rp 20,374,661,870	Rp 12,700,684,096
2022	Waiting for the Annual GMS resolution for the 2022 financial year	Rp 10,403,344,740

TARGET ACHIEVEMENTS

The funds will be allocated according to the needs of local communities, which are expected to encourage economic improvement effectively. In 2022, TPL contributed to



People's Economic Enterprises

Supporting the community in improving populist economic activities through agricultural assistance, job creation, as well as Micro, Small, and Medium Enterprises (MSMEs), etc. (Pro Bono)

Education

TPL also supports the local human capital development around the Company's operational areas through a scholarship program, tutoring program, etc. (Assistance will be provided in the form of financial assistance or study facilities)

Sports and Socio-Cultural Aspects

Through this program, we focus on building public space facilities, namely places of worship for certain events, etc. (Assistance will be provided in the form of financial assistance or public facilities)

Village Infrastructure

Through the village infrastructure CD program, we focus on building public space facilities and infrastructure, namely by improving access to roads, bridges, access to clean water, and irrigation. (Assistance will be provided in the form of infrastructure repair or construction as well as construction materials or financial assistance)

Health

The health aspect is one of the main focuses of Community Development through a number of programs, namely procurement of medicines, assistance for the construction of health centers, etc. (Pro Bono)

6.4. INDIRECT ECONOMIC IMPACTS [GRI 3-3]

TPL is committed to grow together with local communities around its operational areas. Hence, the Company prioritizes local community development that is carried out through Community Development (CD) or Corporate Social Responsibility (CSR) programs.

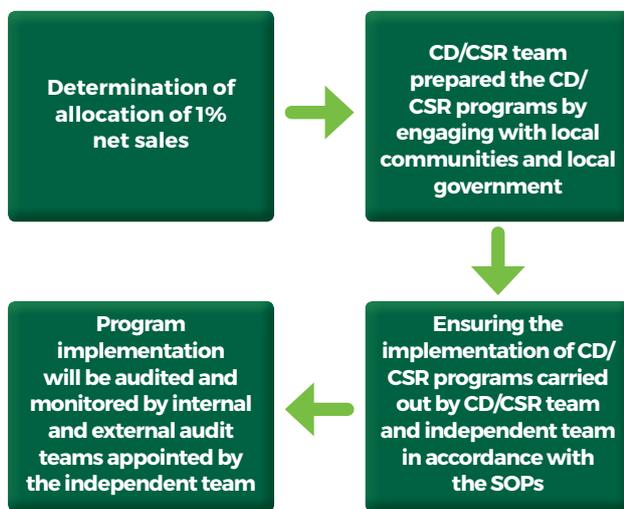
As stipulated in the Deed No. 05 of 2017, the Company allocates 1% of net sales for Education, Health, People's Economic Enterprises, Village Infrastructure, Sports and Social Cultural programs. TPL strives to contribute to the local communities around our operations. In 2022, TPL contributed to several regencies through the CD/CSR programs, namely:

- Toba Regency
- Simalungun Regency
- North Tapanuli Regency
- Humbang Hasundutan Regency
- Samosir Regency
- Dairi Regency
- Asahan Regency
- South Tapanuli Regency

TPL engages with local communities in discussing and implementing the CD/CSR programs with the aim of ensuring that the programs are on target and local communities will get the benefit from the Company's assistance. Furthermore, monitoring and evaluation are carried out on a regular basis for further improvements.

In 2022, TPL distributed financial assistance amounting to Rp10.403 billion for 201 CD/CSR programs. A number of CD/CSR programs carried out in 2022 comprised drilled wells construction, drainage construction, road patching and construction, bridge construction, etc. Other than that, TPL also provides assistance for rice, coffee, chili farmer groups as well as business incubator training and business development assistance for Micro, Small, and Medium Enterprises (MSMEs).

The CD/CSR programs are carried out transparently and directly to local communities and local government. Flow chart of the CD/CSR programs is as follows:



6.4.1. Significant Indirect Economic Impacts [GRI 203-2]

6.4.1.1. Our Performance in 2022

Padi Emas Program

Rice farmers in Bandar Manik Village, Pematang Sidamanik Sub-District, and Toba Regency are supported by TPL in increasing their production and generating positive impacts on local communities.

Hence, TPL assists in carrying out the jejar legowo method, namely a planting system to increase yields (production) by adjusting the row spacing. Moreover, TPL provides

material assistance, such as superior seeds, fertilizers, and pesticides, to ensure the success of this program.

Through the program, there are increment of 20% in farmer production.

Micro, Small, and Medium Enterprises (MSMEs) Development

TPL supports and fosters MSMEs to provide a variety of products, including andaliman chips, andaliman sauce, and honey in the area around Lake Toba. This effort began from the idea of providing authentic souvenirs for tourists who visit Lake Toba, which was selected as a Super Priority Tourism destination in 2021. To accommodate this idea, TPL collaborated with Doctor Sjahrir Foundation and Womanpreneur Community to carry out MSMEs training and development to add value to the products they distribute.

In 2022, TPL provided MSMEs business incubator training in the form of virtual and face-to-face workshops and mentoring 88 fostered partners. Those activities help the fostered MSMEs to develop products that can be marketed with more attractive brand names, logos, and packaging, to grow profits and provide better products.

In addition to MSMEs business incubator training, TPL also provided MSMEs development assistance and monitors MSMEs development in Matio Village, Janji Maria Sub-District, Toba Regency in 2022. Through additional capital to MSMEs, ensures smooth business operations, encourages village development, and promotes the local tourism industry.

Coffee Academy Program

Through Coffee Academy Program, TPL provides training and assistance in agricultural facilities and infrastructure for coffee farmers in Sihaporas Village, Pematang Sidamanik Sub-District, Simalungun Regency. Procurement of facilities and infrastructure consists of coffee seedlings, shade plants, and training in making compost as a substitute for plant fertilizers.

This program will assist coffee farmers to carry out coffee cultivation and post-harvest training to improve coffee production. Furthermore, the use of compost helps to reduce fertilizer costs. Hence, farmers will harvest high-quality yet cost-efficient products with greater profits.

6.4.2. Infrastructure Investment and Services Supported [GRI 203-1]

TPL believe that a reliable infrastructure will certainly provide easy access for the community to meet their daily needs, as well as support community empowerment. In 2022, TPL carried out an infrastructure development program in the form of items or goods amounting to Rp2,155,691,331. This particular infrastructure program is implemented in 5 (five) main areas, namely Toba, Asahan, North Tapanuli, Samosir, and Humbang Hasundutan Regencies. Through this program, TPL completed a total of 44 projects. In 2022, TPL built several infrastructures with significant impacts on the community, as follows:

Toba	North Tapanuli
<ul style="list-style-type: none"> • Construction of a 226-meter drainage in Simare Village • Road patching in Patane IV Village, Lumban Datu, Porsea 	<ul style="list-style-type: none"> • Construction of drilled wells and piping in Parbubu Dolok Village • Road construction in Sidagal Village, Siatas Barita

6.4.2.1. Our Performance in 2022

Drainage Construction in Simare Village

In an effort to irrigate rice fields in Simare Village, Toba Regency, TPL constructed a 226-meter drainage. The construction was completed in 1 (one) month with a construction cost of Rp132,132,580.

Road Repair in Patane Village IV

The road in Patane IV Village, Porsea Sub-District, Toba Regency, serves as a major traffic route for local communities to distribute agricultural products, visit the nearest markets, and deliver products to other villages. To facilitate the connectivity, the construction was completed in 1 (one) month with a construction cost of Rp181,485,000.

Construction of Drilled Wells and Piping in Parbubu Dolok Village

In an effort to provide access to clean water for local communities, TPL constructed drilled wells and piping in Parbubu Dolok Village, North Tapanuli Regency. The construction was completed in 2 (two) months with a construction cost of Rp107,670,000.

Road Construction in Sidagal Village

Due to lack of road access or road accessibility problem in Sidagal Village, Siatas Barita Sub-District, North Tapanuli Regency, TPL constructed roads to provide road access for local communities to distribute agricultural products to the nearest markets and deliver products to other villages. The road construction was completed in 1 (one) month with construction cost of Rp136,530,000.



7. ENVIRONMENT

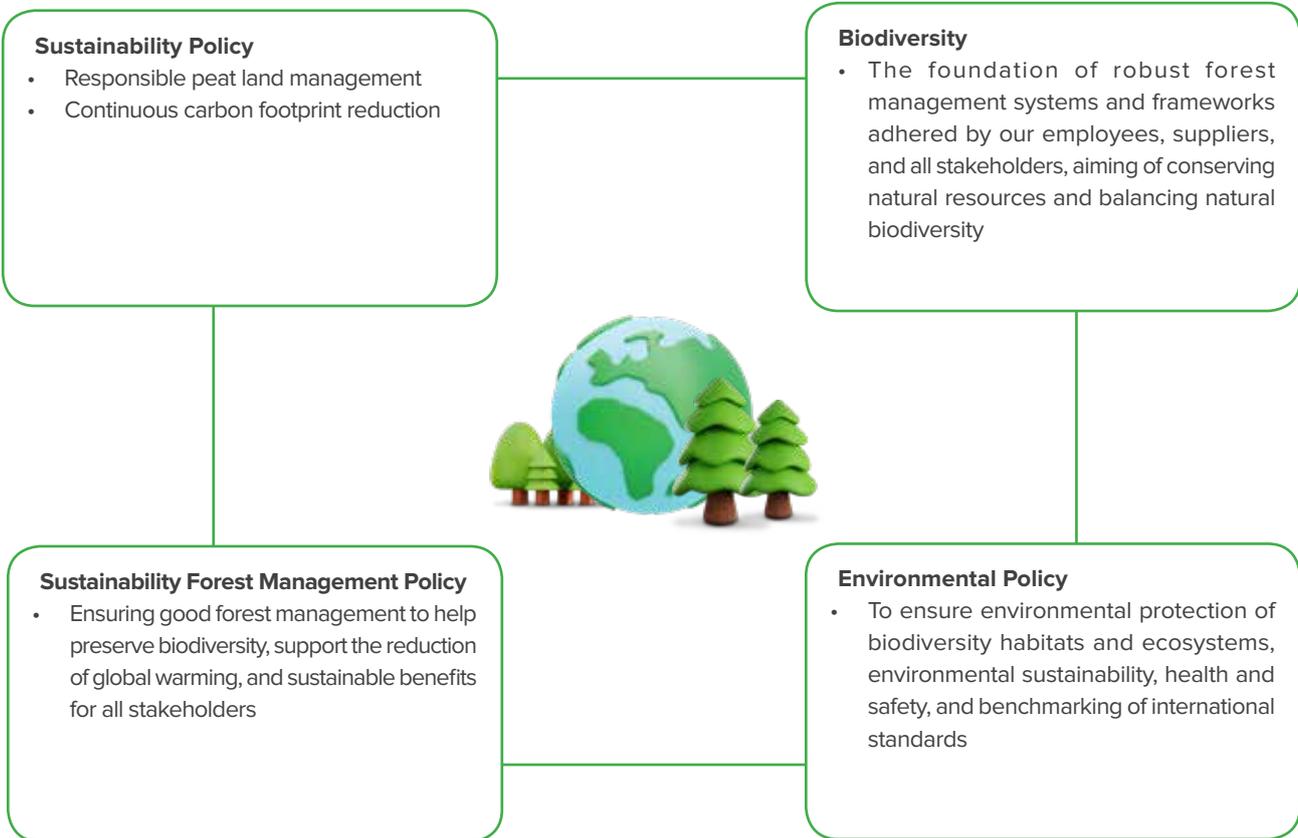


7.1. ENVIRONMENTAL ASPECT

TPL is one of the leading companies in implementing sustainability principles in Indonesia. Best practices in managing the environment are one of the Company's main priorities considering our operational activities are based in forest areas. This is reflected in TPL's vision and mission statements as well as corporate values which emphasize environmental aspects. This implementation is carried out in an integrated manner not only internally in carrying out operational activities but also with partners in our supply chain who must practice environmental management in accordance with our policies. This commitment is part of our responsibility as one of the world's good corporations to always look after and protect this earth for future generations.

