

Investing for  
**SUSTAINABLE  
FUTURE**



# Table of Contents

About This Report	4	Feedback Form	73
2023 Highlights	7	Feedback Response to 2022 Sustainability Report	74
Message from The President Director	10	Information Disclosure Between Reporting Periods	74
Toba Pulp Lestari Company's Profile	14	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	75
Corporate And Sustainability Governance	22	GRI Index	77
Economy	37	Glosarium	92
Environment	44		
Social	56		
Written Verification From Independent Party	68		



# 2023

## Investing for SUSTAINABLE FUTURE

Sustainability is an effort to balance economic growth with social inclusion, culture, education and environmental conservation efforts to ensure business sustainability in the long term. Realizing this, PT Toba Pulp Lestari, Tbk (Toba Pulp Lestari, We, and/or the Company) has steadfastly committed to sustainable forest management, a key pillar of our sustainability initiatives. We have invested in Economic, Environmental, Social, through Good Corporate Governance aspects to grow into a producer of sustainable pulp. We always strive to run our business with the highest quality standards with technology implementation and the best corporate governance practices while contributing significantly to the environmental agenda - climate change through sustainable forest management and the social and culture agenda - human resources development and surrounding communities. The concrete manifestation of our sustainability commitment and journey is summarized in this sustainability report.



## About This Report [GRI 2-1, 2-6]

PT Toba Pulp Lestari Tbk is a Perizinan Berusaha Pemanfaatan Hutan (PBPH) company and a leading eucalyptus pulp producer that continually strives to exceed its commitment to carry out sustainable forest management that combines economic and social development with environmental protection, in line with the Authority's Sustainable Finance Roadmap Indonesian Financial Services (OJK), applicable laws and regulations, as well as the Sustainable Development Goals (SDG). We proudly present the 2023 Sustainability Report, which describes our progress and contribution to realize performance growth and creating sustainable value for all stakeholders.

### 3.1 OUR REPORTING APPROACH

[OJK G1; GRI 2-5]

This 2023 Sustainability Report covers Toba Pulp Lestari sustainable development initiatives across all mill operations located in Toba Regency and all PBPH operations in North Sumatera Province, Indonesia.

The report preparation framework used is as follows:

- Financial Services Authority Regulation (POJK) no. 51/OJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies;
- Financial Services Authority Circular (SEOJK) No. 16/SEOJK.04/2021 section Technical Guidelines for Preparing Sustainability Reports for Issuers and Public Companies; and
- The 2021 Global Reporting Initiative (GRI) Standards, with conformity: In Accordance.

This sustainability report is also used to support the ZSL Sustainability Policy Transparency Toolkit (SPOTT) assessment. In preparing this sustainability report, we have meticulously adhered to the requirements and standards of GRI 1: Foundation. This includes focusing on the GRI reporting principles, which are instrumental in defining the content and ensuring the quality of the report.

Reporting principles for defining report content:

- Context of sustainability
- Completeness

Reporting principles for determining report quality:

- Accuracy
- Balance
- Clarity
- Comparability
- Punctuality
- Verifiability

Our sustainability report has been published annually since 2018 and is inseparable from the annual report that was published in a different book. External assurance has been carried out for 2023 The company is working with Bureau Veritas Indonesia (BVI) as an independent party to provide limited guarantees for general disclosure information and specific material topics in our Sustainability Disclosure 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.

# 2023



### 3.2 REPORT DISCLOSURE [GRI 2-4, 3-2]

Toba Pulp Lestari identifies and discloses 'Material Topics' through stakeholder engagement. This key materiality reporting cycle occurs every three years and is based on Management's decision to achieve the goals and/or targets for each material topics.

As we begin a new cycle in 2023, we will again engage stakeholders, a practice we will continue until 2024.

Below are important materiality topics disclosed in this report:

1. GRI 201 : Economic Performance 2016
2. GRI 202 : Market Presence 2016
3. GRI 203 : Indirect Economic Impacts 2016
4. GRI 204 : Procurement Practices 2016
5. GRI 301 : Materials 2016
6. GRI 302 : Energy 2016
7. GRI 303 : Water and Effluents 2018
8. GRI 304 : Biodiversity 2016
9. GRI 305 : Emissions 2016
10. GRI 306 : Waste 2020
11. GRI 401 : Employment 2016
12. GRI 403 : Occupational Health and Safety 2018
13. GRI 404 : Training and Education 2016
14. GRI 405 : Diversity and Equal Opportunity 2016
15. 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.

### 3.3 REPORTING PERIOD [OJK G.3; GRI 2-3]

This report covers the Company's sustainability performance data from January to December 2023. This sustainability report period is also in line with the annual financial report period, which will be published in April 2024.

Contact persons to receive questions about reports or information about this report can be sent via the following email: [sustainability@tobapulp.com](mailto:sustainability@tobapulp.com). Detailed information and feedback sheets are also attached to this sustainability report. The Company received 1 (one) feedback regarding the sustainability report of the previous period. The feedback given was to add a piece of information related to wastewater management, which has been reported in this report.

### 3.4 SCOPE AND BOUNDARIES [GRI 2-2]

This report covers company's operations, governance structure and framework, and sustainability-related activities. The data was collected from mill operations and the Company's PBPH in North Sumatra Province. There are no subsidiaries or entities under the Company. The company only has 1 (one) mill and Management of Perizinan Berusaha Pemanfaatan Hutan (PBPH) in 5 operational areas (sectors).



## 4. 2023 Highlights

### 4.1 ECONOMY ASPECT [OJK B.1]

Description	Unit	2023	2022	2021
Total Production in Sale	Tons	153,624	198,429	202,192
Sales	Thousand USD	95,656	175,277	146,859
Net (Loss) Income	Thousand USD	(25,755)	(20,489)	618
Total Local Suppliers	Suppliers	479	1.083	1.054

#### 4.1.1 Environmentally Friendly Products

At Toba Pulp Lestari, we define environmentally friendly products as total biodegradable Dissolving Pulp (DP) production, which has been produced in adherence to our stringent environmental policy and all applicable laws and regulations. In 2023, the Company has produced 153,624 tons of Dissolving Pulp, a decrease from 198,429 tons in 2022 due to reduced raw materials (wood) supply from the PBPH operational areas as an impact of land claims made by groups of people in the PBPH operational areas.

The Company consistently implements sustainable forest management strategies in its operational activities to reduce environmental impacts, improve socio-economic benefits, and carry out continuous improvement programs to achieve meaningful ecological performance. This strategy is part of the Company's responsible environmental management guidelines.

### 4.2 ENVIRONMENTAL ASPECT [OJK B.2]

Description	Unit	2023	2022	2021
Purchased Energy Consumption	GJ	44,735	39,701	46,256
Fuel Consumption	GJ	7,050,480	8,758,390	8,902,872
Water Usage	m <sup>3</sup>	9,526,063	11,121,698	12,068,832
Effluents Reduction	m <sup>3</sup>	1,595,635	947,134	392,036
Waste Reduction	Ton	24,962	(21,624.6)	(5,343.3)
Emission Scope 1	tCo <sub>2</sub> e	31,366	42,933	39,183
Reduction of Emission Scope 1	tCo <sub>2</sub> e	11,567	(3,750)	2,374
Emission Scope 2	tCo <sub>2</sub> e	0.033	0.029	0.034
Reduction of Emission Scope 2	tCo <sub>2</sub> e	(0,004)	0.005	0.016
Emission Scope 3	tCo <sub>2</sub> e	59.69	10.2	-
Reduction of Emission Scope 3	tCo <sub>2</sub> e	(49.49)	-	-

#### 4.2.1 Biodiversity Preservation

No.	Activity	Unit	Year		
			2023	2022	2021
1	Providing natural seeds	Trees	161,173	121,983	198,046
2	Protected area enrichment				
	Natural succession	Ha	9.7	32.2	195
	Artificial succession	Ha	4.7	46.3	76.1
3	Erosion mitigation	Location	79	91	100
4	Quarry rehabilitation	Ha	0.8	0.3	1.2
5	Wildlife fodder planting	Trees	855	250	3,700
6	Fauna Monitoring	Plots	219	23	-
7	Flora Monitoring	Plots	441	23	-
8	Rafflesia Protection	Location	1	1	1
9	Nepenthes ampularia preservation around Aek Nauli estate	Location	1	1	1

#### 4.3 SOCIAL ASPECT [OJK B.3]

Description	Unit	2023	2022	2021
Total CD/CSR Program	Program	178	201	197
Total Employee Training Hours	Hour	13,526	17,806	16,238
Proportion of Senior Management from Local Communities based on Gender	%	P: 90 W: 10	P: 92 W: 8	P: 94 W: 6
Rate of Death Accidents because of Work	Cases	0	0	0
Rate of Work Injury with High Consequences (excluding Death)	Cases	0	0,2	0
Rate of Recordable Work-Related Injuries	Cases	0.3	1.1	1.0

#### 4.4 GOVERNANCE ASPECT

##### Updating:

- Human Rights Policy
- Anti-Corruption Policy
- Collective Bargaining Agreement 2023 - 2025

##### Publishing:

- Wood and Fiber Sourcing Policy
- Human Rights Due Diligence (HRDD) Framework

**Toba Pulp Lestari 2030**

#### 4.5 OPERATIONAL HIGHLIGHTS IN 2023 [GRI 2-6, 2-7, 2-8, 2-30]



**167,912** Ha  
Toba Pulp Lestari Concession

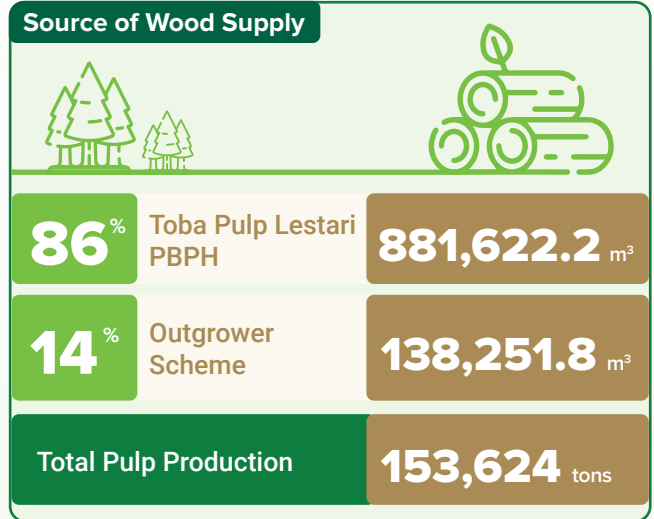
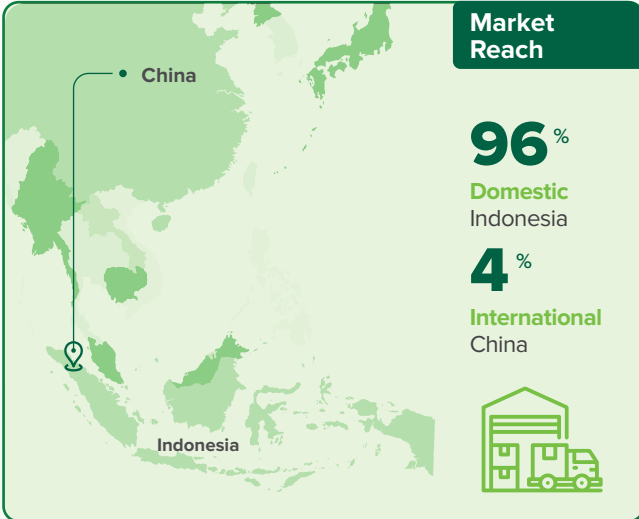


**9,470** Ha **2,102** Plasma  
Outgrower Scheme  
Outside the Concession



**4,612** Ha **774** Plasma  
Outgrower Scheme  
Inside the Concession







## Sandeep Bhalla

President Director  
PT Toba Pulp Lestari Tbk



5.

## Message from The President Director

[OJK D.1; GRI 2-22]

At Toba Pulp Lestari, we are deeply committed to sustainability in every aspect of our operations. **We recognize the importance of preserving the environment, supporting the communities in which we operate, and ensuring the well-being of our employees.** This commitment is ingrained in our corporate culture and is reflected in every decision we make. The four pillars of our sustainability framework—economic, environmental, social, and governance—are integrated and embedded within the internal operations of the Company and are guided by the sustainability policy that is disseminated annually to all stakeholders.



### 178

Total CD/CSR  
Program



### 161,173

Natural Seeds  
Provided



### 153,624<sup>tons</sup>

Total Biodegradable Dissolving Pulp  
(DP) Production

Our sustainability strategy ensures an effective and robust governance structure, transparent reporting in economic, environmental and social aspects, alignment with the assurance process, an efficient grievance mechanism and special projects that have been set by the target. This includes respect for the rights of indigenous peoples and local communities following the Universal Declaration of Human Rights, National Laws and uphold the principle of Free, Prior and Informed Consent (FPIC) by adhering to international best practices with all relevant stakeholders.

