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## **Response to Rainforest Action Network's (RAN) Public Commentary Regarding PT. Toba Pulp Lestari Tbk.**

PT. Toba Pulp Lestari Tbk. (TPL) would like to respond to the claims raised by Rainforest Action Network (RAN) in its public statement regarding its disengagement from dialogue with TPL. We disagree with these claims but we remain keen to engage in a constructive dialogue with RAN to resolve the issues in question.

### *Background*

TPL's engagement with RAN and Canadian based organization Canopy was initiated during RAN's ground-truthing visit to the company's operations in North Sumatra in 2015. This visit helped to clarify stakeholder concerns about our operations and led to the establishment of our Sustainability Policy in 2015.

Developed following a consultative process with RAN, Canopy and other key stakeholders, our Sustainability Policy formally states our environmental, social and governance commitments, including our adoption of the use of High Conservation Value (HCV) and High Carbon Stock (HCS) assessments, Free Prior Informed Consent (FPIC) principles and regular sustainability reporting. TPL has also implemented specific improvements (e.g. resolving nine out of ten indigenous land claim) to its operations, based on suggestions from RAN and Canopy.

### *Land Claims Resolution*

TPL acknowledges the rights of indigenous people and rural communities and conducts FPIC assessments prior to starting any new operations. The FPIC process on any possible new operation - which is audited by the Indonesian Forestry Certification Cooperation (IFCC) and the Indonesian Sustainable Forest Management Standard (Pengelolaan Hutan Produksi Lestari - PHPL) - means that a community can, freely and without coercion, agree with or reject TPL's development in their area.

TPL is committed to complying with the Universal Declaration of Human Rights, national laws, and ratified international treaties on human rights. We do not tolerate the use of threats, intimidation and violence. It has been verified and acknowledged by the Indonesian Court that TPL did not perform any sort of criminal acts, as suggested by BAKUMSU and RAN.

There is evidence that the criminal acts reported on social media (e.g. Siharporas) in relation to a particular 'victim' were false statements deliberately made to negatively impact TPL. In the case of the Natumingka community issue, the reported injury was a result of suspects unrelated to the community throwing stones at the demonstration.

By law, TPL concession areas are state forests for the purpose of production and the company operates under the terms of operating licenses issued by the Indonesian Government. We are therefore not at liberty to excise any part of our concession area. In cases where there are land overlaps, communities may register their claims with the Government directly, and we will respect and comply with the decision of the Government accordingly.

For example, in 2016, the Pandumaan and Sipituhuta communities filed a land claim with the Government. In 2017, the Government accepted their claims and deducted 5,172 ha from TPL's concession area accordingly. To date, 10 official land claims have been registered with the Indonesian

Government, and nine of these have been successfully resolved through partnership programmes with the communities involved.

TPL is continually reviewing and strengthening our processes in grievance handling, and conflict resolution. We updated our grievance mechanism to enable us to respond to complaints promptly. We have also improved our conflict resolution procedure to enable complaints and conflicts to be resolved through an open, transparent, and consultative process. In 2020, we shared the details of our grievance mechanism procedure with RAN and Canopy. No feedback was received from either organization.

#### *Addressing Environmental Impacts*

In line with Indonesian Government requirements, TPL conducts AMDAL assessments (Environmental Impact Analysis) and reports periodically. RAN and Canopy requested TPL to undertake an Ecological Value Assessment (EVA) in 2020. As TPL was not familiar with this proposed assessment, TPL requested more information from RAN and Canopy accordingly. To date, apart from recommending a consultant, RAN and Canopy has not provided further details.

#### *Managing Ecosystems*

TPL has a strong commitment to only developing in non-HCV and non-HCS areas. TPL has conducted HCV and HCS assessments with independent consultants and our HCV reports are published on the HCV Resource Network website. TPL's HCS report is currently under review by the HCS Approach (HSCA) Quality Panel and will be published upon completion. We have developed an HCV/HCS Management and Monitoring procedure that aims to protect the HCV/HCS areas in line with the recommendations in the published reports. TPL's rehabilitation initiatives are also reported in its Sustainability Reports.

#### *Transparency and Independent Verification*

TPL promotes transparency through the disclosure of its concession maps, sources of wood and third party suppliers - Forest Management Unit, third party suppliers and outgrower scheme (Perkebunan Kayu Rakyat - PKR). As part of its commitment to continuous improvement, TPL is developing a portal on its website to disclose and update registered grievances.

TPL plans to collaborate with an industry expert impact organization and reliable third-party auditor to be an independent third-party assurer of its Conflict Mechanism, FPIC commitments and Sustainability Reporting, and will publish independent assurance reports on an annual basis.

We would like to reiterate that we remain keen to engage constructively with RAN, and we welcome stakeholders to reach out to us directly so they can receive accurate information on our operations and sustainability commitments.

**May 2022**

**Venkateshwarlu Cheruku**  
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