Environmental management at TPL is carried out based on policies related to good environmental practices, including:

- Sustainability Policy
- Sustainable Production Forest Management Policy
- Environmental Policy
- Biodiversity Policy



7.1.1. Environmental Costs [F.4]

TPL has budgeted several activities related to the environmental program. In 2022, for the environmental Program is ISO Mill and Fiber environmental program financing, TPL disbursed funds amounting to Rp3,247,848,951.

Year	Activity Type	Expenditures (Rp)
2020	No publication in 2020, therefore data is not available	-
2021	ISO Mill and Fiber environmental program financing	1,774,658,754.00
2022	ISO Mill and Fiber environmental program financing	3,247,848,951.00

7.2. BIODIVERSITY [GRI 3-3]

In line with TPL's biodiversity policy, we are focusing on maintaining high conservation value areas, protected areas, and other areas of high biodiversity value. We ensure that the ecosystem around these areas is protected to mitigate any threats, either present or future, that may result from our operations. Our biodiversity management has received recognition from external parties through PHPL certification with a "good" performance value.

Management of biodiversity in TPL is carried out periodically through:

- Carrying out FPIC approaches to stakeholders periodically before operational activities are carried out and through FPIC forums.
- Development of procedures for the management and monitoring of biodiversity based on the Environmental Management Plan/Environmental Monitoring Plan and High Conservation Value/High Carbon Stock (HCV/HCS).
- Development of Reduce Impact Logging (RIL) procedures starting from socialization, implementation, monitoring and evaluation, application of silvicultural techniques, as well as the implementation of rehabilitation measures in the event of disturbances.
- Carry out a pattern of partnership cooperation in order to increase the income of local communities and establish harmonious relations with the surrounding community.
- Periodic RKL/RPL reporting to relevant agencies.
- Monitoring and evaluating the effectiveness of program through internal and external audits such as ISO 14001:2015, ISO 45001:2018, PHPL, IFCC, SMK3 and VLK with a certification scheme that has been determined based on criteria, clauses and indicators.

Some of the activities carried out related to the management of biodiversity in 2022 are:

- Providing access to the utilization of Non-Timber Forest Products by local communities such as aren, pine resin, and frankincense which can generate economic value

to communities income. From the data from monitoring the utilization of NTFPs for the 2022 period, the value obtained was IDR 1,209,863,000, which is smaller than in 2021, which was IDR 1,279,104,000.

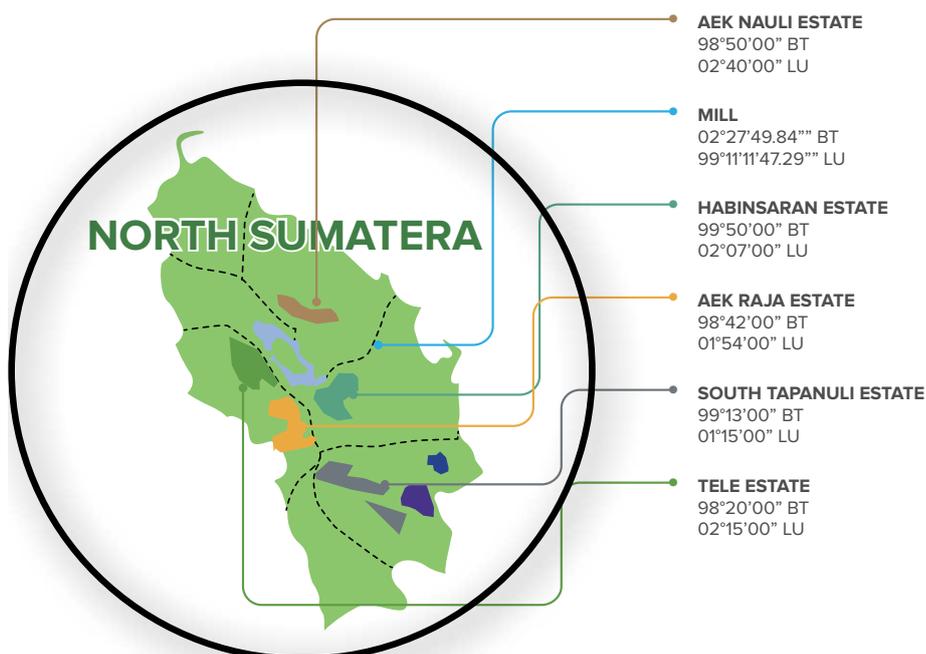
- Protected area enrichment program in locations with degraded land cover, this also has a positive impact on the environment where every tree planted will be able to contribute to carbon sequestration.
- Wildlife feed enrichment program which of course has an impact on the environment where this program aims to preserve wildlife around the company's concession through planting animal feed.
- Protection program for water flow protection zones that are used by the community either for irrigation or drinking water activities. TPL regularly conducts water quality tests to ensure that the quality of the water flow is still within the threshold required by regulations.

7.2.1. Operational Sites Owned, Leased, Managed, or Adjacent to Protected Areas and Areas of High Biodiversity Value Outside Protected Areas [304-1]

We are always committed to conduct business in a responsible and sustainable manner, one of the commitment is ensuring that our operational activities do not damage the environment including the biodiversity in it. For this reason, we did a mapping in our operational location that close to protected areas and support conservation efforts in these areas.

7.2.1.1. Our Performance in 2022

TPL's operational locations are in the following locations:



TPL's operational locations are in the following locations, including maps of operational areas bordering areas of high biodiversity value and other protected areas.

Several conservation areas are found adjacent to the TPL concession, as follows:

SOUTH TAPANULI (TAS) ESTATE

- Lubuk Raya Nature Conservation in South Tapanuli with an area of about 3,050 Ha is located about 1 Km to the west of the TAS Estate.
- The Dolok Sibual-buali Nature Conservation in South Tapanuli with an area of about 5,000 Ha is located adjacent in about 200 m west of the TAS Estate.
- Dolok Sipirok Nature Conservation in South Tapanuli with an area of about 6,970 Ha is located 10 Km north of the TAS Estate.
- The Barumon Wildlife Sanctuary in South Tapanuli with an area of 40,330 Ha is located 1.5 km southwest of the TAS Estate.

TELE (TEL) ESTATE

- The Siranggas Wildlife Sanctuary in Pakpak Bharat with an area of approximately 5,657 Ha is located 11 Km west of the TEL Estate.

HABINSARAN (HAB) ESTATE

- Dolok Surungan Wildlife Sanctuary in Toba Samosir with an area of 23,800 Ha is located 5 Km east of the HAB Estate.

AEK RAJA (AER) ESTATE

- Sijaba Huta Ginjang Natural Tourism Park in Toba Samosir with an area of about 500 Ha next to 11 km northeast of the AER Estate.

TPL has an Environmental team, within the team, there is selected expertise in various areas including wildlife and ecosystem conservation and environmental management. The team implements an environmental management system, provides competent resources according to their fields, identifies environmental impacts, sets program goals and targets, conducts training and awareness regarding the environment, improves monitoring methods with the latest technology, namely camera traps and reports this annually.

7.2.2. Habitat Protected or Restored [GRI 304-3]

TPL also supports efforts to maintain protected or restored habitats, especially in its concession areas that are in protected areas. These efforts are carried out continuously and monitored periodically.

7.2.2.1. Our Performance in 2022

TPL manages its concession area into various categories, namely Staple Plants, Life Plants and Protected Areas. Protected area management includes:

- Scoring > 175
- Slope > 40%
- Germplasm Preservation Areas
- River Borders
- Wildlife Protection Areas
- Buffer Zones
- Peat Ecosystem Functions

TPL's operational location is on an area of 167,912 hectares according to the Decree of the Minister of Environment and Forestry of the Republic of Indonesia No. SK.1487/Menlhk/Setjen/HPL.0/12/2021. The type of operation in the concession area is categorized as Industrial Plantation Forest.

7.2.3. Conservation Area Monitoring [GRI 304-4]

We continue to monitor conservation areas and have recorded flora and fauna species in areas affected by TPL's operations. One of the fauna that is included in the vulnerable category is the Binturong (*Arctictis binturong*). TPL is working with the Independent Team to carry out wildlife monitoring in the concession's protected area using camera traps and transect lines. One of the results of monitoring in 2021 is the sighting of the Binturong animal for the first time in the afternoon around the protected area of the Tele estate, and in 2022 this animal was caught on a camera trap at night in the protected area of the Aek Nauli Estate.

The binturong is an arboreal animal and rarely descends to the ground. Binturong habitats are scattered in tropical and subtropical forests. Binturong generally likes primary and secondary forests, only occasionally found on the edge of the forest. This is related to the better biodiversity in the TPL protected area. We always make the TPL concession areas not all of them become Staple Plants but there are Life Plants and Protected Areas that can support the balance of the ecosystem.



7.2.3.1. Our Performance in 2022

The following is fauna data based on the level of extinction risk in our operational areas in 2022:

No.	Extinction Risk Level	Species	Species Name
1.	Critically Endangered	Mammal	Pangolin (<i>Manis Javanica</i>)
		Aves	Rück's Blue Flycatcher (<i>Cyornis Ruckii</i>), Sangihe White-Eye (<i>Zosterops Nehrkorini</i>)
2.	Endangered	Mammal	Slow Loris (<i>Nycticebus Coucang</i>), Siamang (<i>Symphalangus Syndactylus</i>), Southern Pig-Tailed Macaque (<i>Macaca Nemestina</i>)
		Aves	Sumatran Laughingthrush (<i>Garrulax Bicolor</i>)
3.	Vulnerable	Mammal	Sumatran Serow (<i>Capricornus Sumatraensis</i>), Leopard Cat (<i>Felis Bengalensis</i>), Sun Bear (<i>Helarctos Malayanus</i>), Thomas's Langur (<i>Presbytis Thomasi</i>), Sambar Deer (<i>Cervus Unicolor</i>), Binturong (<i>Arctictis Binturong</i>)
		Reptile	Burmese Python (<i>Python Bivittatus</i>), King Cobra (<i>Ophiophagus Hannah</i>)
		Aves	Rhinoceros Hornbills (<i>Buceros Rhinoceros</i>), Great Hornbills (<i>Buceros Bicornis</i>).
4.	Near Threatened	Mammal	Asian Golden Cat (<i>Catopuma Temminckii</i>), Marbled Cat (<i>Pardofelis Marmorata</i>), Cream-Colored Giant Squirrel (<i>Ratufa Affinis</i>),
		Aves	Red-Throated Barbet (<i>Psilopogon Mystacophanos</i>), Brown-Winged Whistling Thrush (<i>Myophonus Castaneus</i>), Salvadori's Pheasant (<i>Lophura Inornata</i>), Great Argus (<i>Argusianus Argus</i>), Malayan Banded Pitta (<i>Hydrornis Irena</i>), Hoogerwerf's Pheasant (<i>Lophura Hoogerwerfi</i>), Chestnut-Capped Laughingthrush (<i>Garrulax Mitratus</i>), Blue-Masked Leafbird (<i>Chloropsis Venusta</i>), Short-Tailed Babbler (<i>Trichastoma Malaccense</i>)
		Reptile	Rat Snake (<i>Ptyas Korros</i>)