Additionally, we have developed supporting policies such as the Wood and Fiber Sourcing Policy as well as Human Rights Policy and Anti-Corruption Policy to be in line with the principles and guidelines of the United Nations Global Compact (UNGC), UN Guiding Principles on Business and Human Rights, The International Human Rights Constitution (International Bill of Human Rights), and International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. We have also initiated the FSC Remedy process in December 2023 including a social and environmental baseline assessment to identify 'harm' or negative impacts that occurred in the past.

Furthermore, we have determined our commitment and targets towards TPL 2030 which includes economic, environmental, and social aspects. We are currently monitoring the implementation of TPL 2030's sustainability performance, which has been outlined in 4 commitments with 10 targets.

1. Climate Positive
  - Ensure zero net carbon loss in conservation areas
  - Reduction of carbon emissions from mill operations
2. Thriving Landscape
  - Increase rehabilitation in the conservation area
  - Achieve good planting management towards sustainable wood supply
  - Elevate biodiversity monitoring and management in conservation area
3. Inclusive Progress
  - Equal opportunities for women in leadership position
  - Provide scholarship to 400 students within 15 km of our Mill
  - Increase participation in out grower schemes and cooperation by 35% on sustainable economic programs around 12 districts surrounding operational (mill and estate)
4. Sustainable Growth
  - Reduce solid waste production
  - Water reuse efficiency

We believe that when whatever we have done is good for the community, good for the country, good for the climate, good for the customers and then it can be good for the Company. We measure our sustainability performance using key indicators and data, allowing us to track our progress and identify areas for improvement. We strive to be transparent and accountable in our sustainability efforts.



We believe in being a good neighbor and contributing to the growth and well-being of the communities around us. Our initiatives aim to create positive social and economic impacts, by continuing to support through Pro-active Community Development Programs:

- Education by providing scholarship and school renovation. Culture and religion by participating in cultural and religious events.
- Welfare, job creation and skills development by providing intercrop program, padi emas program, honey bee cultivation, MSMEs training, and the new program for developing natural thread training.
- Environment by implementing sustainability initiatives in both the mill and fiber areas
- Health by providing health assistance and support the stunting program from the government.

By actively engaging with local stakeholders, we seek to build strong, mutually beneficial relationships that endure for the long term. Additionally, we also collaborated with third party 'Earthworm Foundation to assist the Company in evaluating the social engagement, conflict management systems and processes at the Company along with recommendations to help us improve our approach to community involvement.

We are committed to sourcing raw materials from low-risk sources, including sourcing raw materials from suppliers who adhere to responsible forestry practices and ensuring that our supply chain is socially and environmentally responsible. We are facing many challenges, including obtaining raw materials (wood). Therefore, we are actively looking for alternative and innovative sustainable solutions to overcome these challenges while still upholding our commitment to responsible source the raw materials without receiving raw materials (wood) that is illegally harvested or illegally traded:

- Wood harvested in violation of customary, traditional and human rights;
- Wood harvested from forests in which there are known activities in violation of workers' rights and principles as defined in the ILO Declaration on Fundamental Principles and Rights at Work;
- Wood harvested in which high conservation value forest or high conservation value areas are being destroyed or at risk of being destroyed due to management activities;
- Wood harvested in areas in which there is conversion of natural forest to plantations or non-forest use;
- Wood from areas where the use of genetically modified organisms in forestry operations exists or in areas where research takes place.

We understand the impact that our operations can have on the environment, its not managed properly and we take this responsibility seriously. From responsible forest management to efficient use of resources and energy, we are dedicated to reduce our impact on the environment. We are committed to the environment to eliminate deforestation including all forms of forest conversion, and not taking illegally harvested wood, as well as increasing carbon sequestration through conservation by implementing sustainable forest management practices. We are committed to continue to conduct business at the highest quality standards while visibly contributing to the global and national climate change agenda to promote rehabilitation, use renewable energy and manage waste following industry best practices.



Our employees are the backbone of our company, and their well-being is of utmost importance to us. We are committed to providing a safe and inclusive workplace, fostering personal and professional development, and ensuring fair treatment and opportunities for all. By empowering our people, we create a positive and productive work environment that enables them to thrive and contribute to our collective success.

We have carried out a risk assessment regarding environmental and social aspects which are included in ISO 14001 and ISO 45001 certification. This is audited and monitored regularly both internally and externally in complying with legislation and applicable laws to achieve Sustainable Forest Management and a responsibly managed factory.

As we look ahead, sustainability will remain at the core of our business strategy. We will continue to set goals towards TPL 2030 that are aligned with the Sustainable Development Goals (SDGs), track our progress transparently, and collaborate with stakeholders to drive positive change. Together, we can build a sustainable future for Toba Pulp Lestari and the communities we serve.

In closing, we would like to express sincere gratitude to employees, whose hard work and passion drive our sustainability initiatives. We would also thank our stakeholders for their continued support and partnership in our sustainability journey. Together, we have achieved significant milestones, but we recognize that there is always more work to be done. As we move forward, we are committed to listening to feedback, learning from our experiences, and evolving our sustainability practices to meet the ever-changing needs of our environment and society.

Regards,

**Sandeep Bhalla**

President Director  
PT Toba Pulp Lestari Tbk

## 6. Toba Pulp Lestari Company's Profile

### 6.1 COMPANY INFORMATION [OJK C.2, C.4][GRI 2-1, 2-2, 2-3, 2-6]

**Company Name**  
PT Toba Pulp Lestari Tbk


**Toba Pulp Lestari**



#### Activities, Brands, Products and Services

Pulp Producers and Pengelolaan Perizinan Berusaha Pemanfaatan Hutan (PBPH)



#### Legal Entity

Toba Pulp Lestari is a public company, listed on the Indonesia Stock Exchange (IDX) since 1990 under the ticker code INRU.



#### Head Office Address

Uniplaza, Gedung Timur, 3<sup>rd</sup> Floor,  
Jl. Letjend. Haryono MT No.A-1 Medan 20231



#### Mill Address

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

#### Estate Office Address

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

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

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

**Tele:**  
Hutagalung Village,  
Harian Subdistrict, Samosir  
Regency

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



#### Phone

Head Office (62-61) 4532088,  
Mill (62-632) 7346000

#### E-mail

investor\_relation@tobapulp.com

#### Website

www.tobapulp.com



**6.2 TOBA PULP LESTARI BUSINESS OVERVIEW**

[OJK C.6][GRI 2-6]

Toba Pulp Lestari obtains the Perizinan Berusaha Pemanfaatan Hutan (PBPH) in the forest area from the Minister of Forestry and is a global company leading in forest management and pulp production. The Company is licensed to manage 167,912 hectares of Industrial Plantation Forests in North Sumatra, located in five locations: Aek Nauli, Habinsaran, South Tapanuli, Aek Raja, and Tele.

During 2023, no significant changes were made regarding the Company's operations.

The Company develops its business by implementing strict forest management policies and optimal sustainability policies with best practices according to international standards. This is proven by the recognition of independent external parties, who awarded us for implementing sustainable practices throughout the supply chain values.

We strive to create value for the environment by ensuring efficiency in mill processes so that waste can be recycled and contribute to a close loop in machine utilization and environmental management. We also implement environmental policies to ensure responsible management of industrial plantations and mills, thereby reducing negative environmental impacts and increasing socio-economic benefits.





As a substantial manifestation of implementing one of the 5C philosophies, Good for Community, the Company is committed to allocating 1% of net sales since 2003 to support CD/CSR programs and grow together with the community. The Company focuses its CD/CSR program on five main areas, namely:

### Education, Culture, and Religion

Focusing on improving the quality of equitable education and equal learning opportunities, and supporting socio-cultural and religious activities.

### Welfare, Job Creation, and Skills Development

Focusing on increasing sustainable community economic growth, supporting people to get decent work through Micro, Small, and Medium Enterprises (MSMEs) and the creative economy, increasing community knowledge and skills capacity, supporting women's empowerment to support increasing family income, increasing productivity, and promoting entrepreneurship.

### Environment

Focusing on increasing access to clean water and proper sanitation for the community, improving the quality of environmental cleanliness in settlements, as well as preserving the environment for adaptation to climate change.

### Health

Focusing on improving the quality of health services and supporting government policies to reduce hunger and improve the nutritional quality of children, underprivileged communities and post-disaster victims.

### Government Relations

Focusing on assisting to support local government and participation in developing infrastructure/public facilities to support economic growth.

Beyond that, since 2014, we have collaborated with communities as part of our contribution to empowering small farmers and the community through the Community Timber Plantation (PKR) program.



### 6.3 SUSTAINABILITY ACROSS THE SUPPLY CHAIN [GRI 2-6]

The Company continues to carry out Sustainable Supply Chain Assessment activities for its suppliers, such as wood, goods, and service suppliers. Supplier selection is carried out based on the risk assessment results from the Procurement Department. Sustainability policy is the basis for this assessment. This

activity ensures that the Company and its suppliers have the same commitment and purpose to achieving optimal results for communities, the environment, and the economy. No significant changes were made to the organization and its supply chain in 2023.



## 6.4 SUSTAINABILITY VISION, MISSION, AND CORE VALUES OF TOBA PULP LESTARI

[OJK C.1; GRI 2-23]

# Vision

To become one of the well-managed Eucalyptus Pulp factories, becoming a supplier preferred by customers and a company favored by employees.



# Mission

1. Generate sustainable growth.
2. Cost-effective producer.
3. Maximize profits for stakeholders and contribute to the socio-economic development of local and regional communities.
4. Create value through modern technology, industry knowledge, and human resources.



# Company Core Values

Toba Pulp Lestari believes that its business makes a positive contribution and adds value to our employees and the environment around us. Our Core Values, built on the behavioral competency framework, have upheld a culture of integrity. They guide how we should conduct ourselves in everyday business and strengthen our set of ethical standards.

## TOPICC

To help the Company's stakeholders in understanding our Core Values better, the T.O.P.I.C.C values are developed in line with principles and behavioural framework.

### Complementary Team

**O**wnership  
**P**eople  
**I**ntegrity  
**C**ustomer  
**C**ontinuous Improvement



### Complementary Team

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



### Integrity

1. We do not compromise with dishonesty.
2. We put problems and issues on the table and act without fear or favour.
3. We do not accept corrupt practices.
4. We safeguard company's assets and knowledge.



### Ownership

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



### Customers

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



### People

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



### Continuous Improvement

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

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



### As of December 31, 2023

Operational Area	North Sumatra Province, Indonesia
Shareholders	Pinnacle Company Pte. Ltd. 92.42%
	Public 7.58%
Total Assets (USD Thousand)	480,875
Total Liabilities (USD Thousand)	370,743

Type	Gender		Area	
	Male	Female	Mill	Fiber
Total Employees	1,063	169	703	529
Permanent Employees	1,008	161	648	521
Temporary Employees	55	8	55	8
Employees with unguaranteed working hours	NA	NA	NA	NA
Full-time Employees	1,008	161	648	521
Part-time Employees	NA	NA	NA	NA

Position	Gender		Total
	Male	Female	
Managerial	43	5	48
Executive	511	104	615
Non- Executive	509	60	569

Age	Gender		Total
	Male	Female	
< 30 years old	317	80	397
30 - 50 years old	584	85	669
> 50 years old	162	4	166

Education	Gender		Total
	Male	Female	
Junior High School	4	0	4
Senior High School	465	30	495
Diploma	205	38	243
S1	377	98	475
S2	11	3	14
S3	1	0	1

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

**The Indonesian Forest Entrepreneurs Association (APHI)**

The Indonesian Forest Entrepreneurs Association (APHI) is a forum for companies domiciled and/or operating in Indonesian jurisdiction that has a Perizinan Perusahaan Pemanfaatan Hutan dari Hutan Alam (PBPH-HA) and a Perizinan Berusaha Pemanfaatan Hasil Kayu dari Hutan Tanaman (PBPHHT). As a member of APHI, company actively participates in promoting healthy lifestyles, competition in the forestry industry, and improving standards and compliance with sustainable forest regulations.

**Indonesian Pulp and Paper Association (APKI)**

As a member of the Indonesian Pulp and Paper Association (APKI), company 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.



**6.7 COMPLIANCE, AWARDS, AND CERTIFICATIONS [GRI 2-27]**

In its operations, Toba Pulp Lestari complies with the applicable laws and regulations. No significant non-compliance cases in our operations were reported in 2023. 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 2023, the Company received awards and certifications from national and global institutions. The Company received two certificates and has eight valid certificates.