No.	Extinction Risk Level	Species	Species Name
5.	Least Concern	Mammal	Napu Mouse-Deer (<i>Tragulus Napu</i>), Southern Red Muntjac (<i>Muntiacus Muntjak</i>), Chameleons (<i>Gonocephalus Grandis</i>), Lizards (<i>Tiliqua Cigas</i>), Brown Lizards (<i>Calotes Versicolor</i>), Garden Lizards (<i>Eutropis Multifasciata</i>), Gray Bats (<i>Megaerops Ecaudatus</i>), Brown Bat (<i>Emballonura Monticola</i>), Fruit Bat (<i>Chironax Melanocephalus</i>), Ground Squirrel (<i>Lariscus Insignis</i>), Slope Civet (<i>Sundamys Muelleri</i>), Sumatran Porcupine (<i>Hystrix Sumatrae</i>), Masked Moon Civet (<i>Paguma Larvata</i>)
		Aves	Black-Thighed Falconet (<i>Microhierax Fringillarius</i>), Malaysian Pied Fantail (<i>Rhididura Javanica</i>), Black-Winged Kite (<i>Elanus Caeruleus</i>), Brahminy Kite (<i>Haliastur Indus</i>), Sumatran Treepie (<i>Dendrocitta Occipitalis</i>), Crimson Sunbird (<i>Aethopyga Siparaja</i>), Black Eagle (<i>Ictinaetus Malaiensis</i>), Fire-Tufted Barbet (<i>Psilopogon Pyrolophus</i>), Changeable Hawk-Eagle (<i>Nisaetus Cirrhatus</i>), Crested Serpent Eagle (<i>Spilornis Cheela</i>), Blyth's Hawk-Eagle (<i>Nisaetus Alboniger</i>), White-Throated Kingfisher (<i>Halcyon Smyrnenis</i>), Blue-Eared Kingfisher (<i>Alcedo Meninting</i>), Maroon Woodpecker (<i>Blythipicus Rubiginosus</i>), Greater Yellownape (<i>Picus Flavinchua</i>), Sunda Pygmy Woodpecker (<i>Dendrocopos Moluccensis</i>), Scarlet-Backed Flowerpecker (<i>Dicaeum Cruentatum</i>), Indigo Flycatcher (<i>Eumyias Indigo</i>), Pygmy Cupwing (<i>Pnoepyga Pusilla</i>), Mountain Leaf Warbler (<i>Phylloscopus Trivirgatus</i>), Lesser Racket-Tailed Drongo (<i>Dicrurus Remifer</i>), Ashy Drongo (<i>Dicrurus Leucophaeus</i>), Blue Nuthatch (<i>Sitta Azurea</i>)
		Reptile	White-Lipped Tree Viper (<i>Trimeresurus Albolabris</i>), Large Forest Gecko (<i>Gekko Smithii</i>)

7.2.4. Significant Impact of Activities, Products, and Services on Biodiversity [OJK F.9; GRI 304-2]

Through its biodiversity policy, TPL is committed to implementing an appropriate forest management system. This application is not only the responsibility of the company but can also conserve natural resources which increase the balance of biodiversity in them.

7.2.4.1. Our Performance in 2022

TPL constantly monitors and measures the effectiveness of its biodiversity policy implementation. Throughout 2022, we see no reduction in the natural species of flora and fauna in our management area and no change in ecological processes beyond the scope of natural variation.

TPL is committed to upholding an environmental sustainability policy and practicing strict control over our SOPs in relation to our operational locations. No new road infrastructure developments are to be made in 2022. We have also protected the 'Greenbelt' on the banks of the designated river as a link between habitats.

Since then, under our Sustainability Policy, TPL has only developed non-forest areas according to HCV and HCS assessments.

7.2.5. Biodiversity Conservation Efforts [OJK F.10]

Our biodiversity-related performance is reported annually in Management Review meetings, and is also audited by external auditors. Annual external audits are also conducted on Environmental Management Systems such as (ISO 14001), Indonesia Forestry Certification Cooperation (IFCC) and Sustainable Production Forest Management (PHPL), while internal audits are conducted twice a year. If a complaint arises, the Sustainability Department will handle the complaint through the hotline provided as we have included in the Sustainability Governance section of this report.

Following are the targets we have planned for TPL conservation work in 2022 compared to our actual achievements:

Activities	Asset Unit	Planned	Realization
Providing Natural Seeds	Tree	120,000	121,983
Natural Succession	Ha	32.20	32.20
Artificial Succession	Ha	46.32	46.32
Erosion Mitigation	Location	90	91
Quarry Rehabilitation	Ha	0.30	0.30
Growing Forage for Wildlife	Tree	250	250

Activities	Asset Unit	Planned	Realization
Rafflesia Protection in the Tele Estate	Location	1	1
Monitoring Fauna	Location	23	23
Flora Monitoring	Location	23	23
Maintenance of Nepenthes Ampullaria in the Aek Nauli Estate	Location	1	1

7.3. MATERIALS [OJK F.5; GRI 3-3]

TPL is engaged in the pulp industry which uses limited natural resources for its operations, thereby resulting in an inevitable environmental impact. Through our sustainability policy, we are committed to mitigating the environmental impact of our mill operations, by responsibly implementing raw material consumption management. We aim to use 97-98% of renewable materials by 2030. To achieve this target, TPL carries out several efforts as follows:

- To improve the efficiency of production equipment, so that material consumption will remain the same as large-scale pulp production

Type of Material	2022		2021		2020	
	Total (tons)	Composition (%)	Total (tons)	Composition (%)	Total (tons)	Composition (%)
Non-renewable Material Used	39,157	2.45	40,860	2.62	33,810	2.20
Renewable Material Used	1,558,240	97.55	1,521,649	97.38	1,503,241	97.80
Total Material Used	1,597,397	100	1,562,509	100	1,537,051	100

7.3.2. Input Material from Recycled Used [GRI 301-2]

7.3.2.1. Our Performance in 2022

Our products are made using natural wood fiber (virgin wood). We are a major producer and therefore do not use post-consumer recycled materials in our products. We reuse by-products from our factories to make other products and energy.

- We produce by-products from factory processing (such as lime products) and
- Inorganic Black Liquor is obtained from the pulping process.

- To monitor material consumption activities using an online system to chronologically trace the consumption history
- Industrial decarbonization to seize the opportunities to expand business-to-business service offerings
- To invest and develop the production of innovative processed products as part of business diversification

7.3.1. Material Used by Weight or Volume [GRI 301-1]

In carrying out its operations, TPL uses 2 (two) types of materials, namely non-renewable and renewable materials. Renewable materials consist of raw materials, such as wood, lime kiln lime product, and Inorganic Black Liquor. Meanwhile, non-renewable materials are used for raw materials, associated process materials, and materials for packaging purposes.

7.3.1.1. Our Performance in 2022

In 2022, TPL used 97.55% renewable materials, an increase compared with 97.38% in 2021. This value is still within the predetermined target at 97-98%.

The materials that we used in our mill for the past 3 years (in tons).

7.4. ENERGY [OJK F.7; GRI 3-3]

In carrying out its mill operations, TPL uses renewable energy and non-renewable energy, contributing to a considerable amount of greenhouse gas emissions that cause climate change. Nevertheless, we strive to reduce energy consumption and carbon footprint to minimize those impacts.

In addition to reducing energy and carbon emissions, we strive to reduce air pollution through several efforts as follows:

- Engineering controls, namely the application of filters and scrubbers used for air pollution control

- Install the automated controls to maintain critical process parameters
- Preventive maintenance for all environmentally critical equipment
- Online monitoring system to check performance in compliance with local regulations
- Periodic regulatory-approved third-party monitoring and analysis

Furthermore, we provide online Continuous Emission Monitoring System (CEMS) in a number of locations for emission monitoring that are connected to central pollution control server.

Our efforts to reduce energy consumption greenhouse gas emissions are as follows:

- To improve energy efficiency in the process and power generation
- The use of alternative fuels in the boiler as a substitute for coal
- Equipment efficiency management to reduce the consumption of non-renewable fuels
- To reduce organic waste to Landfills and use sludge in the Multi Fuel Boiler (MFB)

To monitor and record daily power, and deliver quarterly reports to regulators with the aim of monitoring the operational impacts on the environment.

7.4.1. Our Performance in 2022 [OJK F.6; GRI 302-1, 302-2, 302-3]

In 2022, TPL's energy consumption was recorded at 8,798,091 GJ, a decrease of 1.25% or 151,037 GJ compared with 8,949,129 GJ in 2021.

Currently, TPL has no energy consumption outside of the organization. (in GJ)

Description (in GJ)	2022	2021	2020
Fuel consumption from non-renewable energy source	454,158	410,987	437,049
Fuel consumption from renewable energy source	8,304,231	8,491,886	9,018,495
Electrical consumption	39,701	46,256	67,072
Total of energy consumption	8,798,091	8,949,128	9,522,616
Energy intensity (GJ/tons)	44	45	46

7.5. WATER AND EFFLUENTS [OJK F.8; GRI 3-3, 303-1, 303-2]

Water plays a significant role in the production process at TPL. Therefore, managing water consumption has been an important material topic for TPL. Our mill operations are committed to managing water consumption comprising the determination of raw materials, installation of equipment in accordance with the standards, and management of water reclamation and wastewater from the process. Besides, TPL also implements a monitoring and reporting system to ensure further improvements. Water management efforts are included in the Standard Operating Procedure (SOP). These efforts will be audited internally and externally to ensure that water management activities are in compliance with the standards and procedures as well as the applicable laws and regulations. In an effort to improve water management, TPL actively engages with its stakeholders, including the local community, through questionnaires to obtain feedback regarding water management.

7.5.1. Our Performance in 2022 [GRI 303-3, 303-4, 303-5]

In 2022, TPL recorded water consumption at the plant were 11,121,698 m³, decreased by 947,134 m³ from 2021 which came from the surface water. A total of 34,602,328 m³ of circulating water and 13,995,316 m³ of water were discharged back into the river.

Retrieval of data obtained to calculate the water taken, water circulated, and water discharged using a flow meter that is periodically calibrated by an accredited party. The placement of flow meter tool is placed in a predetermined position according to the data requirements in the internal process.

Water Source (in m ³)	2022	2021	2020
Circular water	34,602,328	31,708,063	35,491,304
Withdrawal Surface Water	11,121,698	12,068,832	12,460,868
Discharged Water to the River	13,995,316	12,339,362	13,482,688
Consumed Water	11,121,698	12,068,832	12,460,868

7.6. WASTE [OJK F.14; GRI 3-3, 306-1, 306-2]

TPL manages Toxic and Hazardous waste as well as Non-Toxic and Hazardous waste which are generated from its mill operations following the principles of the green industry to ensure that it is safe and does not pollute the environment. Waste management is carried out through several methods, namely waste utilization, waste collection, and temporary storage of waste before being delivered to the authorized administrator from the relevant government agency.

TPL has carried out several breakthroughs in waste management as follows:

- Superbatch digester to improve pulp quality and efficiency, thereby reducing the impacts of waste.
- Ash leaching, processing the ash from the combustion of liquor which is processed and reused, thereby reducing waste generated.
- Ceramic Disc (CD) filter, the use of Ceramic Disc filter to improve the absorption capacity or white liquor filter in order to improve the quality of white liquor, thereby reducing impacts of waste.

The hazardous waste generated from our operations, including:

1. Dreg/Grits and lime mud from Recausticizing and Lime Kiln unit,
2. Sludge from IPAL.

To manage toxic and hazardous waste, we provide training programs for employees on a regular basis, in order to increase their understanding and knowledge regarding the waste management. Furthermore, TPL also ensures that there will be no negative impacts on the local communities, that are located adjacent to waste management facilities. Non-B3 waste management is also carried out by the company by making composting and also giving it to third parties.

7.6.1. Our Performance in 2022 [OJK F.13, F.15; GRI 306-3, 306-4, 306-5]

In 2022, as much as 62,173.66 tonnes of Toxic and hazardous waste and Non-toxic and hazardous waste were generated from factory operations, which increased from 40,549.05 tons in 2021. This was caused by scaling in the kiln which caused several kilns to stop operating. However, we ensure that all waste have been properly managed and were within normal limits that do not pollute the environment.

No non-hazardous waste is sent to final disposal and no spills occur throughout 2022.

(in tons)

Waste Composition	2022	2021	2020
Toxic and hazardous waste			
Toxic and Hazardous Waste to Disposal	50,184.09	27,200.42	22,855.49
Lime Mud (landfill)	29,983.15	11,184.57	8,118.08
Dregs/Grits (landfill)	12,577.08	9,670.88	8,235.21
Dust from air pollution facilities	4,126.26	1,817.17	1,119.90
Sludge IPAL for fuel substitution (incineration from energy gain)	3,497.60	4,527.80	5,382.30
Toxic and Hazardous Waste diverted from landfill	96.35	85.1	61
Mixed Toxic and Hazardous Waste managed by external party	96.35	85.1	61
Total Toxic and Hazardous Waste	50,280.44	27,285.52	22,916.49
Non-toxic and hazardous waste			
Non-Toxic and Hazardous Waste diverted from landfill	11,893.22	13,263.53	12,289.25
Boiler ash from biomass	11,646.11	12,415.03	12,250.13
Recycle (domestic waste)	18.54	15.39	10.56
Managed by external party (scrap waste such as jumbo bag, tube nursery and metal scrap)	228.57	833.11	28.56
Total non-toxic and hazardous waste	11,893.22	13,263.53	12,289.25
Total toxic hazardous waste and non-toxic and hazardous waste	62,173.66	40,549.05	35,205.74

7.7. EMISSION [OJK F.11, F.12; GRI 3-3, 305-4, 305-5]

We implement several initiatives to reduce the carbon footprint resulting from our mill operations. The use of fuel in our operations, mainly in the power generation plant, results in higher CO₂ emissions. The initiatives include tree planting initiatives as trees have the most effective carbon absorption ability, energy efficiency effort, as well as other efforts to optimize emission reduction under sustainability policy guidelines.



7.7.1. Our Performance in 2022
[GRI 305-1, 305-2, 305-3]

We strive to minimize the negative impact on the environment and build resilience to climate change, for long-term benefits for the Company, the environment, and surrounding communities.

Our Scope 1 emission consists of emissions from fuels used in stationary and mobile combustion such as biodiesel, MFO, and fossil fuel. Scope 2 emissions are indirect emissions from the purchase of electricity from the State Electricity Company. Meanwhile, Coverage 3 emissions are from business trips. The gas included in the calculation are CO₂, CH₄, N₂O.

The methods used to calculate greenhouse gases are IPCC 2006, GHG Protocol, and ICAO Carbon Emissions Calculator.

Our efforts to reduce carbon emissions are carried out by reducing the consumption of electricity and fuel. In 2022, the resulting CO₂ emissions will be 42,933 tCO₂e, up from 2021, 3,750 tCO₂e or 8.7% from 2021. The increase in the number of emissions is due to damage to the lime kiln so fuel consumption increases.

Description	Unit	2022	2021	2020
Scope 1	tCO ₂ e	42,933.234	39,182.694	41,557.568
Scope 2	tCO ₂ e	0.029	0.034	0.05
Total Emissions	tCO ₂ e	42,933.263	39,182.728	41,557.618
Emissions Intensity	tCO ₂ e/pulp	0.216	0.196	0.201
Biogenic	tCO ₂ e	802,397.240	820,068.404	869,142.155
Scope 3	tCO ₂ e	10.2	-	-



7.8. ENVIRONMENTAL COMPLAINTS [OJK F.16]

TPL is wide open for input, suggestions, ideas, and complaints related to environmental issues in all its operational areas. Throughout 2022, TPL received complaints regarding odors in the factory environment. The complaint has been followed up in accordance with the procedures of the external complaint mechanism.





8.

SOCIAL

8.1. SOCIAL ASPECT

The social aspect for TPL includes Human Resources (HR), which is one of our most important assets in moving the business wheel and driving performance growth. HR management is a material topic for us with a focus on growing and developing together so that we can benefit them.

8.2. EMPLOYMENT

[OJK F.18, F.19; GRI 3-3]

TPL is committed to manage the workforce starting from the process of recruiting employees, welfare programs, career development to preparing them for retirement. In the recruitment process, the Company is guided by the qualifications needed for a position through selection with predetermined requirements including a probationary period without discrimination and does not discriminate between religion, ethnicity, descent, class or gender as stated in the Collective Bargaining Agreement (CBA) article 14 related to Job Acceptance. The entire recruitment process is carried out transparently and involves stakeholders, such as in the case of job vacancy publications. TPL also contributes to boosting the local economy by recruiting local workers with a percentage of senior management at operational locations coming from the local community.

TPL is committed to respecting the internationally recognized rights of workers in accordance with the Universal Declaration of Human Rights, ILO Conventions and all applicable laws such as not employing children under the age of 18 and no forced labour. The minimum age limit is always informed in every recruitment process.

The company is also committed to fulfilling employee rights including welfare programs in accordance with applicable laws and regulations. We also provide a platform for employees to express their opinions and complaints either to their direct superiors or through the union. All personnel management efforts have been listed in SOPs, Collective Bargaining Agreements and also Employment Agreements which have been socialized to all employees.

8.2.1. Recruitment and Turnover of New Employees [GRI 401-1]

The company believes that recruiting employees who meet the required qualifications and criteria can have a positive impact on increasing our operational productivity. The recruitment process is carried out in accordance with the applicable terms and conditions without any discrimination and is carried out in a transparent manner. The company is also fully committed to ensuring the fulfillment of workers' rights in accordance with applicable laws.

8.2.1.1. Our Performance in 2022

Employee Recruitment Rate Based on Age increased from 2021 due to company needs
(in person)

Age	2022			2021			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
< 30	59	12	71	48	16	64	88	17	105
30-50	24	3	27	18	1	19	28	1	29
> 50	17	0	17	22	0	22	17	0	17
Total	100	15	115	88	17	105	133	18	151

New Employee Recruitment Rate

Description	2022	2021	2020
By Age			
< 30	69.54%	60.95%	61.74%
30-50	19.20%	18.10%	23.48%
> 50	11.26%	20.95%	14.78%
By Gender			
Male	88.10%	75.00%	83.30%
Female	11.90%	25.00%	16.70%

Employee Turnover Rate Based on Age increased from 2021 due to company needs
(in person)

Age	2022			2021			2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
< 30	46	8	54	24	3	27	25	4	29
30-50	31	3	34	17	4	21	18	1	19
> 50	53	3	56	53	3	56	53	2	55
Total	130	14	144	94	10	104	96	7	103

New Employee Turnover Rate

Description	2022	2021	2020
By Age			
< 30	37.50%	25.96%	28.15%
30-50	23.61%	20.19%	18.45%
> 50	38.89%	53.85%	53.40%
By Gender			
Male	90.28%	90.38%	93.20%
Female	9.72%	9.62%	6.80%

Recruitment rate by area increased 11% from 2021 for fiber area and decreased 11% from mill area

Employee category by area	Total Employees (2022)			Total Employees (2021)			Total Employees (2020)		
	Mill	Fiber	Total	Mill	Fiber	Total	Mill	Fiber	Total
Total employees	94	57	151	77	28	105	88	27	115
Percentage	62%	38%	100%	73%	27%	100%	77%	23%	100%

Turnover rate by area increased 5% from 2021 for fiber area and decreased 5% from mill area

Employee category by area	Total Employees (2022)			Total Employees (2021)			Total Employees (2020)		
	Mill	Fiber	Total	Mill	Fiber	Total	Mill	Fiber	Total
Total employees	99	45	144	77	27	104	72	31	103
Percentage	69%	31%	100%	74%	26%	100%	70%	30%	100%

8.2.2. Benefits Provided to Full-time Employees That Are Not Provided to Temporary or Part-Time Employees [GRI 401-2]

TPL provides the rights of its employees, including full-time employees as well as temporary or part-time employees, in accordance with the prevailing laws and regulations. One of them is the provision of wages and benefits.

8.2.2.1. Our Performance in 2022

In addition to wages, we provide welfare to all full-time employees in the form of benefits that include includes life insurance in the form of BPJS, health insurance in the form of margie, health care such as clinics in mills and every sector, maternity leave, preparation for retirement, leave for married siblings, and other welfare benefits (marriage, death, and childbirth) that apply throughout our operational area.

8.3. MARKET PRESENCE [GRI 3-3]

TPL has demonstrated its commitment to contributing to economic development in the region or the surrounding community. With its market presence, the Company can provide positive impacts, such as by empowering local workers to fill managerial positions and adjusting wages according to what has been set by the government.

8.3.1. Ratio of Standard Entry-level Employee Wages by Gender to Regional Minimum Wage [OJK F.20; GRI 202-1]

The standard setting for employee wages is contained in the Work Agreement Letter between TPL and work partners which states that the minimum wage paid is the same as the Provincial Minimum Wage. The company will also conduct conformity checks on the payment.

8.3.1.1. Our Performance in 2022

In 2022, the Company recorded 1,169 permanent employees and 69 contract employees. We ensure that we provide wages in accordance with the Provincial Minimum Wage (UMP) in each work area as stipulated in the applicable regulations. Men and women were given salary according to the Provincial Minimum Wage which increased by Rp32,000 from 2021.

Gender	Minimum Wage in Rupiah (Year)		
	2022	2021	2020
Male	2,702,000	2,670,000	2,670,000
Female	2,702,000	2,670,000	2,670,000

8.3.2. Proportion of Senior Management Coming from Local Communities [GRI 202-2]

One form of TPL's contribution to boost the economic increment is by recruiting local workers from Indonesia who occupy various levels of positions within the organization including senior management positions. Senior management are employees who have positions from managerial level to top positions. Senior management is also divided on a local and international basis. Local management is originating from Indonesia while international management comes from other countries. The Company also divides significant operating locations, namely operational locations which include mills and fiber which are divided into 5 sectors.