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 (OHS) 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) – Perkebunan Kayu Rakyat (PKR)	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)



## 7. Corporate Governance and Sustainability

Toba Pulp Lestari is committed to implementing the principles of good corporate governance to ensure transparency, accountability, and integrity in all aspects of its operations. Toba Pulp Lestari has implemented an adequate internal control system and risk management protocol to strengthen the corporate governance framework further. In addition, the Company places great emphasis on engagement and communication with stakeholders. By maintaining open

communication channels with shareholders, employees, customers, and the community, Toba Pulp Lestari strives to build trust and foster long-term, sustainable relationships. In addition, the Company is also committed to encouraging ethical behavior and responsible corporate behavior towards its employees. Through these efforts, Toba Pulp Lestari always upholds high corporate governance standards and maintains the trust of stakeholders.

### 7.1 SUSTAINABILITY STRUCTURE AND GOVERNANCE

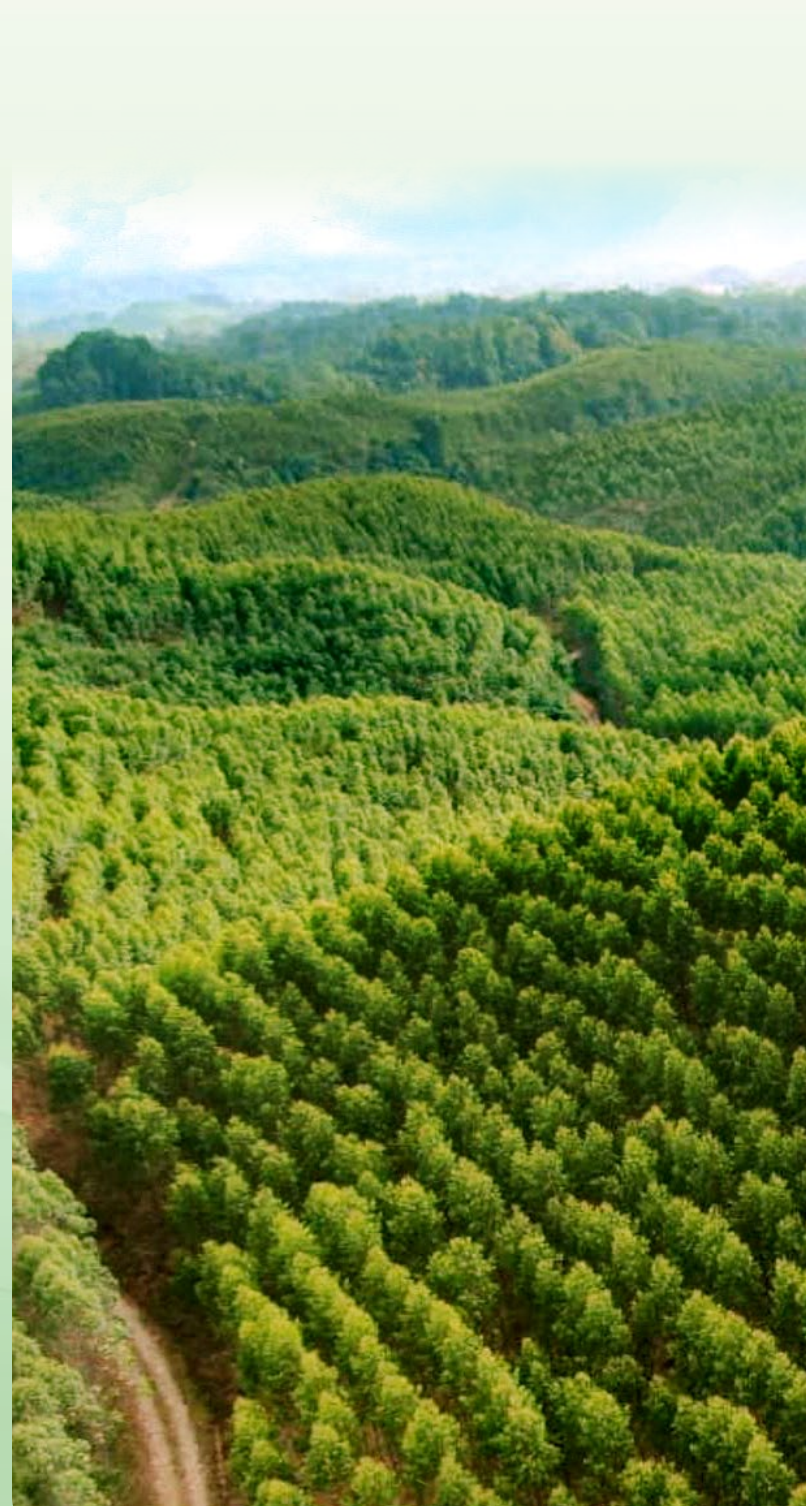
The company has put in place a robust sustainability governance framework to ensure that a responsible and sustainable operation. This framework includes regular monitoring, reporting, and accountability mechanisms, which help to effectively integrate sustainability goals into the Company's overall strategy. By doing so, the Company can communicate progress transparently to stakeholders. Furthermore, the Company has established clear policies and procedures to guide its sustainability initiatives.

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

Toba Pulp Lestari's governance structure is designed to ensure effective decision-making, accountability, and ethical behavior throughout the organization following the Law of the Republic of Indonesia No. 40 of 2007 concerning governance structures. The General Meeting of Shareholders (GMS) is the highest authority in the Company. The Company is led by a Board of Commissioners responsible for providing strategic direction and supervision and a Board of Directors responsible for managing the Company. The Board of Commissioners and Directors comprises experienced professionals with diverse backgrounds and extensive expertise.

The nomination and appointment of the Board of Directors and Board of Commissioners is ratified at the GMS and becomes the authority of the shareholders. The Annual Report and company website fully disclose all information relating to the GMS, Board of Directors, Board of Commissioners, Committees under the Board of Commissioners, and Functions under the Board of Directors. The Annual Report and website also detail the nomination and selection process for members of the Board of Directors and Board of Commissioners, as well as performance evaluation.

The Board of Commissioners is chaired by Ignatius Ari Djoko Purnomo as President Commissioner who is a senior executive in the Company, with three Independent Commissioners, namely Elisa Ganda Togu Manurung, Thomson Siagian, and Joni Supriyanto. In the interests of Toba Pulp Lestari and following its aims and objectives, the Board of Commissioners is tasked with supervising and directing the Board of Directors. As a form of gratitude for their service, the Company has a policy of giving



awards for employees' years of service. The Directors' incentive policy is attached to the Company's remuneration policy. In 2023, the remuneration for members of the Board of Commissioners and Directors will be USD895,000. More complete remuneration policies can be seen in the 2023 Financial Statements on the Company's website.

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

1. The Board of Commissioners following 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 the President Commissioner, on the recommendation of the Board of Commissioners, authority to determine remuneration in accordance with his remuneration function.
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.

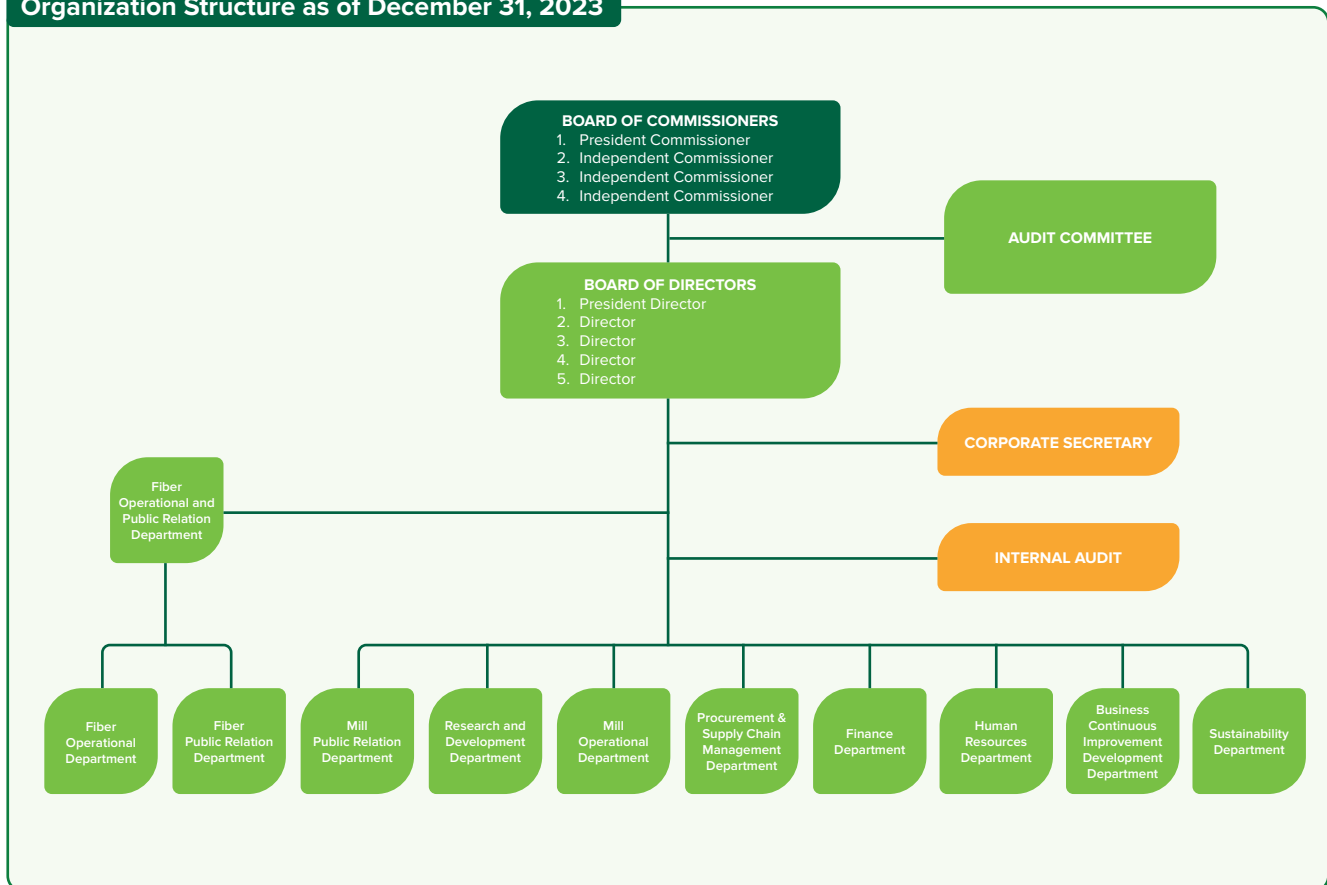
The Board of Commissioners is also responsible for appointing the Audit Committee. The Company has established an Audit Committee chaired by Thomson Siagian SH, and two audit committee members consisting of Hong Chun and Lamsaudin Situmeang. The Audit Committee has the following responsibilities:

- Checking financial information that will be announced to the public and/or related authorities;
- Auditing compliance with capital market regulations and other laws;
- 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 directs the Company's Directors. Currently, the Company has 5 Directors, consisting of 4 Directors. All directors are male, and no females. Sandeep Bhalla leads the Company's Board of Directors as the President Director, together with Jandres Halomoan Silalahi, Anwar Lawden, Monang Simatupang, and Niroshan Romesh Silva as Directors. The Company's Directors are managers, and conflicts of interest can be avoided and resolved by the Company's Code of Ethics. The Board of Directors is responsible for managing the various departments of the Company and is primarily responsible for overseeing the Company's economic, environmental, social, and governance interests.

The Company's management consists of Department Heads and various members of the Board of Directors who also hold management positions.

Organization Structure as of December 31, 2023





**7.1.2 Challenges to the Implementation of Sustainability [OJK E.5]**

Although Toba Pulp Lestari has made significant strides in implementing good corporate governance practices, the company faces several challenges in maintaining sustainable governance. One of the main challenges is ensuring consistent compliance with corporate ethical and behavioral standards at all organizational levels. This requires ongoing education and training programs to instill a strong ethical culture and ensure employees understand and comply with established governance principles.

The company has a sustainability policy committed to accepting all complaints through a grievance and conflict resolution mechanism that leads to mutual agreement and an open, transparent, and consultative process to respect the rights of indigenous peoples by involving relevant stakeholders. This process is managed, monitored, and reported every month to management through monthly meeting, annual publication on the company website dashboard to provide appropriate responses to the community and stakeholders, and will continue

to improve grievance mechanisms and conflict resolution systems (remediation) that are effective and fast for respond to grievances in a timely and transparent manner and involve relevant stakeholders.

Another challenge is effectively managing stakeholder expectations and balancing the interests of shareholders, employees, customers, communities, and other stakeholders. Toba Pulp Lestari needs to continue refining its stakeholder engagement strategy to meet complex and evolving expectations while maintaining transparency and accountability.