8.3.2.1. Our Performance in 2022

Percentage of senior management in significant operational areas from local communities	2022 Percentage (%)		2021 Percentage (%)		2020 Percentage (%)	
	Male	Female	Male	Female	Male	Female
Senior Management	92%	8%	94%	6%	94%	6%

8.4. OCCUPATIONAL HEALTH AND SAFETY [OJK F.21; GRI 3-3, 403-1, 403-3, 403-4]

TPL's commitment to implementing an occupational health and safety (OHS) system is manifested through the implementation of OHS policies, SOPs, and OHS programs as stipulated in the relevant applicable laws and regulations. The aspect of occupational health and safety is the right of workers to get protection from hazards and risks while working. TPL has a joint management and worker committee for OHS, namely the Occupational Health and Safety Advisory Committee which is responsible for ensuring various OHS issues can be resolved in accordance with applicable procedures and holds regular meetings every month. Every two years, TPL updates the structure of the Occupational Health and Safety Advisory Committee.

We always carry out evaluations with OHS Risk Management and reassess OHS-related risks through audits, inspections, observations, patrols, and other OHS programs. Training related to OHS, such as Emergency Response training, is one the mandatory training for all employees and we also always socialize with OHS on various occasions to employees. The company also conducts internal audits of the OHS Management System (SMK3) by adopting the ISO 45001 Standar and PP (*peraturan pemerintah*) 50 of 2012, OHS Inspections, P2K3 Meetings, and routine safety patrols in all of its operational areas. The Scope of SMK3 at TPL covers all Mill (Operational, Maintenance, and Supporting) and Fiber (5 Estate) work activities.

We also have occupational health service functions such as annual Medical Check Up (MCU) for permanent and contract employees, medical clinic facilities for first aid, pre-employment health check facilities for new workers (contractors), clinic services for contractors to carry out health checks and issue health results before work, in which the health certificate issued is one of the requirements for them before starting work.

Throughout 2022, there was no fatal accident and cases of work-related illness. This shows TPL's achievement in maintaining zero accidents in the OHS aspect.

8.4.1. Work Accident [GRI 403-9, 403-10]

The Company has carried out an OHS work accident investigation report for further follow-up efforts in accordance with the OHS management system or OHS risk control and OHS control system. This follow-up is expected to prevent work accidents from happening in the future and the zero-accident target set can be achieved..

8.4.1.1. Our Performance in 2022

For all employees and those who are not employees but are controlled by the company	2022	2021	2020
The number and rate of fatalities as a result of work accidents	0	0	1
Number and rate of work accidents with high consequences (excluding fatalities)	2	0	6
The number and rate of work accidents that can be recorded	14	14	61
Number of hours worked	13,387,555	13,608,445	13,129,498
<i>The main types of work-related injury</i>			
Medical Aid Injury (MAI), Loss Time Injury (LTI), Fatality			
Death rates as a result of work-related injuries	0	0	0.08
Rate of work-related injuries with high consequences (excluding deaths)	0.15	0	0.46
Recordable rate of work-related injuries	1.05	1.03	4.65

* Injuries that occur at work that result in the employee being unable to work the next full working day (including Deaths) per 1,000,000 hours worked

Overall, the work accident rate gradually decreases in each year. We will continue to carry out regular evaluation and risk review for this matter.

8.5. TRAINING AND EDUCATION [OJK F.22; GRI 3-3]

To achieve sustainable growth, TPL realizes the importance of continuing to develop human resources so that they can continue to learn and improve the competencies needed to remain competitive. For this reason, training and education is one of our top priorities because we will only be able to achieve targets and goals together with HR.

Initiative programs related to training and education at TPL are carried out through Learning & Development (L&D) as part of the Human Resources Development (HRD) Department. Every employee has the right to have the opportunity to improve their skills and competencies through training programs both internally and externally.

In 2022, some of the main focus areas of the training program will include:

- Related to Human Rights: Learning and Development conducts training on the TPL Code of Ethics which includes discussions on Bullying, Harassment and Violence.
- Related to the Environment: Conducting hazardous waste training with a total of 231 people.
- Carry out training to meet safety needs which have an impact on participants' understanding of safety such as the Emergency Response Team.
- Carry out Pension Preparation training in order to prepare employees for a second career.

Apart from that, TPL also continuously provides regular training programs covering the areas of:

- Occupational health and safety training
- Non-technical skills training,
- Technical skills training,
- Leadership skills training
- Functionality training
- Certification

To measure the effectiveness of the training that has been provided, we always evaluate the learning progress of each employee and carry out assessments before and after the training to ensure that each employee gets an understanding of each of the training topics provided.

Evaluation measurement is divided into two categories, namely:

1. Participation reactions to trainers and materials; and
2. Internal audit of QEMS

Monthly reports will be presented by the L&D section in management meetings, as part of reporting.

8.5.1. Average Training Hours Per Year Per Employee [GRI 404-1]

TPL continues to strive to develop the competence of all employees in accordance with the Company's needs in order to have an understanding of technical and non-technical capabilities so as to increase productivity and performance. We continue to increase the average training hours for all employees every year.

8.5.1.1. Our Performance in 2022

In 2022, the Company recorded 2,387 employees participating in trainings of 17,806 hours, increased by 1,567.85 hours from the last year.

Training hours in average per employee gender	Year		
	2022	2021	2020
Per Employee	7.46	7.31	14.83
Per Female Employee	8.09	6.44	16.45
Per Male Employee	7.36	7.44	14.59

Training hours in average per employee category	Year		
	2022	2021	2020
Managerial	8.24	5.82	15.72
Executive	7.59	8.24	12.72
Non-Executive	7.26	6.78	16.97

8.5.2. Employee Skill Improvement Program and Transitional Assistance Program [GRI 404-2]

The provision of employee skills improvement programs is carried out based on a needs analysis in each work unit both related to technical and non-technical skills including transitional assistance programs for employees who are entering retirement age. Furthermore, the Company will accommodate these needs by providing the right program so that the effectiveness of the training program provided can be achieved.

8.5.2.1. Our Performance in 2022

We implement a combination of internal and external training for employees, which includes technical training, soft skills training, certification and scholarships for outstanding employees according to the needs of the organization. For employees who are about to retire, training is conducted as a way to prepare them for post-retirement. Several topics related to preparation training for retired employees include:

- Psychology
- Financial planning
- Entrepreneurship
- Entrepreneurial classes (cooking class and photography class)

8.6. DIVERSITY AND EQUAL OPPORTUNITIES [GRI 3-3]

TPL has employees who are diverse in terms of age, educational background, ethnicity, and culture. However,

8.6.1.1. Our Performance in 2022

Currently, we still have a 100 % male management body and an increase in the percentage of female employees compared to the previous year.

Percentage of Member in Governance Body		2022 Percentage (%)	2021 Percentage (%)	2020 Percentage (%)
Gender	Male	100.00%	100.00%	100.00%
	Female	0.00%	0.00%	0.00%
Age	< 30 Years old	0.00%	0.00%	0.00%
	30 - 50 Years old	50.00%	60.00%	60.00%
	> 50 Years old	50.00%	40.00%	40.00%
Employee Percentage				
Gender	Male	86.70%	86.90%	87.50%
	Female	13.30%	13.10%	12.50%
Age	< 30 Years old	33.80%	33.40%	34.10%
	30 - 50 Years old	52.50%	52.80%	51.60%
	> 50 Years old	13.70%	13.80%	14.20%

Note : The Governance division is an employee at the management level

despite this diversity, the Company ensures the fulfillment of equality aspects at work among its employees in accordance with their respective duties and responsibilities.

8.6.1. Diversity of Governance Bodies and Employees [GRI 405-1]

TPL highly values diversity and is committed to providing equal opportunities for all employees. TPL also ensures that no discrimination occurs in all of its operational activities.



8.7. LOCAL COMMUNITIES [OJK F.23; GRI 3-3, 413-1, 413-2]

As an organization, TPL understands that its presence has significant impacts on local communities and the environment. TPL is committed to respecting local communities, improving

the welfare of local communities, seizing opportunities to consult and align community interests, and creating shared values. Besides, TPL strives to reduce its operational impacts.

Community feedback regarding TPL's presence has been followed up by engaging with the community and contributing through community assistance programs.

Since 2017, TPL has involved the community in the *Kelompok Tani Hutan* program. Hitherto, TPL has fostered 15 Forest Farmers Group around the Company's operational areas:

1. KTH BUMNAG Sihaporas/KTH Famili 39 people
2. KTH Dolok Parmonangan Nauli 31 people
3. KTH Dos Roha - Nagahulambu 41 people
4. KTH Gabe 34 people
5. KTH Karya Tani Tornauli 19 people
6. Kelompok Masyarakat Simare 93 people
7. Koperasi Lobu Mula Gabe 40 people
8. KTH Berjuang-Lumban Toruan 22 people
9. KTH Dosroha-Onan Harbangan 24 people
10. KTH Gapoktan Sabungan Nihuta IV 172 people
11. KTH Lam Miduk 28 people
12. KTH Natumingka Lestari 44 people
13. KTH Tungkonisolu 25 people
14. KTH Bersama-Sionom Hudon 33 people
15. KTH Marsada Pargamanan Bintang Maria Simataniari 30 people

The percentage of KTH membership around our operational areas can be seen in the table below, from 675 families who have joined, 66.4% of KTH membership are from Habinsaran Estate (HAB).

Estate	Percentage	Estate	Percentage
AEN	16.4%	HAB	66.4%
AER	7.9%	TELE	9.3%

This program was established by the Company to support food security and improve community welfare through yields. This program provides equal opportunities for women who participate as members of the Forest Farmers

Group. Women are allowed to participate in carrying out land management with their families or husbands who are members of the Forest Farmers Group. In collaboration with

Forest Farmers Group, several programs have been carried out, including:

1. **Corn Intercrop Program**
The Company provides assistance and initial funding for production. All processes starting from planting to harvest are carried out by local communities.
2. **Livelihood Program**
The Company provides assistance and initial funding for the cultivation of avocado, coffee, frankincense, palm sugar, and cinnamon.

8.8. COMMUNITY AND SUSTAINABLE DEVELOPMENT GOALS

8.8.1. TPL CD/CSR Program Contributing to SDGs [OJK F.25]

TPL plays a key role as a company engaged in natural resource management to support the government in achieving global contributions through the 2030 Sustainable Development Goals (SDGs). Throughout our sustainability journey, TPL is committed to implementing sustainability principles and strategies in balancing the economic, environmental, and social aspects to provide an optimal contribution to achieve SDGs.

In 2022, TPL's CD/CSR program contributed to 9 targets with 21 indicators. The following chart shows TPL's contributions to SDGs 1, 2, 3, 4, 6, 8, 9, 11, and 17.

Our programs in 2022 were connected to more than 1 (one) SDG. TPL strives to prepare community-related programs with the aim of contributing to more than 1 (one) SDG.

In 2022, TPL contributed to 201 programs, of which 142 programs contributed to 2030 SDGs, namely:

No.	Program	SDG	Description	Achievement
1.	Education		Fund Realization: Rp 2,003,833,558 Implementation Period: 2022	Provision of educational access and facilities, namely scholarships, as well as the construction of schools and educational facilities
2.	Health		Fund Realization: Rp 283,701,180 Implementation Period: 2022	Provision of assistance in the procurement of essential medicines, nutritious food, and construction of health facilities

No.	Program	SDG	Description	Achievement
3.	Village Infrastructure		Fund Realization: Rp 2,155,691,331 Implementation Period ▶ 2022	Construction of places of worship, provision of clean water, road access, and construction of village infrastructure, such as bridges
4.	People's Economic Enterprises		Fund Realization: Rp 4,346,103,822 Implementation Period ▶ 2022	CD/CSR programs, namely assistance programs for farmer groups, MSMEs, and job creation
5.	Sports, and Social Culture		Fund Realization: Rp 1,614,014,849 Implementation Period ▶ 2022	Building public spaces for all, including places of worship and sponsorship in organizing cultural activities, such as traditional events, and others

8.8.2. Social Return on Investment

Social Return on Investment (SROI) is a framework to measure and calculate the impact of social values resulting from the program. SROI is a concept to account for social value, not only measured by its financial value or money. Money is simply a useful and widely accepted unit of account.

In 2022, we internally assessed a CD/CSR program using an evaluative SROI approach calculated from 2017-2021, namely the Situak Niloba Gerobak Madu program with a ratio of Rp1 invested with Rp6.08 of social value. This program awarded with the silver category award from the Indonesia CSR award as previously mentioned in the Awards and Certifications section in this report.

8.9. PUBLIC GRIEVANCE [OJK F.24]

Throughout 2022, there were 32 complaints from external parties that came through the company's hotline in the form of email/SMS and telephone. All grievance is followed up in accordance with the applicable procedures.

More detailed information regarding the complaint procedure can be seen in the Sustainability Governance section of this report.

8.10. SERVICE OF PRODUCTS TO CUSTOMERS [OJK F.17, F.28, F.30]

Customer is the most important aspect of our business development. Therefore, we implement several initiatives, namely by maintaining equality in providing services to each customer, constantly innovating and developing products, maintaining product quality, creating positive impacts on our products, as well as maintaining customer satisfaction.

To ensure that our products provide a positive impact on customers, we carefully assess all products before delivering them to customers. We always inform the grading of each product we produce to our customers as this information disclosure can be accessed by the customers.

Regularly, we carry out and monitor customer satisfaction surveys. In 2022, we received a score of 7.5 (Satisfied) in the customer satisfaction survey. This achievement shows that TPL has proven the customer aspect.



8.11. INNOVATIVE PRODUCT DEVELOPMENT [OJK F.26]

We offer products with sustainability-added values. 100% of our products are biodegradable products. Throughout our supply chain, our products provide sustainability-added values to our stakeholders, namely local communities, employees, customers, shareholders, the environment, and other stakeholders. We implement the principles of sustainability in our operations to ensure the management of environmental and social impacts.

8.12. EVALUATION OF THE CONSUMER PRODUCT SAFETY [OJK F.27, F.29]

We implement and focus on health and safety impact assessment of customers of TPL-High Alpha Pulp products. Hence, TPL products are accepted in the domestic and international markets sustainably. We are committed to assessing the impact on customer health and safety of products in accordance with the Quality Policy.

All products manufactured by the Company meet customer health and safety standards in compliance with statutory and regulatory requirements related to product requirements.

Aligned with PT TPL's quality policy, we are committed to:

- Meeting the customers' needs and expectations
- Improving the quality of performance and competitive advantage through the improvements of product requirements and customer service, as well as the development of technological capabilities in the manufacturing process and human capital development.
- Overseeing the Quality Management System to determine effectiveness and suitability, as well as ensuring that the Quality Policy, Goals, and Objectives are aligned with the business strategies.

Our products are manufactured by manufacturers that implement safety standards. The Company has numerous permits and certifications, namely PEFC-COC, ISO 14001:2015 Mill, ISO 9001:2015, SVLK Mill, SMK3 Mill, Proper, Green Industry, PHPL, IFCC, ISO 14001:2015 Forestry, ISO 45001:2018, SVLK PKR, SMK3 Forestry, to meet safety standards and maintain customer satisfaction.

Through the implementation of our policies and efforts, no products were recalled in 2022.



9.

WRITTEN VERIFICATION FROM INDEPENDENT PARTY [OJK G.1]



INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of PT Toba Pulp Lestari Tbk

Introduction and objectives of work

Bureau Veritas Indonesia (“Bureau Veritas”) has been engaged by PT Toba Pulp Lestari Tbk (TPL) to provide independent assurance over TPL’s Sustainability Report 2022 (“the Report”). The aim of this process is to provide assurance to TPL’s stakeholders over the accuracy, reliability and objectivity of the reported information and that it covers the issues material to the business and its stakeholders.

Scope of work

The scope of our work was limited to assurance over data and information included within the Report for the reporting period of January 1st - December 31st, 2022 (“the Selected Information”). Subject to the limitations and exclusions listed in the next section, our review included:

- Statements, information and performance data for the calendar year 2020-2022 contained within the Report;
- Assessment of the appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Alignment of the reported data and information to the requirements of :
 - The Global Reporting Initiative (GRI) Standards 2021 : *In-Accordance* requirements and the corresponding GRI index;
 - Regulation of Financial Services Authority (POJK) No. 51/POJK.03/2017 on Application of Sustainable Finance to Financial Services Institution, Issuer and Publicly Listed Companies.

Reporting criteria

The Selected Information has been prepared in accordance with the GRI Standards 2021 and POJK No.51/POJK.03//2017.

Ref : BVI_ASR_4520886_20230531



Limitations and exclusions

Our work was limited to TPL's head office and mills activities covered under the reporting boundary as defined by TPL in the Report.

Our assurance process was subject to the following limitations:

- Information related to activities outside the defined reporting period or scope;
- Company positional statements (including any expression of opinion, belief, aspiration, expectation, aim or future intent);
- Historic information which was unchanged from previous years;
- Financial data which is audited by an external financial auditor, including but not limited to any statements relating to tax, sales, and financial investments;
- Appropriateness of commitments and objectives chosen by TPL;
- Appropriateness of definitions and any internal reporting criteria adopted by TPL for its disclosures;
- Selection of external stakeholders to be interviewed during the assurance, which was done by TPL themselves;
- Verification of GHG Emission Data (Scope 1, Scope 2 and Scope 3) as reported in GHG Report prepared by TPL, based on any standards such as ISO 14064-1 or other relevant standards;
- Data related to remuneration, wages or salary of TPL's employees;
- Environmental quality standard testing which was carried out by an accredited external laboratory;
- The assessment of High Conservation Value (HCV) and High Carbon Stock (HCS) referring to the report which was reviewed by external party HCVN and HCSA; and
- Any other information included in the Report other than scope defined above.

This limited assurance engagement relies on a risk based selected sample of the Selected Information and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Ref : BVI_ASR_4520886_20230531



Responsibilities

The preparation and presentation of the Selected Information in the Report are the sole responsibility of the management of TPL.

Bureau Veritas was not involved in the drafting of the Report, our responsibilities were to:

- Provide limited assurance about whether the Selected Information has been appropriately and accurately prepared;
- Form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- Report our conclusions to the management of TPL.

Methodology and Summary of Work

As part of our independent assurance, Bureau Veritas undertook the following activities:

- Conducted interviews with relevant TPL personnel, at both Corporate and site levels;
- Performed gap analysis of the Selected Information based on reporting criteria;
- Carried out physical site audits for head office and 1 mill – Pangombusan Village, Toba Regency in North Sumatera, Indonesia;
- Conducted interview with external stakeholders:
 - NGO : Sumatera Forest (Johnson Renaldi Hutajulu) for Environmental and Social issues;
 - Farmer : Lam Miduk (Waldemar Rajagukguk) for CSR in Farming and Coffee Processing;
 - Farmer : Situak Niloba (Jupiter Lumban Raja) for CSR in Bee Farming.
- Examined the data collection and consolidation processes used to compile the Selected Information, including assessing assumptions made, the scope and the reporting boundaries;
- Reviewed a sample of the Selected Information to the corresponding documentary evidence provided by TPL; and
- Reviewed the disclosure and presentation of the Selected Information in the report for consistency with the assured information.

Ref : BVI_ASR_4520886_20230531



Conclusion

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to suggest that the Selected Information is not fairly stated in all material aspects;
- It is our opinion that the Report provides a fair representation of TPL's activities and that the Selected Information is presented in a clear, understandable and accessible manner, that allows readers to form a balanced opinion over TPL's performance and status during the period January 1st – December 31st 2022; and
- It is our opinion that the Report has been prepared in accordance with the 'Reporting Principles for defining report content and quality', as defined within the GRI Standards 2021: *In-Accordance* requirements and POJK No.51/POJK.03/2017.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specializes in quality, environmental, health, safety and social accountability with over 185 years history. The assurance team has extensive experience in conducting verification over environmental, social, ethical, health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Ref : BVI_ASR_4520886_20230531

Bureau Veritas has implemented a Code of Ethics which meets the requirements of the International Federation of Inspections Agencies (IFIA) across its business which ensures that all our staff maintains integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.

Our assurance team does not have any involvement in projects with TPL outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assurance team.



Bureau Veritas – Indonesia

Jakarta, 31 May 2023



Christopher Murray

Country Chief Executive

Ref : BVI_ASR_4520886_20230531

10. FEEDBACK FORM [OJK G.2]

Thank you, ladies and gentlemen, for reading TPL's 2022 Annual Sustainability Report. In order to improve the contents of the Sustainability Report in the coming years, we hope that you are willing to fill out this Feedback Sheet by circling one of the answers and filling in the blanks provided, then send it to us.

1. This Sustainability Report has provided clear information regarding TPL's economic, social and environmental performance:

a. Agree	b. Disagree	c. Don't Know
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2. This Annual Sustainability Report has provided clear information regarding TPL's social and environmental responsibilities:

a. Agree	b. Disagree	c. Don't Know
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3. The material and data in this Sustainability Report are easy to understand and understand:

a. Agree	b. Disagree	c. Don't Know
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4. The material and data in this Sustainability Report are quite complete:

a. Agree	b. Disagree	c. Don't Know
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5. Are the designs, layout, graphics and photos in this Sustainability Report good?

a. Good	b. Weak	c. Don't Know
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6. What is the most useful information from this Sustainability Report?

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7. What information is considered less useful in this Sustainability Report?

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8. What information is considered lacking in this Sustainability Report and needs to be added to the next Sustainability Report?

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Sender Identity

Name	
E-mail	

Identification based on stakeholder's category:

- a. Customers
- b. Investor
- c. Government
- d. Employees
- e. Media
- f. Suppliers
- g. Public
- h. Non-governmental Organization (NGO)
- i. Others, please specify

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11. RESPONSE TO THE PREVIOUS YEAR'S SUSTAINABILITY REPORT [OJK G.3]

During 2022, TPL did not receive a specific response regarding the 2021 Sustainability Report. However, the Company has endeavored to make various refinements and improvements so that the report complies with applicable regulations and references for writing this report. We hope that this report can be a useful source of information for stakeholders.

12.