Furthermore, as Toba Pulp Lestari progresses, it must proactively adapt its governance framework to confront new challenges and seize opportunities. This can be achieved by regularly reviewing and enhancing internal controls and risk management protocols to mitigate emerging risks and meet evolving regulatory requirements.

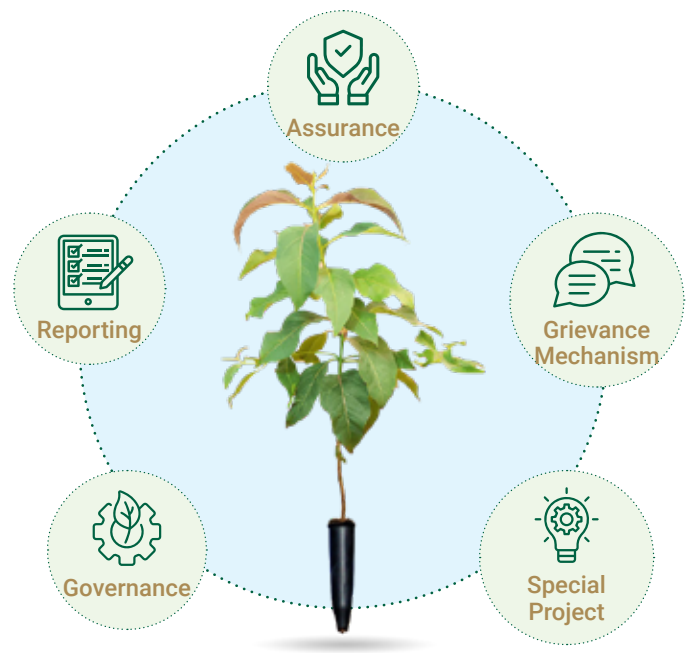
By taking these steps in advance, Toba Pulp Lestari can enhance corporate governance practices and uphold sustainable governance standards.

**7.2 SUSTAINABILITY STRATEGY [OJK A.1]**

Toba Pulp Lestari 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.

The Company adopts a sustainability framework consisting of 4 pillars, namely Economic, Environment, Social, and Governance, in its operations. We 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 while considering that the our policy applies not only to us but also to all of its suppliers.

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



**7.3 SUSTAINABILITY CULTURE [OJK F.1, GRI 2-24]**

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

Internally, the Company 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 offices. We has also socialized its policies with external parties by issuing policies through its website and distributing handbooks to suppliers.

In its implementation, the Company has done the following:

- We are committed to obtaining raw materials from sources that have low risk and are committed not to developing HCV-HCS areas to achieve sustainable production forest management,
- We and our suppliers will use a team of licensed assessors for HCV-HCS area assessments
- Before carrying out community development programs, we use the Social Return on Investment (SROI) method through a systematic approach to the program and maintaining a mutually beneficial reciprocal relationship between the Company and the community.
- Ensuring no human rights violations and compliance with all labor laws and regulations through policy dissemination and sustainable supply chain assessment.

- Applying FPIC principles in every company operational process
- A Kaizen program and several development projects exist as continuous improvement efforts regarding resource use and efficiency/optimization in operational processes in mill and fiber areas.
- Increasing efficiency in the use of energy, materials, and water.
- Developing our employees through learning and development is expected to continuously improve resource use and efficiency/optimization in factory operational processes and fiber areas.
- Involving communities around our operations to work with the company and involving local suppliers to support their livelihoods and maintain their welfare.

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

The highest governance body constantly improves its competence through operational needs and company developments related to governance, environmental, and social topics. The Board of Directors has received training about increasing leadership competency, known as the Executive Development Program. This program aims to build strategies integrated into the business by paying attention to governance, environmental, and social aspects.

internal company employees. The training covers company sustainability, environmental management, and standards used by companies such as ISO 14001, ISO 9001, PEFC, PHL, SMK3, ISO 45001, and IFCC.

The Company believes developing human resources through increasing competency will help it achieve its sustainability strategy. Every year, the Learning and Development (LnD) team continues to carry out refreshment and awareness training for

In 2023, the Company implemented changes in Pengelolaan Hutan Produksi Lestari (PHPL) to Pengelolaan Hutan Lestari (PHL) under the Decree of the Minister of Environment and Forestry No. Decree 9895/2022. The company also conducted IFCC standard immigration training from ST 1001 2013 to 1001 2021 on 21-25 November 2023.

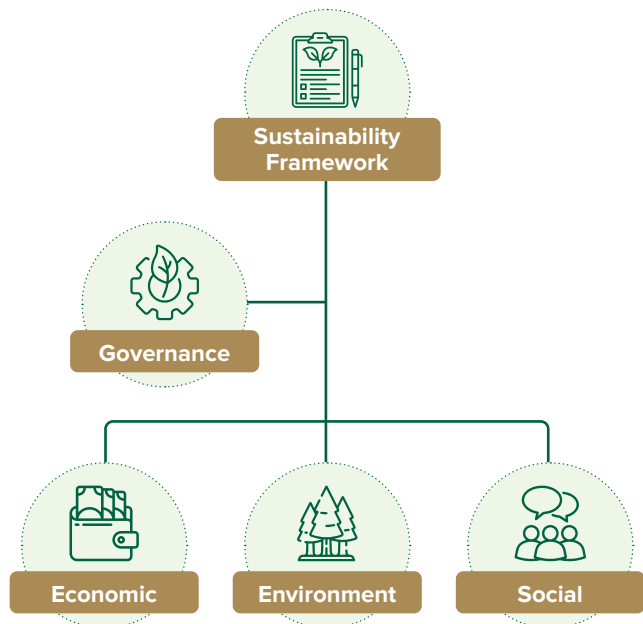
**7.5 SUSTAINABILITY FRAMEWORK AND STRUCTURE**

Toba Pulp Lestari updated its Sustainability Strategy in the previous year, which is in line with targets of global standards of sustainable development goals and national strategies.

**7.5.1 Sustainability Framework**

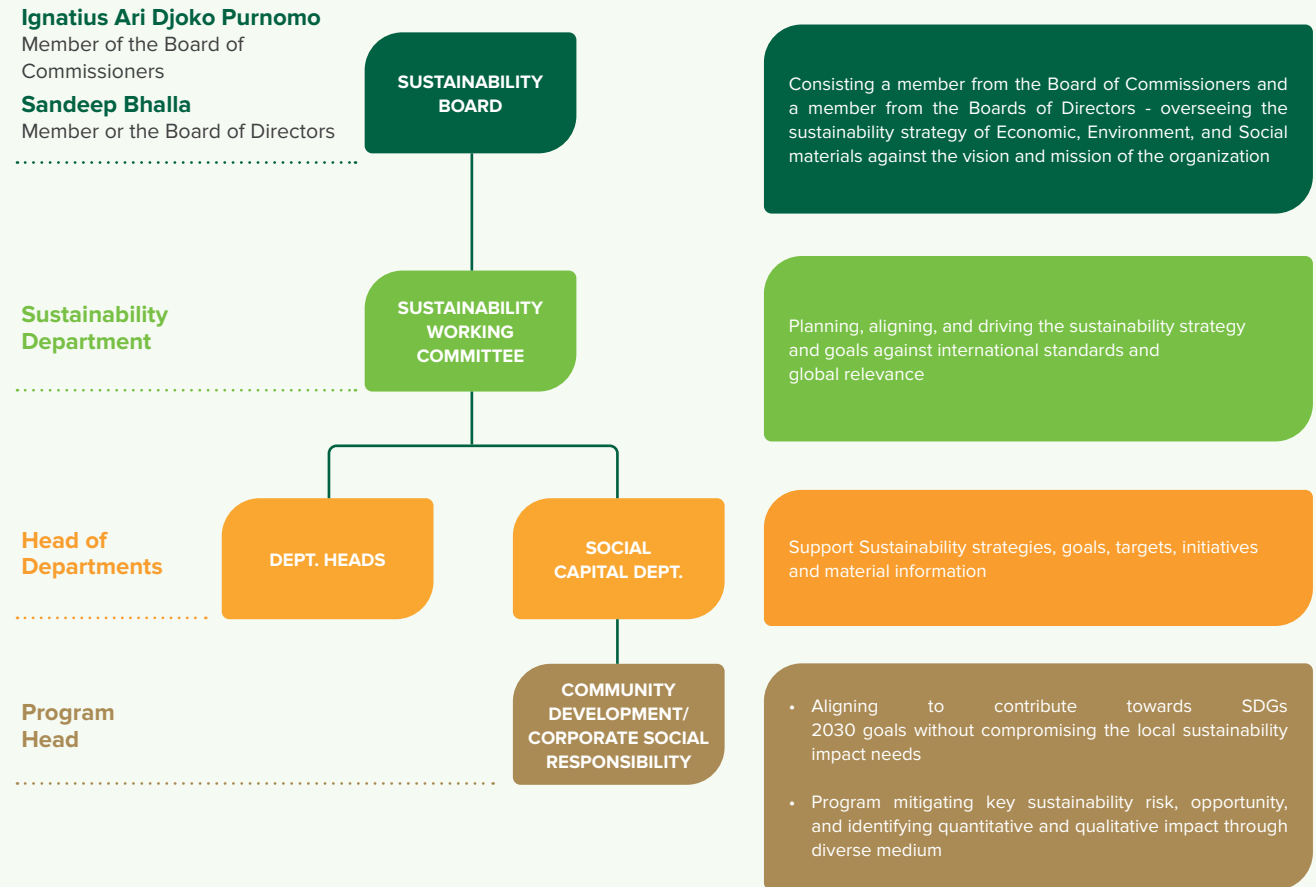
Toba Pulp Lestari has a sustainability framework to ensure comprehensive integration of sustainability so that it can work appropriately and effectively in the Company's business and initiatives.

This framework guides the Company in its operational activities and is founded on the Sustainability Policy and supporting governance policies below it.



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

As part of the Toba Pulp Lestari’s Sustainability Strategy, a Sustainability Governance Structure has also been introduced since 2020 with more centralized, effective, and efficient goals in achieving the Sustainability Strategy objectives. The head of the department or manager at Toba Pulp Lestari will be responsible for disclosing data, goals, targets, and departmental initiatives to achieve sustainability targets. The sustainability structure below describes the role of the highest governance in addressing operational impacts and reporting.



**7.6 OUR POLICIES**

**7.6.1 Sustainability Policies**

Toba Pulp Lestari is committed to integrating sustainability into its core business operations. The company recognizes the importance of environmental management, social responsibility, and economic viability in achieving long-term sustainable growth. Therefore, Toba Pulp Lestari has established a comprehensive sustainability policy covering critical environmental, social, and governance areas. It is being updated to keep pace with best practices and evolving global standards, with the final revision in 2023. This Sustainability Policy was also prepared based on stakeholder input, including feedback from the Independent Team formed by the Governor of North Sumatra and the Sustainability Committee, with discussions held with the community.

We are committed to maintaining the highest quality products and services to be the best in the industry. 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. We are committed to eliminating deforestation from our supply chain by only sourcing raw materials from suppliers that comply with company’s sustainability policies. This commitment also includes the entities that provide traceability systems in the supply chain and have a policy commitment to sustainable practices in their operations, which applies to all suppliers.

Company’s Sustainability Policy outlines commitments through areas critical to sustainability as a responsible PBPH 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](#)

### 7.6.2 Supporting Policies

Other policies also solidify the Company's sustainability policy and help the Company achieve its commitment to the sustainability vision. We want to ensure that the Company's stakeholders are equipped with an accurate representation of company's environmental management system's performance. We also entrust our employees and communities with relevant training on their responsibilities and ensure that all policies are communicated accordingly. In 2023, there will be several changes to the supporting policies, where there will be a combination of several previously published policies, revisions to the content of the policies, and the addition of new policies.

#### 7.6.2.1 Quality, Environmental & PEFC Policy – CoC

This policy combines the factory quality policy, factory environmental policy, and the previous Chain of Custody (CoC) policy.

The Company believes that management's responsibility for product quality, customer service, and potential environmental risks & opportunities in the pulp industry will positively impact our business and benefit employees, customers, and the Company's stakeholders. For this reason, the Company has a Quality, Environmental Policy and Traceability Chain (PEFC-CoC: Program for The Endorsement of Forest Certification - Chain of Custody) as a responsible management guide that can reduce the risk of complaints and demands from customers and stakeholders and reduce risks. Negative environmental impacts, thereby increasing socio-economic benefits.

The Company believes that through the basic principles of product quality management, the Company's ability to meet customer requirements and satisfaction on an ongoing basis, meet the needs and expectations of stakeholders, carry out pollution prevention, and be supported by continuous improvement programs will achieve significant progress in Quality, Environment, and PEFC-CoC performance. Therefore, we have set continuous improvement as a permanent goal of the Company.

To view the publicly available policy link, please click [here](#)

#### 7.6.2.2 Fiber Division OHS and Environmental Policy

This policy combines OHS policies with previous environmental policies.

The Company believes responsible forest management regarding potential ecological risks and Occupational Health and Safety (OHS) contributes positively to business and benefits employees, consumers, shareholders, communities, and other stakeholders. For this reason, the Company implements appropriate environmental and OHS policies. It implements sustainable forest management, including protecting biodiversity, managing flora and fauna, protecting workers, and preventing pollution and accidents to reduce negative impacts on the environment and OHS and increase socio-economic benefits through sustainable improvement programs.

To view the publicly available policy link, please click [here](#)

#### 7.6.2.3 Sustainable Forest Management Policy

Through this policy, the Company is committed to implementing good forest management by paying attention to wood utilization, silvicultural techniques, environmental maintenance, and social responsibility, maintaining the value of forests as a source of wood and other forest products, as well as maintaining the function of biodiversity, soil conservation, areas of conservation value—height and water catchment areas and another ecosystem functions. The company believes that good management of forest land now will be beneficial for the future through increasing productivity, carrying capacity to improve the fulfillment of community needs for forest products, maintaining biodiversity, and supporting global warming reduction programs, which will provide benefits for all stakeholders.

To view the publicly available policy link, please click [here](#)

#### 7.6.2.4 Mill Division Occupational Health and Safety (OHS) Policy

The Company is highly committed to complying with legislation and other requirements related to developing and implementing Occupational Health and Safety (OHS) programs to provide effective loss control. As a work safety policy, Management emphasizes to all employees, contractors, and visitors/guests that work safety is essential in all operational aspects and activities.

For this reason, the Company is committed to creating and maintaining a healthy and safe work environment; establishing and maintaining healthy and safe work procedures and practices; identifying, evaluating, and eliminating risks to ensure that hazards are managed appropriately; providing occupational safety and health awareness training for all employees so that

everyone can work safely with the proper protective equipment and the suitable method for using it; requires all employees, contractors and partners to comply with the Company’s standard rules, government regulations and other applicable legal requirements; encourage employee participation in occupational safety and health, develop and promote a sustainable occupational safety and health culture; investigate all incidents to prevent their recurrence; In the event of a work accident, we will provide support to injured employees to the maximum of our ability and ensure that they receive appropriate treatment so they can resume working immediately.

To view the publicly available policy link, please click [here](#)

**7.6.2.5 Genetically Modified Organism (GMO) Use Policy**

Since December 2019, the Company has confirmed that no genetically modified organisms are used or present in licensed areas or areas where research takes place under the direct and indirect responsibility of the Company and applies to all suppliers.

To view the publicly available policy link, please click [here](#)

**7.6.2.6 Pesticide Usage Policy**

The Company prioritizes using biological and non-chemical methods and minimizing the usage of chemical pesticides and other materials (chemical fertilizers). We continue to be committed to only using pesticides and other materials following laws and regulations, as stated in Annex 3 IFCC Standard 2013, World Health Organization (WHO) type 1a and 2b (2013), Stockholm Convention (2016), and Rotterdam Convention (2018). The Company strives to manage the usage of pesticides in a manner that is not harmful to health under the 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 subcontractors throughout company’s operations.

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



**7.6.2.7 Biodiversity Policy**

As part of Toba Pulp Lestari acknowledgment of its responsibility toward biodiversity sustainability, we have also created what we believe is a robust forest management system and framework applicable to all employees, suppliers, and stakeholders. We believe this policy will preserve natural resources, improving 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), preserving 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 the Company operations. To view available policy links, please click [here](#)

**7.6.2.8 Human Rights Policy**

The company is committed to sustainable development and upholding our business philosophy: “Good for the Country, Good for Society, Good for the Climate, Good for Customers, and Good for the Company. We believe that everyone should be treated equally, with respect and dignity. This is our responsibility. Our responsibility in our business is to respect human rights throughout our operations. The Company adheres to ratified local and international human rights principles and applicable laws, with the following guidelines:

- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- 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 Labor Organization’s Declaration on Fundamental Principles and Rights at Work;
- UN Declaration on the Rights of Indigenous Peoples;
- Ten principles of the United Nations Global Compact;
- 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.

The Company must respect human rights recognized nationally and internationally by the Universal Declaration of Human Rights, the ILO Convention, and all applicable laws, such as the guidelines stated above. Emphasis on Human Rights is also expressed in the Company's Collective Bargaining Agreement (CBA) in Article 29, point 5, which relates to giving female workers the right to breastfeed, and point 6, which states that the Company respects Human Rights equally for everyone regardless of gender, including Actions prevention and action against sexual harassment in all its forms.

To view the publicly available policy link, please click [here](#) 

### 7.6.2.9 Anti-Corruption Policy


The Company is committed to sustainable development and implementing our core values by conducting its business with integrity and the highest ethical standards. We also uphold our business philosophy: creating benefits for Society, Country, Climate, Customers, and the Company. We comply with the Company's Code of Ethics and Procurement Code of Ethics, which describes our commitment to be ethical and professional in business practices and comply with all applicable laws and regulatory requirements for the prevention of corruption, bribery, and extortion in the countries where the Company operates with a zero-tolerance approach against non-compliance with policies in all business practices and the Company's partners. This approach uses relevant guidelines set out by the United Nations Conventions Against Corruption. The anti-corruption policy applies to all Board of Commissioners, Directors, employees, suppliers, and other stakeholders.

To view the publicly available policy link, please click [here](#) 

### 7.6.2.10 Wood and Fibre Sourcing Policy

Recognizing the importance of forests and natural ecosystems in combating climate change, protecting and enriching biodiversity and natural resources, and maintaining the sustainability of people's livelihoods, the Company is committed to eliminating deforestation and conversion in our operational activities and supply chains. Based on our Sustainability Policy, we reaffirm our commitment to produce and supply wood, virgin fiber, pulp, and biomass (collectively "fiber") only from responsibly managed forests. We will comply with all applicable national laws and regulations to only supply legal fiber from supply chains of known origin and continue to be committed to not carrying out illegal logging.

This policy aligns with the principles and guidelines of the United Nations Global Compact (UNGC), the UN Guiding Principles on Business and Human Rights, the International Constitution of Human Rights (International Bill of Human Rights), and the International Labor Organization Fundamental Convention. This policy applies to the Company's operational activities, factories, and PBPH that we own and/or manage, as well as all third-party suppliers. This policy is implemented through a fiber supply due diligence system, including risk assessments, to evaluate and mitigate risks and avoid materials from unacceptable sources.

To view the publicly available policy link, please click [here](#) 



**7.7 RISK ASSESSMENT ON SUSTAINABILITY IMPLEMENTATION [OJK E.3]**

The Company realizes that the operational process is inseparable from economic, environmental, and social risks. Therefore, in 2021, The Company established an anti-corruption policy. This is done to increase awareness and concern, especially internally. Previously, the commitment related to anti-corruption was already part of the core values, and 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 its employees.

**7.8 GRIEVANCE MECHANISM [GRI 2-25]**

Company already has a grievance system that is both external and internal. The company's grievance mechanism is created to manage external grievances to minimize potential impacts, while internal grievances are handled by a whistleblowing system and employee grievances.

**7.8.1 External Grievance Mechanism**



Standard Operating Procedures (SOP) for External Grievance Mechanism Handling are created to handle external stakeholder grievances that cover the Company's operational areas. In 2023, the Company issued a new SOP regarding the mechanism for handling external grievances. Based on the SOP, there are several ways to submit grievances through official grievance-handling channels, namely:

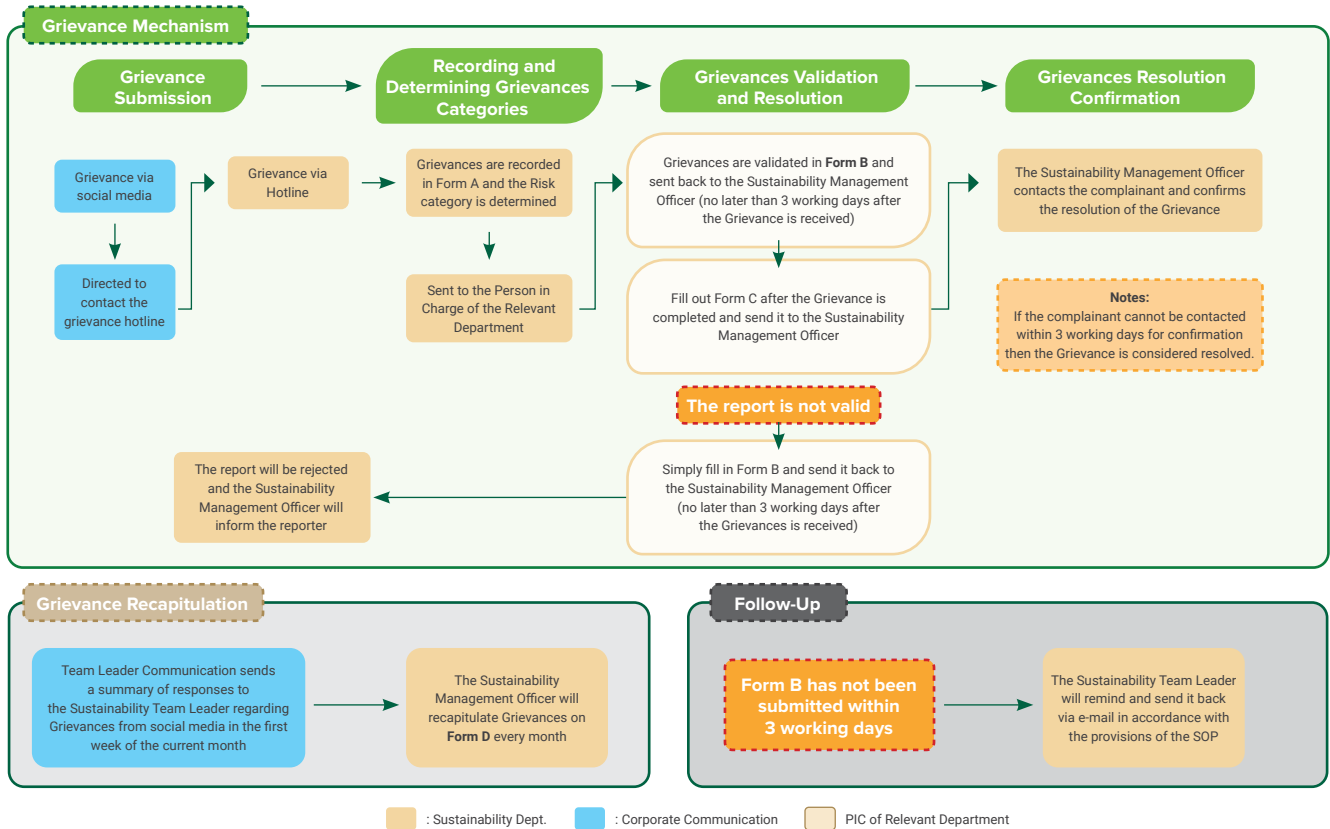
1. Verbal: This service is received by the SHR Assistant/Officer
2. SMS: 0812 6210 461
3. Regular Telephone: 0812 6210 461