INFORMATION DISCLOSURE BETWEEN REPORTING PERIODS

No.	Difference	2022	2021
1.	Reporting Standards	GRI and OJK	GRI
2.	Material Topics according to GRI standards	GRI 201: 2016 Economic Performance GRI 202: Market Existence 2016 GRI 203: Indirect Economic Impacts 2016 GRI 204: Procurement Practices 2016 GRI 301 : Materials 2016 GRI 302: Energy 2016 GRI 303 : Water and Effluent 2018 GRI 304: Biodiversity 2016 GRI 305: 2016 emissions GRI 306: Waste 2020 GRI 401 : Employment 2016 GRI 403: Occupational Safety and Health 2018 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 413 : Local Communities 2016	GRI 201: 2016 Economic Performance GRI 203: Indirect Economic Impacts 2016 GRI 205: Anti-Corruption 2016 GRI 304: Biodiversity 2016 GRI 308 : Supplier Environmental Assessment 2016 GRI 401 : Employment 2016 GRI 402: Labor/Management Relations 2016 GRI 403: Occupational Health and Safety 2018 GRI 404: Training and Education 2016
3.	Material topics according to OJK standards	Sustainability Strategy Overview of Sustainability Aspect Performance Company Profile Explanation of the Board of Directors Sustainability Management Sustainability Performance (Economic Performance, Environmental Performance Social Performance Others (written verification, feedback sheet, previous year's sustainability report feedback response, and disclosure list)	-
4.	GRI 201-1 data: Direct economic value generated and distributed	Described in related disclosures: GRI 201-1	Described in related disclosures: GRI 201-1
5.	GRI 304-2 data: Significant impact of activities, products and services on biodiversity	Described in related disclosure: OJK B.2 > Biodiversity Preservation	Described in related disclosure: OJK B.2 > Biodiversity Preservation

13.

LIST OF DISCLOSURES IN ACCORDANCE WITH THE REGULATION OF THE FINANCIAL SERVICES AUTHORITY NUMBER 51/POJK.03/2017 AND THE CIRCULAR LETTER OF THE FINANCIAL SERVICES AUTHORITY NUMBER 16/SEOJK.04/2021 [OJK G.4]

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G.1.	Written Verification from Independent Party (if any)	58
G.2.	Feedback Form	63
G.3.	Response to the Feedback of Previous Year's Sustainability Report	64
G.4.	List of Disclosures in Accordance with the Regulation of the Financial Services Authority Number 51/POJK.03/2017.	66

14. GRI INDEX

Statement of use	PT Toba Pulp Lestari Tbk. has reported in accordance with the GRI Standards for the period January - December 2022. This report will be sent to GRI through email reportregistration@globalreporting.org
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	PT Toba Pulp Lestari Tbk. did not use Sector Standards because the GRI Sector Standards that apply to the Company are not available, so the sector standard does not apply.

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
General Disclosures					
GRI 2: General Disclosures 2021	The organization and its reporting practices				
	GRI 2-1	Organizational details	5		
	GRI 2-2	Entities included in the organization's sustainability reporting	6		
	GRI 2-3	Reporting period, frequency and contact point	6, 11		
	GRI 2-4	Restatements of information	5		
	GRI 2-5	External assurance	5		
	Activities and workers				
	GRI 2-6	Activities, value chain and other business relationships	5, 7, 11, 12		
	GRI 2-7	Employees	7, 17		
	GRI 2-8	Workers who are not employees	7		
	Governance				
	GRI 2-9	Governance structure and composition	19		
	GRI 2-10	Nomination and selection of the highest governance body	19		
GRI 2-11	Chair of the highest governance body	19			
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	23			
GRI 2-13	Delegation of responsibility for managing impacts	23			

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
GRI 2-14	Role of the highest governance body in sustainability reporting	23			
GRI 2-15	Conflicts of interest	28			
GRI 2-16	Communication of critical concerns	28			
GRI 2-17	Collective knowledge of the highest governance body	22			
GRI 2-18	Evaluation of the performance of the highest governance body	19			
GRI 2-19	Remuneration policies	19			
GRI 2-20	Process to determine remuneration	19			
GRI 2-21	Annual total compensation ratio	34			
Strategy, policies and practices					
GRI 2-22	Statement on sustainable development strategy	9			
GRI 2-23	Policy commitments	14			
GRI 2-24	Embedding policy commitments	21			
GRI 2-25	Processes to remediate negative impacts	21			
GRI 2-26	Mechanisms for seeking advice and raising concerns	28			
GRI 2-27	Compliance with laws and regulations	18			
GRI 2-28	Membership associations	17			
Stakeholder engagement					
GRI 2-29	Approach to stakeholder engagement	29, 30			
GRI 2-30	Collective bargaining agreements	7			
Material Topics					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	30		
	3-2	List of material topics	5, 30		

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
Kinerja Ekonomi						
GRI 3: Material Topics 2021	3-3	Management of material topics	32			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	see reason and explanation	Sebagian persyaratan dari poin a.ii terkait: Nilai ekonomi yang didistribusikan: Pembayaran untuk penyedia modal, pembayaran untuk pemerintah berdasarkan negara.	Information incomplete	Information can be found in the 2022 Annual Report
	201-2	Financial implications and other risks and opportunities due to climate change	see reason and explanation	a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: <ul style="list-style-type: none"> i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity. 	Not applied	Not included in the material topic
	201-3	Defined benefit plan obligations and other retirement plans	34			
	201-4	Financial assistance received from government	see reason and explanation	a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including: <ul style="list-style-type: none"> i. tax relief and tax credits; ii. subsidies; iii. investment grants, research and development grants, and other relevant types of grant; iv. awards; v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives; other financial benefits received or receivable from any government for any operation. b. The information in 201-4-a by country. c. Whether, and the extent to which, any government is present in the shareholding structure.	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
Market Presence					
GRI 3: Material Topics 2021	3-3	Management of material topics	51		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	51		
	202-2	Proportion of senior management hired from the local community	51		
Indirect Economic Impacts					
GRI 3: Material Topics 2021	3-3	Management of material topics	36		
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	38		
	203-2	Significant indirect economic impacts	37		
Procurement Practices					
GRI 3: Material Topics 2021	3-3	Management of material topics	35		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	35		
Anti-corruption					
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation	Not applied	Not included in the material topic
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	see reason and explanation	a. Total number and percentage of operations assessed for risks related to corruption. b. Significant risks related to corruption identified through the risk assessment.	Not applied Not included in the material topic
	205-2	Communication and training about anti-corruption policies and procedures	see reason and explanation	a. Total number and percentage of governance body members that the organization's anticorruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.	Not applied Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
			<ul style="list-style-type: none"> c. Total number and percentage of business partners that the organization's anticorruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anticorruption, broken down by employee category and region. 			
	205-3	Confirmed incidents of corruption and actions taken	see reason and explanation	<ul style="list-style-type: none"> a. Total number and nature of confirmed incidents of corruption. b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organization 	Not applied	Not included in the material topic
Anti-competitive Behavior						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	see reason and explanation	<ul style="list-style-type: none"> a. Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant. b. Main outcomes of completed legal actions, including any decisions or judgements. 	Not applied	Not included in the material topic
Tax						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
GRI 207: Tax 2019	207-1 Approach to tax	see reason and explanation	<p>a. A description of the approach to tax, including:</p> <ul style="list-style-type: none"> i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available; ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review; iii. the approach to regulatory compliance; iv. the approach to tax is linked to the business and sustainable development strategies of the organization. 	Not applied	Not included in the material topic
	207-2 Tax governance, control, and risk management	see reason and explanation	<p>a. A description of the tax governance and control framework, including:</p> <ul style="list-style-type: none"> i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy; ii. how the approach to tax is embedded within the organization; iii. the approach to tax risks, including how risks are identified, managed, and monitored; iv. how compliance with the tax governance and control framework is evaluated. <p>b. A description of the mechanisms to raise concerns about the organization's business conduct and the organization's integrity in relation to tax.</p> <p>c. A description of the assurance process for disclosures on tax including, if applicable, a link or reference to the external assurance report(s) or assurance statement(s).</p>	Not applied	Not included in the material topic
	207-3 Stakeholder engagement and management of concerns related	see reason and explanation	<p>a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:</p> <ul style="list-style-type: none"> i. the approach to engagement with tax authorities; ii. the approach to public policy advocacy on tax; iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders. 	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
207-4	Country-by-country reporting	see reason and explanation	<ul style="list-style-type: none"> a. All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes. b. For each tax jurisdiction reported in Disclosure 207-4-a: <ul style="list-style-type: none"> i. Names of the resident entities; ii. Primary activities of the organization; iii. Number of employees, and the basis of calculation of this number; iv. Revenues from third-party sales; v. Revenues from intra-group transactions with other tax jurisdictions; vi. Profit/loss before tax; vii. Tangible assets other than cash and cash equivalents; viii. Corporate income tax paid on a cash basis; ix. Corporate income tax accrued on profit/loss; x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax. xi. and the tax due if the statutory tax rate is applied to profit/loss before tax. c. The time period covered by the information reported in Disclosure 207-4. 	Not applied	Not included in the material topic

Material				
GRI 3: Material Topics 2021	3-3	Management of material topics	45	
GRI 301: Material 2016	301-1	Materials used by weight or volume	45	
	301-2	Recycled input materials used	45	
Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	45	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	46	
	302-2	Energy consumption outside of the organization	46	
	302-3	Energy intensity	46	

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
Water and Effluents					
GRI 3: Material Topics 2021	3-3	Management of material topics	46		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	46		
	303-2	Management of water discharge-related impacts	46		
	303-3	Water withdrawal	46		
	303-4	Water discharge	46		
	303-5	Water consumption	46		
Biodiversity					
GRI 3: Material Topics 2021	3-3	Management of material topics	40		
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	41		
	304-2	Significant impacts of activities, products and services on biodiversity	44		
	304-3	Habitats protected or restored	42		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	42		
Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	47		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	48		
	305-2	Energy indirect (Scope 2) GHG emissions	48		
	305-3	Other indirect (Scope 3) GHG emissions	48		
	305-4	GHG emissions intensity	47		

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
305-5	Reduction of GHG emissions	see reason and explanation	<ul style="list-style-type: none"> a. GHG emissions are reduced as direct result of abatement initiatives, in metric tons of CO2 equivalent. b. The gases included in the calculation; whether it be CO2, CH4, N2O, HFC, PFC, SF6, NF3, or all of them. c. The base year or initial conditions, including the reasons for selecting them. d. Scope where the reduction occurred; whether (Scope 1) direct, (Scope 2) indirect energy, and/or (Scope 3) other indirect. e. Standards, methodologies, assumptions, and/or calculation tools used. 		
305-6	Emissions of ozone-depleting substances (ODS)	see reason and explanation	<ul style="list-style-type: none"> a. Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent. b. Substances included in the calculation. c. Source of the emission factors used. d. Standards, methodologies, assumptions, and/or calculation tools used. 	Not applied	Not included in the material topic
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	see reason and explanation	<ul style="list-style-type: none"> a. Significant air emissions, in kilograms or multiples, for each of the following: <ul style="list-style-type: none"> i. NOx ii. SOx iii. Persistent organic pollutants (POP) iv. Volatile organic compounds (VOC) v. Hazardous air pollutants (HAP) vi. Particulate matter (PM) vii. Other standard categories of air emissions identified in relevant regulations b. Source of the emission factors used. c. Standards, methodologies, assumptions, and/or calculation tools used. 	Not applied	Not included in the material topic
Waste					
GRI 3: Material Topics 2021	3-3	Management of material topics	47		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	47		
	306-2	Management of significant wasterelated impacts	47		
	306-3	Waste generated	47		
	306-4	Waste diverted from disposal	47		
	306-5	Waste directed to disposal	47		

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
Supplier Environmental Assessment					
GRI 3: Material Topics 2021	3-3	Management of material topics	35		
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	see reason and explanation	a. Percentage of new suppliers that were screened using environmental criteria.	Not applied Not included in the material topic
	308-2	Negative environmental impacts in the supply chain and actions taken	see reason and explanation	<ul style="list-style-type: none"> a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why. 	Not applied Not included in the material topic
Employment					
GRI 3: Material Topics 2021	3-3	Management of material topics	49		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	49		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	51		
	401-3	Parental leave	see reason and explanation	<ul style="list-style-type: none"> a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender. 	Not applied Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
Labor/Management Relations						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	see reason and explanation	<ul style="list-style-type: none"> a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender. 	Not applied	Not included in the material topic
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	52			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	52			
	403-2	Hazard identification, risk assessment, and incident investigation	see reason and explanation	<ul style="list-style-type: none"> a. A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks, including: <ul style="list-style-type: none"> i. how the organization ensures the quality of these processes, including the competency of persons who carry them out; ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system. b. A description of the processes for workers to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals. 	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
			<p>c. A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.</p> <p>d. A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.</p>		
403-3	Occupational health services	52			
403-4	Worker participation, consultation, and communication on occupational health and safety	52			
403-5	Worker training on occupational health and safety	see reason and explanation	a. A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.	Not applied	Not included in the material topic
403-6	Promotion of worker health	see reason and explanation	<p>a. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.</p> <p>b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.</p>	Not applied	Not included in the material topic
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	see reason and explanation	a. A description of the organization's approach to preventing or mitigating significant negative occupational health and safety impacts that are directly linked to its operations, products, or services by its business relationships, and the related hazards and risks.	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
403-8	Workers covered by an occupational health and safety management system	see reason and explanation	<p>a. If the organization has implemented an occupational health and safety management system based on legal requirements and/or recognized standards/guidelines:</p> <ul style="list-style-type: none"> i. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system; ii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; iii. the number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party. <p>b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p> <p>c. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</p>	Not applied	Not included in the material topic
403-9	Work-related injuries	52			
403-10	Work-related ill health	52			
Training and Education					
GRI 3: Material Topics 2021	3-3	Management of material topics	53		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	53		
	404-2	Programs for upgrading employee skills and transition assistance programs	53		
	404-3	Percentage of employees receiving regular performance and career development reviews	see reason and explanation	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Not applied

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3	Management of material topics	54			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	54			
	405-2	Ratio of basic salary and remuneration of women to men	see reason and explanation	b. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. c. The definition used for 'significant locations of operation'.	Not applied	Not included in the material topic
Non-discrimination						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	see reason and explanation	a. Total number of incidents of discrimination during the reporting period. b. Status of the incidents and actions taken with reference to the following: i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action.	Not applied	Not included in the material topic
Freedom of Association and Collective Bargaining						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	see reason and explanation	a. Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of: i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. iii. Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
Child Labor						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	see reason and explanation	<ul style="list-style-type: none"> a. Operations and suppliers considered to have significant risk for incidents of: <ul style="list-style-type: none"> i. child labor; ii. young workers exposed to hazardous work. b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor. 	Not applied	Not included in the material topic
Forced or Compulsory Labor						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	see reason and explanation	<ul style="list-style-type: none"> a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either in terms of: <ul style="list-style-type: none"> i. type of operation (such as manufacturing plant) and supplier; ii. countries or geographic areas with operations and suppliers considered at risk. b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor. 	Not applied	Not included in the material topic
Security Practices						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	see reason and explanation	<ul style="list-style-type: none"> a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security. b. Whether training requirements also apply to third-party organizations providing security personnel. 	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
Rights of Indigenous Peoples						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	see reason and explanation	<ul style="list-style-type: none"> a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period. b. Status of the incidents and actions taken with reference to the following: <ul style="list-style-type: none"> i. Incident reviewed by the organization; ii. Remediation plans being implemented; iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes; iv. Incident no longer subject to action. 	Not applied	Not included in the material topic
Human Rights Assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	see reason and explanation	<ul style="list-style-type: none"> a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 	Not applied	Not included in the material topic
	412-2	Employee training on human rights policies or procedures	see reason and explanation	<ul style="list-style-type: none"> a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations. 	Not applied	Not included in the material topic
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	see reason and explanation	<ul style="list-style-type: none"> a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening. b. The definition used for 'significant investment agreements'. 	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
Local Communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	54			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	54	<ul style="list-style-type: none"> a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: <ul style="list-style-type: none"> i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities' needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes. 		
	413-2	Operations with significant actual and potential negative impacts on local communities	54	<ul style="list-style-type: none"> a. Operations with significant actual and potential negative impacts on local communities, including: <ul style="list-style-type: none"> i. the location of the operations; ii. the significant actual and potential negative impacts of operations. 		
Supplier Social Assessment						
GRI 3: Topik Material 2021	3-3	Manajemen topik material	see reason and explanation		Not applied	Not included in the material topic
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	see reason and explanation	<ul style="list-style-type: none"> a. Percentage of new suppliers that were screened using social criteria. 	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED		
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION
	414-2 Negative social impacts in the supply chain and actions taken	see reason and explanation	<ul style="list-style-type: none"> a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why. 	Not applied	Not included in the material topic
Public Policy					
GRI 3: Material Topics 2021	3-3 Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 415: Public Policy 2016	415-1 Political contributions	see reason and explanation	<ul style="list-style-type: none"> a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated. 	Not applied	Not included in the material topic
Customer Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	see reason and explanation		Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	see reason and explanation	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Not applied	Not included in the material topic
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	see reason and explanation	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by: <ol style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	Not applied	Not included in the material topic
Marketing and Labeling						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation		Not applied	Not included in the material topic
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	see reason and explanation	a. Whether each of the following types of information is required by the organization's procedures for product and service information and labeling: <ol style="list-style-type: none"> i. The sourcing of components of the product or service; ii. Content, particularly with regard to substances that might produce an environmental or social impact; iii. Safe use of the product or service; iv. Disposal of the product and environmental or social impacts; v. Other (explain). b. Percentage of significant product or service categories covered by and assessed for compliance with such procedures.	Not applied	Not included in the material topic

GRI STANDARD	DISCLOSURES	PAGE	NOT PROVIDED			
			REQUIREMENTS THAT ARE NOT PROVIDED	REASON	EXPLANATION	
417-2	Incidents of non-compliance concerning product and service information and labeling	see reason and explanation	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by:</p> <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	Not applied	Not included in the material topic	
417-3	Incidents of non-compliance concerning marketing communications	see reason and explanation	<p>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by:</p> <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. <p>b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</p>	Not applied	Not included in the material topic	
Customer Privacy						
GRI 3: Material Topics 2021	3-3	Management of material topics	see reason and explanation	Not applied	Not included in the material topic	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	see reason and explanation	<p>a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <ul style="list-style-type: none"> i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies. <p>b. Total number of identified leaks, thefts, or losses of customer data.</p> <p>c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.</p>	Not applied	Not included in the material topic

14. GLOSARIUM

B

BPJS - *Badan Penyelenggara Jaminan Sosial*

Biodegradable - Biodegradable or biological decomposition is a process in which organic matter is broken down by enzymes produced by organisms.

Biodiversity - the diversity of life on Earth at all levels, from genes to ecosystems, and can include the evolutionary, ecological and cultural processes that sustain life.

C

CBA - Collective Bargaining Agreement

Close loop system – a system that recirculates materials, information, or energy without external input.

Concession - General term for permits under which plantations are established for the production of pulp and paper products.

D

Deforestation - loss of natural forests such as Agriculture, Degraded Land, etc.

E

Environmental Costs - use of resources caused or driven by efforts (activities) to 1) prevent or reduce waste and pollution, 2) comply with environmental regulations and company policies, 3) failure to comply with environmental regulations and policies.

F

FMU - Forest Management Unit

Forest Areas for Specific Purposes - forest areas specifically designated for the purposes of forestry research and development, forestry education and training as well as religion and culture.

FPIC - Free, Prior and Informed Consent

G

Global Reporting Initiative (GRI) - a multistakeholder standard for sustainability reporting, providing guidance in determining report content and indicators.

H

HCS - High Carbon Stock

HCV - High Conservation Value

I

IFCC - Indonesian Forestry Certification Cooperation

International Labour Organization (ILO) - the United Nations strives to provide opportunities for women and men to obtain decent and productive work that is free, fair, safe, and honorable.

Indonesian Social Sustainability Forum (ISSF) - an organization in the form of an association of people representing institutions both from companies and other institutions that have a focus on the sustainability of all social aspects that are internal and external to the institution in order to realize the sustainability of all aspects of life (sustainable livelihoods).

International Union for Conservation of Nature (IUCN) - The International Union for Conservation of Nature is the world's oldest and largest global environmental network - a democratic membership union with more than 1,000 government and NGO member organizations, and nearly 11,000 volunteer scientists in more than 160 countries. This organization helps the world find pragmatic solutions to its most pressing environmental and development challenges. It supports scientific research, manages field projects around the world, and brings together governments, nongovernmental organizations, UN agencies, companies, and local communities to develop and implement policies, laws, and best practices

International Organization for Standardization (ISO) - The International Organization for Standardization is a worldwide federation of national standards bodies, representing more than 140 countries. ISO is a non-governmental organization founded in 1947, to promote the development of standardization and related activities globally.

M

Micro, Small and Medium Enterprises (MSMEs) - are productive businesses owned by individuals or business entities that have met the criteria as micro-enterprises.

N

NGO - Non-governmental organization

O

Occupational Health & Safety Management System - Occupational Safety and Health Management System or Occupational Health and Safety management system as stipulated in Indonesian Minister of Manpower Regulation 50/2012

P

Peat Ecosystem Function - Peat with particular characteristics which have functions in protecting and balancing the water system, storing carbon reserves, and preserving biodiversity.

PBPH-HTI - *Perizinan Berusaha Pemanfaatan Hutan-hutan tanaman Industri*

PEFC – COC - Programme for the Endorsement of Forest Certification- Chain of Custody Pulp - Cellulose fibres used in the production of paper, tissue and board. Can be derived from hard-woods, softwoods and plant fibres

PKR - *Perkebunan Kayu Rakyat*

PSDH - Forest Resources Provision

P2K3 - *Panitia Pembina Keselamatan dan Kesehatan Kerja*

S

SDGs - Sustainable Development Goals

Social Return on Investment (SROI) -- a framework used to measure and calculate the impact of social values resulting from a program. SROI is about value, not money

SPFM - Sustainable Production Forest Management

Succession – a gradual and predictable change in the species composition of a given area, or a change that occurs in a geographic area over a certain period of time.

Sustainability Policy Transparency Toolkit (SPOTT) – is a free online platform that assesses commodity producers, processors and traders on their public disclosures about their organizations, policies and practices related to the environment.

T

The Financial Services Authority - is an independent institution and is free from the interference of other parties in the supervision, examination and investigation as referred to in Law Number 21. Capital was officially transferred from the Ministry of Finance and Bapepam-LK to OJK on December 31, 2012.

Timber Forest Products - Everything that is material (aside from timber) which are originated from the forest to be used for economic activities and community welfare improvement.

Timber Verification and Legality System - provisions governing the requirements for fulfilling the legality of timber or wood products through timber traceability verification activities and fulfillment of obligations and compliance with regulations

W

Whistleblowing - a whistleblower, an individual who, without permission, discloses personal or confidential information about an organization, usually related to wrongdoing or wrongdoing. Reporters generally stated that the action was motivated by a commitment to the public

Z

Zoological Society of London (ZSL) – is an international conservation charity working to create a world where wildlife thrives.

2022

Sustainability Report



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