4. pengaduan@tobapulp.com
5. Chat Whatsapp: 0812 6210 461

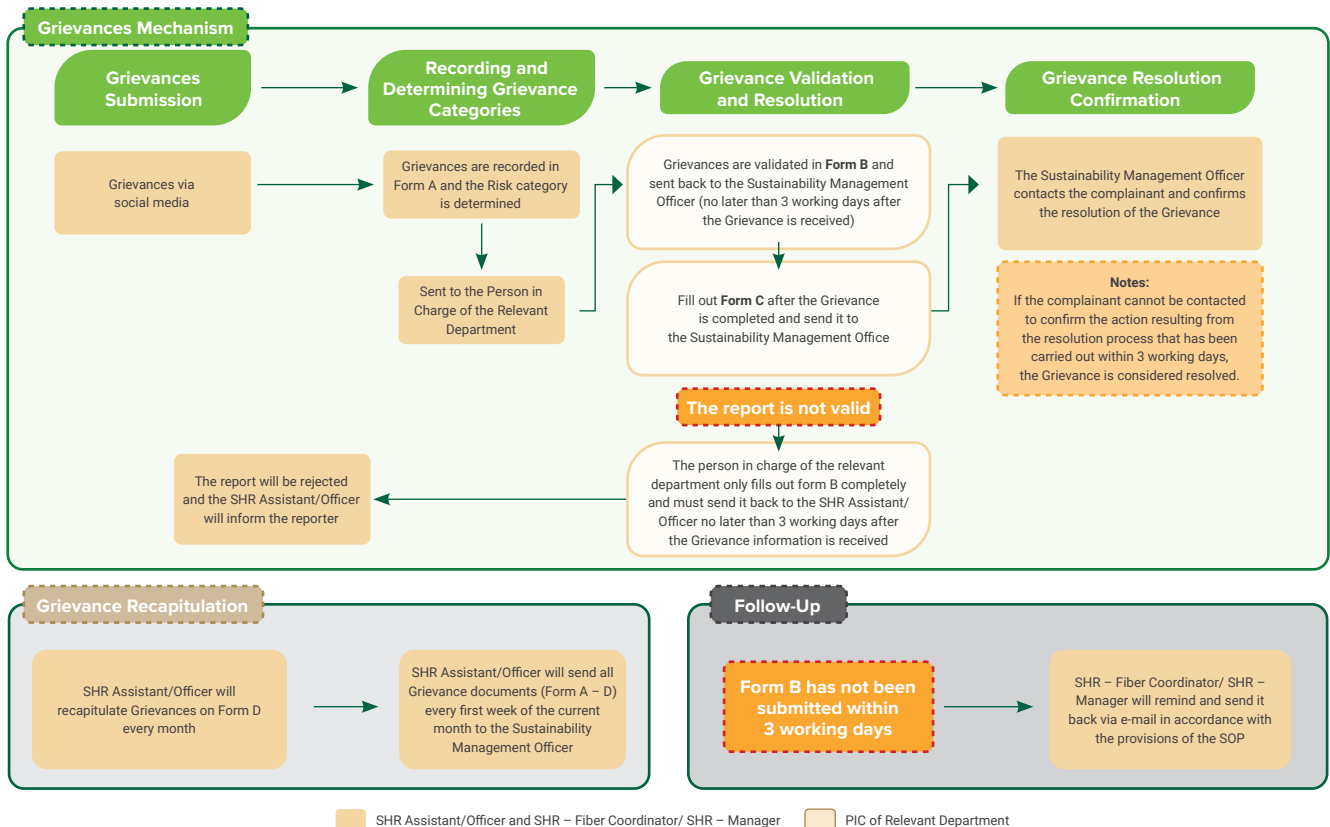
Grievances can be submitted 24 hours a day using SMS, electronic mail, and WhatsApp chat services. Regular telephone and verbal services are available Monday through Friday 08.00-17.00 WIB and Saturday 08.00-12.00 WIB.

Grievances handling by telephone will only be responded to and followed up on working days or not on holidays.

### 7.8.1.1 The flow of Grievances Handling via Hotline and Social Media



### 7.8.1.2 The flow of Grievances Handling via Verbal





In 2023, 40 grievances have been submitted via the hotline, of which 27 have been successfully resolved, 3 are still being resolved, and 10 have been identified as invalid.

**7.8.2 Internal Grievance Mechanism [GRI 2-15, 2-16, 2-26]**

The whistleblowing system and employee complaints handle internal grievance procedures.

The Company’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 the Company’s code of ethics. To view available policy links, please click [here](#)

Any employee with a reasonable suspicion of believing that fraud has occurred may report the suspected act to their supervisor via email or an antifraud hotline provided.

They can make a report using their real name (recommended), but using a pseudonym is also allowed. Complainants are not advised to conduct their investigations or discuss cases, facts, suspicions, or accusations with anyone during 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 with 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 are 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 interests and the interests of the Company. During the reporting period, no matters were indicating a conflict of interest. This also includes company directors, which can be accessed on the company website at the following [link](#)

The procedure for employee complaints stipulates provisions and steps in handling/resolving complaints submitted by workers/laborers, labor unions, or industrial relations disputes within the company.

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

Dissenting opinions between workers/laborers or trade unions/ labor unions and companies must 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. Significant company operations problems will be reported and monitored at the monthly meeting. This meeting is carried out once a month on an independent basis. The next meeting will evaluate, follow up, and monitor every critical problem.

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

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

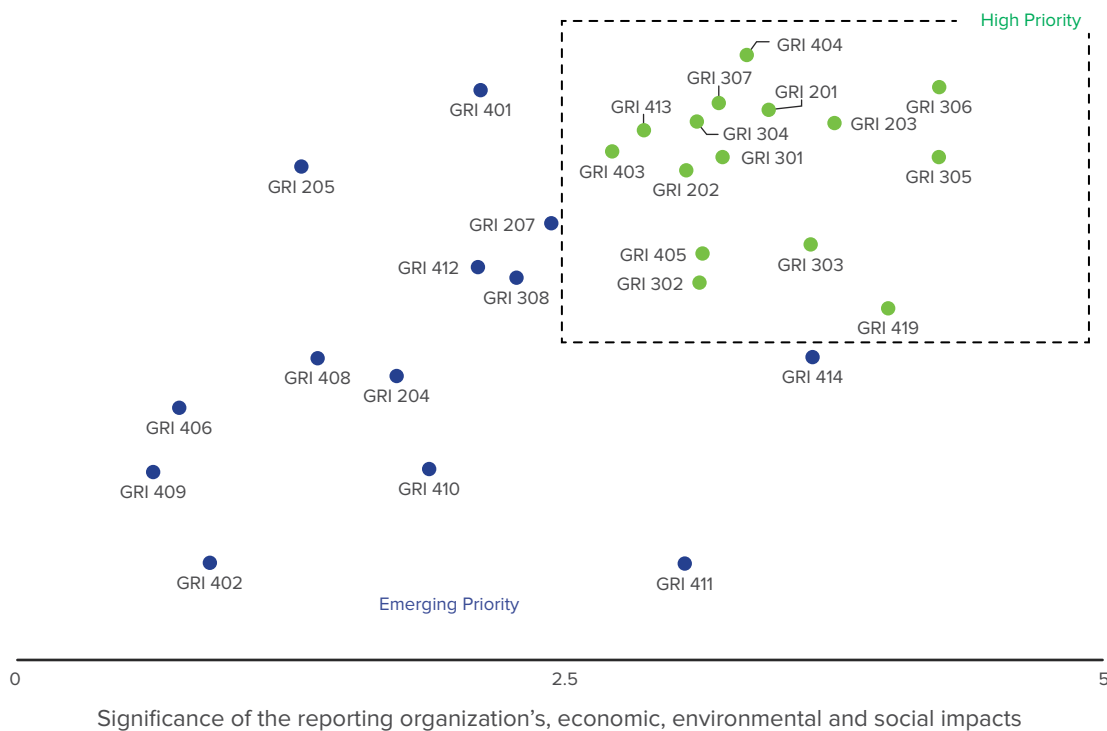


Stakeholders	Mode of Engagement	Engagement Frequency
Customers	<ul style="list-style-type: none"> <li>Electronic Communications</li> <li>Customer Feedback Channel</li> <li>Corporate Website</li> <li>Sales/Purchase Contract</li> </ul>	<ul style="list-style-type: none"> <li>As Needed</li> <li>As Needed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

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

We apply the online stakeholder engagement method to build a sustainability roadmap that is right on target and follows the needs of stakeholders. In addition, this process has also become a continuous process from the previous year's Sustainability Report.

The following is a materiality matrix resulting from stakeholder engagement that is considered essential to them so that it helps us identify areas that we can develop and improve to meet their expectations.



Disclosures highlighted in green are topics that will be disclosed in the 2023 Sustainability Report.

We identified the topic by gathering responses from stakeholders through questionnaires. Based on the feedback received, we conducted an analysis of the material topic with low to high scales. This analysis was based on the organization's impact on the economy, environment, and society. 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. The Company sets the limits for priority values. An impact assessment scale ranging from 0 to 5 is used, where the threshold for determining priorities is 2.5. The selection of priority topics is based on the significance of impacts that score above the threshold value of 2.5. In the coming year, we will engage with stakeholders once again.

The topic of disclosure for GRI 414 and 411 for this year cannot be disclosed because the data is still in the consolidation process.

**7.9.2 Collaborative Platforms and Initiatives [GRI 2-25]**

The Company has collaborative platforms and initiatives, including participation in certification to improve sustainable forest management through IFCC and The Program for the Endorsement of Forest Certification (PEFC™), assessment of efforts to manage business practices on ESG issues through the

SPOTT platform, collaborating with the Earthworm Foundation to increase contributions on social and natural management, and the Forest Stewardship Council to carry out Social Baseline Assessment and Environment Baseline Assessment.

Collaborative Platform and Initiatives	
IFCC	<p>Indonesian Forest Certification Cooperation (IFCC) is a non-profit organization founded on September 9, 2011. IFCC aims to encourage and improve sustainable forest management in Indonesia by implementing forestry certification that meets the PEFC sustainable forest management benchmarks. Participation in this certification also ensures that forests are managed by prioritizing environmental, social, and economic aspects, which will positively impact the market or product consumers.</p> <p>Valid certificates can be viewed <a href="#">here</a></p>
The Programme for the Endorsement of Forest Certification (PEFC™)	<p>PEFC is an international non-profit organization promoting sustainable forest management through independent third-party certification. Our factory premises are certified under the PEFC Chain of Custody, which establishes a chain from forest to market, tracing forest-based products from sustainable sources to final products.</p> <p>Valid certificates can be viewed <a href="#">here</a></p>
SPOTT	<p>SPOTT is an online platform that rates commodity producers, processors, and traders based on public disclosures regarding their organizations, policies, and practices related to environmental, social, and governance (ESG) issues. SPOTT is conducted through a review of publicly available reports and publications. The Company achieved a score of 80.3% in 2023, becoming the top 3 in the annual global assessment report, which includes 100 wood-related companies worldwide.</p>
Earthworm Foundation	<p>Earthworm Foundation is a non-profit organization founded on values and driven by the desire to impact the relationship between humans and nature positively. The collaboration with the Earthworm Foundation team is to conduct an objective review of the company's current social engagement systems, processes, and practices, including approaches to land claims and grievance resolution issues and internal capacity development, to strengthen and improve them to comply with international standards and/ or industry best practices. Our collaboration with the Earthworm Foundation will result in measurable recommendations and specific action plans, where improvements can be implemented in the short, medium, and long term.</p>
Forest Stewardship Council	<p>FSC is an international non-profit organization with various stakeholders that promotes responsible management of the world's forests. FSC has developed this version of the FSC Remedial Framework to address unacceptable activities, for which we have followed the processes in the Social Baseline Assessment (SBA) and Environmental Baseline Assessment (EBA).</p>



# 8. Economy

## 8.1 ECONOMY ASPECT

The Company aims to harmoniously integrate economic, social, and environmental aspects through implementing sustainability strategies. The economic element relates to the Company's financial success, which has a direct impact, as well as our initiatives to improve the standard of living of local communities and encourage general economic growth, which has an indirect impact.

### 8.1.1 Economic Performance [GRI 3-3]

The Company realizes that achieving its economic performance has an essential role in contributing both directly and indirectly to its 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 to provide additional value and greater benefits, both directly and indirectly to stakeholders.

The direct economic value generated and distributed by the Company to stakeholders 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

### 8.1.2 Direct Economic Value Generated and Distributed [GRI 201-1]

As part of its efforts to contribute more to the socio-economic development of the surrounding and regional communities and provide value to stakeholders, the Company implemented a series of strategies to improve its economic performance. The Company 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.

To optimize business operations management, the Company has implemented a System Application and Processing (SAP). The Company also reports regularly and is transparent in its financial reports, both non-audited quarterly and audited by a public accounting firm every year, to shareholders and investors by electronic and public mail through the Company's website and regulators through the reporting system.



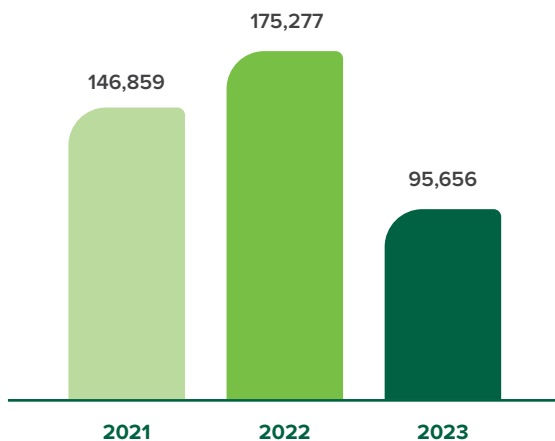
## Our Performance in 2023

The Company records growth in direct economic value every year, as shown in the table below. The economic value generated by the Company in 2023 was recorded at USD thousand 95,656, down by 45.4% compared to 2022. The economic value generated was net sales of the Company's products, which were marketed to several destination countries, such as Indonesia and China.

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 2023, the Company recorded economic values distributed of USD thousand 102,341 so the economic value saved is USD thousand (6,685) in 2023.

Description	2023	2022	2021
	(USD' 000)		
A. Direct economic value generated	95,656	175,277	146,859
B. Distributed economic value:	102,341	156,384	136,202
Operating costs	91,567	143,380	125,021
Employee salaries and benefits	9,766	11,301	9,753
Community development	918	1,703	1,428
C. Retained economic value: (direct economic value generated – economic value distributed)	(6,685)	18,893	10,657

### Direct Economic Value Generated in 2021-2023 (USD' 000)



### Distributed Economic Value in 2023

USD thousand 102,341

#### Sales based on Designated Countries

Country	USD '000	Contribution (%)
Indonesia	91,889	96
China	3,767	4
Total	95,656	100

### 8.1.3 Comparison of Target and Performance in 2023 [OJK F.2]

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

Description	Unit	2023		2022		2021	
		Realization	Target	Realization	Target	Realization	Target
Production	Tons	153,624	161,188	198,429	202,140	200,192	202,128
Net Sales	Thousand USD	95,656	124,472	175,277	135,173	146,859	111,026
Net Income	Thousand USD	(25,755)	568	(20,849)	1,078	618	805

### 8.1.4 Obligations for Defined Benefit Pension Plans and Other Pension Plans [GRI 201-3]

As part of our commitment to our employees - the Company's most significant contributors, Toba Pulp Lestari has enrolled all of them in a secure pension plan. This plan, mandated by the law, ensures social and economic protection for our employees. Under this plan, our employees contribute 1% of their reported basic wages, while company delivers an additional 2%. This accumulated amount is payable to employees upon retirement.

The retirement process at company is comprehensive, starting from psychological and financial preparation when they start entering the retirement period. Our system identifies employees reaching retirement age in the coming month. The HRD Department communicates the retirement date to the employee's direct supervisor and the employee. To prepare employees psychologically, we provide retirement training covering benefits, readiness, financial arrangements, and productive activities from the Learning and Development team. This training is conducted 1 to 2 years before the employee retires. From an economic standpoint, every employee is entitled to severance pay, gratuity pay, and/or compensation rights, such as remuneration.

In line with the Company's Work Termination SOP, every employee about to reach retirement age must sign a collective agreement. This agreement contains the end date of the employment relationship and the rights granted by the Company. It is a crucial document ensuring both parties know their responsibilities and rights. 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 2023 and is valid until 2025. Several internal and external audits have been conducted to ensure the PKB complies with applicable regulations.

## RETIREMENT PROCESS



### Our Performance in 2023

In 2023, The Company post-employment benefit obligation as of December 31, 2023 are USD thousand 3.687, increased from 2022.

## 8.2 PROCUREMENT PRACTICE

The Company is deeply committed to local communities economic and social well-being. We demonstrate this by harnessing Indonesia's rich resources, particularly in our mills and concession areas. Our procurement process is guided by strict adherence to Standard Operating Procedures (SOP), procurement policies, the Code of Conduct for procurement of goods or services, and anti-corruption policies. This ensures a transparent and ethical procurement of goods and services, fostering positive economic and social impacts for our business and the community.

### 8.2.1 Proportion of Expenses for Local Suppliers [GRI 204-1]

The Company prioritizes local suppliers to meet its needs, so 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.

### Our Performance in 2023

In 2023, the percentage of the procurement budget spent by local suppliers are 92% decreased from 2022, but still more significant than imported suppliers, 8%.

Description	2023	2022	2021
Local Supplier	92%	88%	91%
Import Supplier	8%	12%	9%

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

### 8.2.2.1 Community Development Project through Allocation of 1% Net Sales

The Company remains highly committed to developing community development projects through multiple programs by Deed 05. Through its annual CD/CSR programs, The Company is committed to allocating 1% of our net sales to support community welfare. The amount of fund allocation is determined at the GMS in the fiscal year by the shareholders' agreement. Hence, the amount of fund allocation for 2023 shall be determined at the Annual GMS for the fiscal year 2023. The realization of CD/CSR programs in 2023 were recorded at Rp12,771,708,060.

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

Year	Allocation of 1% Net Sales	Realization
2021	Rp20,374,661,870	Rp12,700,684,096
2022	Rp26,791,115,299	Rp10,403,344,740
2023	Rp14,155,920,517	Rp12,771,708,060

#### Achieving the target

The allocated funds provided will be spent correctly, right on target, according to the needs of local communities, and are expected to encourage the effective improvement of their economy. In 2023, in its realization, the Company has contributed to:

#### Education, Culture, and Religion

Through this program, the Company supports improving the quality of education in local communities, participation in local cultural and religious activities through scholarship programs, sponsorship assistance, assistance in repairing places of worship, and others.

#### Environment

This program is focused on assistance in building public space facilities and infrastructure, such as improving road access, bridges, and access to clean water.

#### Welfare, Job Creation, and Skills Development

Helping the community develop economic improvements through job creation and skills development, such as business coaching and training, cultivation, procurement of seeds, livestock, etc.

#### Health

The Company assists with activities in the health sector, such as assistance in efforts to reduce stunting, medical check-ups, etc.

#### Government Relations

The Company assists local government support facilities and participates in government projects such as assistance for road repairs, bridge construction, village office improvements, and others.

## 8.3 INDIRECT ECONOMIC IMPACTS

The Company is committed to growing with local communities around its operational areas. Hence, the Company prioritizes local community development carried out through CD/CSR programs.

Deed No. 05 of 2017 stipulated that the Company allocates 1% of net sales for Health, Welfare, Job Creation and Skills Development; Environment; Education, Culture and Religion; and Government Relations. The Company strives to contribute to the local communities around our operations. In 2023, we 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



Government Relations

43%



Education, Culture, and Religion

22%



Environment

22%



Welfare, Job Creation, and Skills Development

12%



Health

1%



The Company engages with local communities in discussing (rembuk desa) and implementing the CD/CSR programs to ensure that the programs are on target and that local communities will benefit from the Company's assistance. Furthermore, monitoring and evaluations are carried out regularly to provide further improvements.

In 2023, the Company distributed financial assistance amounting to Rp12,771,708,060 for 178 CD/CSR programs. Several CD/CSR programs in 2023 comprised drilled wells construction, drainage construction, road patching and construction, bridge construction, etc. The Company also assists rice, coffee, and chili farmer groups, as well as business incubator training and business development assistance for Micro, Small, and Medium Enterprises (MSMEs).

**8.3.1 Significant Indirect Economic Impact [GRI 203-2]**



**Bee Farming**

Honey bee farming business is one of the ways to improve the people's welfare. As a provision of assistance for the community, the Company provides equipment and tools for bee farmers, 5 safety suits and 100 stubs in Aek Natolu Village, Lumbanjulu District, Toba Regency, so that the farmers are able to harvest in a more optimal manner while increasing their income.

**Coffee Academy Program**

Through this program, the Company provides training and assistance on cultivating coffee plants to coffee farmers in Aek Raja, Horison Rangitgit, and Tornauli Villages in North Tapanuli Regency and Banjar Ganjang Village, Tangga Batu II, North Siantar in Toba Regency.

From this program, coffee farmers apply coffee cultivation and post-harvest training, which encourages increased coffee production. Moreover, the use of compost can reduce the cost of fertilizer. That way, farmers have quality products at more efficient costs with maximum profits.



**Padi Emas Program**

Rice farmers in Bandar Manik Village, Pematang Sidamanik Sub-District, Simalungun District and Simpang Sigura Gura Village, Porsea Sub-District, Toba District and Toba Regency is supported by company in increasing their production and generating positive impacts on local communities.

Hence, we assists in carrying out the jejar legowo method, namely a planting system to increase yields (production) by adjusting the row spacing. Moreover, we provides material assistance, such as superior seeds, fertilizers, and pesticides, to ensure the success of this program.

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



**Micro, Small, and Medium Enterprises (MSMEs) Development**

We also support micro, small, and medium enterprises (MSMEs) like the ulos weaving craftsmen in Toba Regency. These craftsmen often face limited profits due to high chemical procurement costs. To address this, we collaborate with the Ministry of Tourism and Creative Economy to provide training on natural thread production, aiming to reduce production costs. This initiative is expected to boost the craftsmen’s income significantly.

**8.3.2 Infrastructure Investment and Services Supported [GRI 203-1]**

The Company believes that a reliable infrastructure will provide easy access for the community to meet their daily needs and support community empowerment. In 2023, the Company carried out an infrastructure development program for items or goods amounting to Rp5.09 billion in 5 (five) main areas: Toba, Samosir, Tapanuli Utara, Tapanuli Selatan, Dairi and Humbang Hasundutan Regencies. Through this program, the Company completed a total of 9 projects. In 2023, the Company built several infrastructures with significant impacts on the community, as follows:

Toba	Samosir	Dairi
Construction of a bridge connecting the sub-districts in Lumban Manurung Village, Porsea District	Clean water distribution pipeline in Partungko Naginjang Village, Samosir	Drinking water distribution pipeline in Village II and III as well as the 3-kilometer length of 2 storage tanks for 180 heads of families in Parbuluan III Village, Dairi
Clean water distribution pipelines in Lumban Manurung Village, Tangga Batu I Village, and Pangombusan Village	Construction of drilled wells to distribute clean water to people in Huta Tinggi Village, Golat Village	
Housing relocation assistance to support the F1H2O event		
South Tapanuli	North Tapanuli	Humbang Hasundutan
Construction of South Tapanuli Police Station	Construction of drilled wells to distribute clean water to people in Aek Raja Village	500-meter agricultural road pavement construction in East Sion I Village

**Our Performance in 2023**

- 1. Construction of a bridge Aek Mandosi IV Tanjung Pasir, Lumban Manurung Village, Parmaksian District**  
 To improve the distribution of goods and services between sub-districts, the Company built a bridge Aek Mandosi IV Tanjung Pasir, Lumban Manurung Village, Parmaksian District in 6 months, with costs incurred amounted to Rp1,443,000,000.
- 2. Clean water distribution pipelines in Lumban Manurung Village, Tangga Batu I Village, and Pangombusan Village**  
 In an effort to distribute clean water to local communities, the Company built clean water distribution pipelines in Lumban Manurung Village, Tangga Batu I Village, and Pangombusan Village. This was carried out in 1 (one) month, and the costs incurred amounted to Rp270,729,000.
- 3. Clean Water Pipeline in Partungko Naginjang Village, Samosir**  
 To fulfill the local community's clean water needs, the Company built a clean water distribution pipeline in Partungko Naginjang Village, Samosir, which was carried out in 1 (one) month, with costs incurred amounted to Rp149,850,000.
- 4. Construction of drilled wells to distribute clean water to people in Huta Tinggi Village, Golat Village**  
 To fulfill the local community's clean water needs, the Company built drilled wells to distribute clean water to people in Huta Tinggi Village, Golat Village in 1 (one) month, with costs incurred amounted to Rp111,888,000.
- 5. Construction of drilled wells to distribute clean water for people in Aek Raja Village**  
 To fulfill the local community's clean water needs, the Company built drilled wells to distribute clean water for people in Aek Raja Village in 1 (one) month, with costs incurred amounted to Rp152,847,724.
- 6. Construction of the South Tapanuli Police Station**  
 To improve services for the local community, the Company built the South Tapanuli Police Station in 3 (three) months, with costs incurred amounting to Rp1,500,000,000.
- 7. Drinking water distribution pipeline in Village II and III as well as 3 kilometers length of 2 storage tanks for 180 heads of families in Parbuluan III Village, Dairi**  
 To fulfill the local community's clean water needs, the Company built clean water distribution pipeline in Village II and III-, and 3-kilometers length of 2 storage tanks for 180 heads of families in Parbuluan III Village, Dairi, which was carried out in 1 (one) month, with costs incurred amounted to Rp156,548,742.
- 8. 500-meter agricultural road pavement construction in East Sion Village I**  
 To facilitate the distribution of goods so that villagers can sell agricultural products without difficulty, distribute the products to the nearest market, and bring goods to be sold in the village, the Company paved a 500-meter agricultural road in the Village East Sion I, which was completed in 1 (one) month, with costs incurred amounted to Rp107,892,000.



- 9. Housing relocation assistance to support the F1H2O event**  
 To help villagers find a place to stay after housing relocation due to F1H2O activities, the Company conducted a housing relocation project in 6 (six) months, with costs incurred amounted to Rp1,200,204,168.



## 9. Environment

### 9.1 ENVIRONMENTAL ASPECT

Environmental sustainability is the utmost priority for Toba Pulp Lestari, so the Company pursues innovative solutions to improve its environmental management practices. The Company's commitment to environmental management and sustainability is reflected through policies and their application. By implementing a strict environmental management policy, environmental impacts can be minimized while fostering sustainable practices. The policies mentioned above cover several aspects, namely sustainability, occupational health, safety, and environment (OHSE), sustainable forestry management, and biodiversity. Furthermore, Toba Pulp Lestari consistently monitors and evaluates its environmental performance to ensure compliance

with the applicable regulations and identify areas for improvement. By taking these proactive steps, the Company strives to become increasingly environmentally responsible while improving operational efficiency.

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

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



**9.1.1 Environmental Costs [OJK F.4]**

Toba Pulp Lestari has specifically budgeted costs for several activities related to environmental programs. In 2023, the Company spent Rp5,172,417,590.00 on the ISO Mill and Fiber financing environmental programs.

Year	Type of Activity	Expenditures (Rp)
2021	ISO Mill and Fiber environmental program financing	1,774,658,754
2022	ISO Mill and Fiber environmental program financing	3,247,848,951
2023	ISO Mill and Fiber environmental program financing	5,172,417,590

**9.2 BIODIVERSITY [GRI 3-3]**

Toba Pulp Lestari focuses on biodiversity management, especially in the areas identified as High Conservation Value (HCV) areas. The Company is committed to preserving and protecting the ecosystem, recognizing the importance of maintaining biodiversity to ensure well-functioning ecosystems. Through careful planning and collaboration with local stakeholders, the Company implements several measures to protect the HCV areas and minimize the impact of its operations on the surrounding biodiversity and ecosystems. Moreover, this proactive approach shows the Company's dedication to sustainable practices and environmental management. External parties recognize our biodiversity management through the Sustainable Forestry Management certification as having a "good" performance.

The biodiversity management in The Company 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, and rehabilitation measures in the event of disturbances.
- Carry out a pattern of partnership cooperation 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 the program through internal and external audits, such as ISO 14001:2015, ISO 45001:2018, PHL, 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 2023 are:

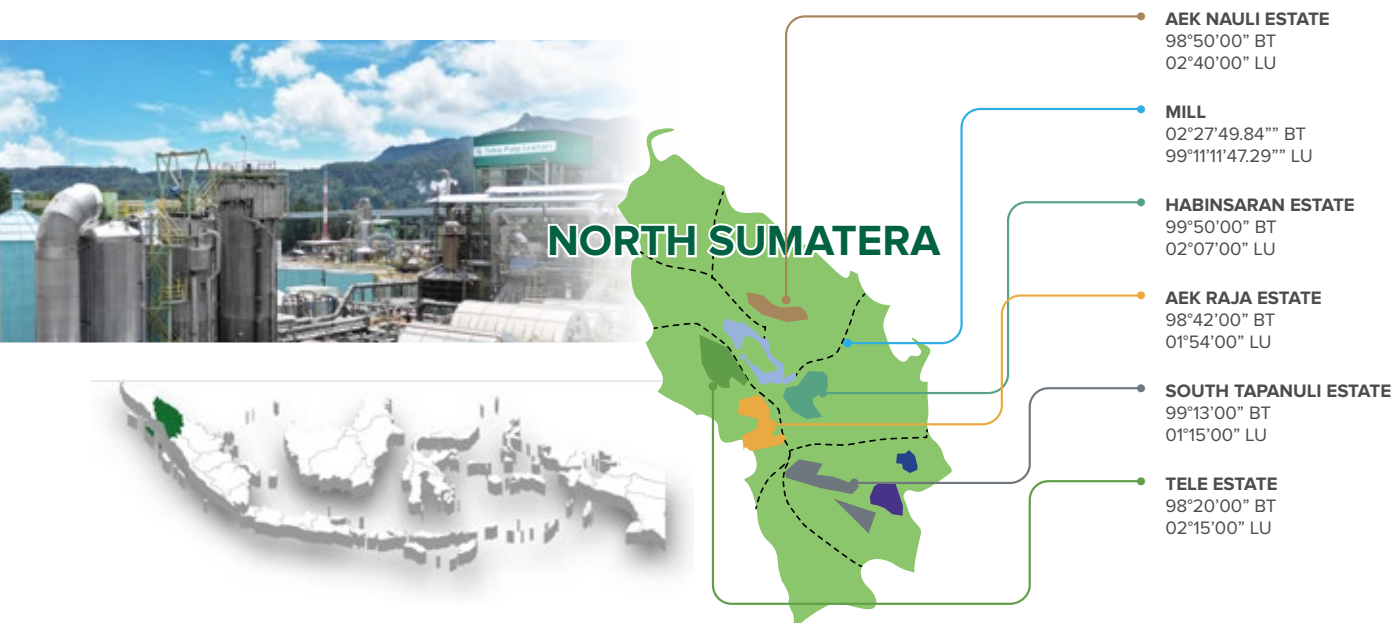
- Providing access to the utilization of Non-Timber Forest Products by local communities, such as aren, pine resin, and frankincense, can generate economic value to communities' income. According to the monitoring results of the NTFPs utilization in 2023, the value obtained was IDR816,499,600, lower than IDR1.209.863.000 in 2022.
- The Company also carried out an enrichment program of protected areas in locations with degraded land cover, which 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, impacts the environment. This program aims to preserve wildlife around the company's concession by planting animal feed.
- Protection program for water flow protection zones used by the community for irrigation or drinking water activities. We regularly conducts water quality tests to ensure that the quality of the water flow is still within the threshold required by regulations.

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

Toba Pulp Lestari understands the importance of mapping operational areas adjacent to the protected areas. By mapping the protected areas' locations and perimeters, the Company can implement relevant measures to reduce potential impacts on these ecosystems. Besides, Toba Pulp Lestari works together with various organizations and local communities to support conservation efforts in those areas while protecting and preserving the surrounding natural habitat. This collaborative approach manifests the Company's commitment to environmental conservation outside the perimeters of its operational areas.

#### Our Performance in 2023

The Company operations are located in the following locations:



Company'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 our 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 west of the TAS Estate.
- The Dolok Sibual-buali Nature Conservation in South Tapanuli, with an area of about 5,000 Ha, is located 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 has an area of about 500 Ha, 11 km northeast of the AER Estate.

We have an Environmental team; within the team, expertise is selected 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.

**9.2.2 Habitat Protected or Restored [GRI 304-3]**

The Company supports efforts to maintain a protected or restored habitat, especially in its concession areas, which are part of the protected areas. These efforts are carried out continuously and regularly monitored.

**Our Performance in 2023**

The Company converts its concession areas to Cultivation Areas and Protected Areas. The management of 48,386 hectares of protected areas consists of:

- Scoring > 175
- Slope > 40%
- River Border
- Protected Forest Buffer Zone
- Germplasm Conservation Area
- Wildlife Protection Area
- Peat Ecosystem Function
- Protected Forest.

The Company's operational area is 167,912 hectares, following the Decree of the Minister of Environment and Forestry No SK.1487/Menlhk/Setjen/HPL.0/12/2021. The type of operation in the concession areas is categorized as PBBPH.

**9.2.3 Conservation Area Monitoring [GRI 304-4]**

We regularly monitor the conservation areas to record flora and fauna in operational areas that are part of the protected category. According to a survey in 2023, there was a type of flora that is protected based on the IUCN Red List in the Least Concern category, namely the Bunga Bangkai (*Amorphophallus paeoniifolius*) which grows in the protected area along the Aek Sipupus river in the Padang Sidempuan, South Tapanuli Regency, also the Company's concession areas.



*Amorphophallus paeoniifolius*

This plant is a seasonal herbaceous plant in the family Araceae, a family of monocotyledonous flowering plants, which can be identified based on its main characteristics, namely it has a wet stem (herbaceous) and the flower consists of flowering spike or bract (spathe) and fleshy stem (spadix). An Elephant Foot Yam with a distinctive smell can attract several types of insects, namely beetles (*Onthopagus* sp.) and green bottle flies (*Lucilia* sp.), due to a putrid and pungent smell from the secreting mucus as the female flowers are receptive. This typical lowland plant grows in the tropical and subtropical zones, from West Africa

to East Africa through the Pacific Islands. This plant grows in lowland rainforests, monsoon forests, disturbed forests, secondary forests, and agricultural lands. It occasionally grows in abandoned fields but rarely grows in limestone soil. This plant grows not directly exposed to sunlight but in the shade of other vegetation, such as bushes, shrubs, and trees. These vegetations are essential for the plant's survival through their shades to provide suitable growth conditions: temperature, rainfall, and light intensity.

No.	Extinction Risk Level	Species	Species Name
1.	Critically Endangered	Mammal	Sumatran Tiger ( <i>P. tigris sumatrae</i> ), Pangolin ( <i>Manis javanica</i> )
		Aves	Aceh Flycatcher ( <i>Cyornis ruckii</i> ), Sangihe Glasses Pleci Bird ( <i>Zosterops nehrkorni</i> )
2.	Endangered	Mammal	Tapir ( <i>Tapirus indicus</i> ), Slow Loris ( <i>Nycticebus coucang</i> ), Siamang / Imbo ( <i>Symphalangus syndactylus</i> ), Beruk / Short-tailed monkey ( <i>Macaca nemestina</i> ), Mountain Otter ( <i>Lutra sumatrana</i> ), Long-tailed Monkeys ( <i>Macaca fascicularis</i> )
		Aves	Sumatran Poksai Bird ( <i>Garrulax bicolor</i> )
3.	Vulnerable	Mammal	Forest Goat ( <i>Capricornus sumatraensis</i> ), Root Tiger/Forest Cat ( <i>Felis bengalensis</i> ), Sun Bear ( <i>Helarctos malayanus</i> ), Kia kia/Lutung ( <i>Presbytis thomasi</i> ), Deer ( <i>Cervus unicolor</i> ), Binturong ( <i>Arctictis binturong</i> )
		Reptile	Bodo Python ( <i>Python bivittatus</i> ), Cobra ( <i>Ophiophagus hannah</i> )
		Aves	Aves Horned Hornbill ( <i>Buceros rhinoceros</i> ), Plank Hornbill ( <i>Buceros bicornis</i> )
4.	Near Threatened	Mammal	Golden Cat ( <i>Catopuma temminckii</i> ), Rock Cat ( <i>Pardofelis marmorata</i> ), Marang ( <i>Ratufa affinis</i> )
		Aves	Colorful Takur Bird ( <i>Psilopogon mystacophanos</i> ), Sumatran Rock Ciung Bird ( <i>Myoponus castaneus</i> ), Sumatran Squirrel Bird ( <i>Lophura inornata</i> ), King Kuau Bird ( <i>Argusianus argus</i> ), Pancawarna Bird ( <i>Hydrornis irena</i> ), Aceh Flower Bird ( <i>Lophura hoogerwerfi</i> ), Birds Poksai Genting ( <i>Garrulax mitratus</i> ), Sumatran Leaf Cickey ( <i>Chloropsis venusta</i> ), Poksai Bird ( <i>Trichostoma malaccense</i> )
		Reptile	Rat Snake ( <i>Ptyas korros</i> )
5.	Least Concern	Mammal	Napu Mouse Deer ( <i>Tragulus napu</i> ), Deer ( <i>Muntiacus muntjak</i> ), Gray Bat ( <i>Megaerops ecaudatus</i> ), Brown Bat ( <i>Emballonura monticola</i> ), Kelelawar Buah ( <i>Chironax melanocephalus</i> ), Tupai Tanah ( <i>Lariscus insignis</i> ), Musang Lereng ( <i>Sundamys muelleri</i> ), Landak Sumatera ( <i>Hystrix sumatrae</i> ), Musang Bulan Bertopeng ( <i>Paguma larvata</i> ), Landak Jawa ( <i>Hystrix javanica</i> ), Kancil Jawa ( <i>Tragulus javanicus</i> ), Masked Moon Civet ( <i>Paguma larvata</i> )
		Aves	Grasshopper Eagle ( <i>Microhierax fringillarius</i> ), Striped Fan Eagle ( <i>Rhigidura javanica</i> ), Rat Eagle ( <i>Elanus caeruleus</i> ), Bondol Eagle ( <i>Haliastur indus</i> ), Sumatran Snake Eagle ( <i>Dendrocitta occipitalis</i> ), Sepah Raja Honey Bird ( <i>Aethopyga siparaja</i> ), Black Eagle ( <i>Ictinaetus malaiensis</i> ), Fire Tank Eagle ( <i>Psilopogon pyrolophus</i> ), Brontok Eagle ( <i>Nisaetus cirrhatus</i> ), Bido Snake Eagle ( <i>Spilornis cheela</i> ), Mountain Eagle ( <i>Nisaetus alboniger</i> ), Thicket Kingfisher ( <i>Halcyon smyrnensis</i> ), Meninting Kingfisher ( <i>Alcedo meninting</i> ), Prussian Woodpecker ( <i>Blythipicus rubiginosus</i> ), Yellow-rumped Woodpecker ( <i>Picus flavinucha</i> ), Caladi Tilik Woodpecker ( <i>Dendrocopos moluccensis</i> ), Red Chilli Bird ( <i>Dicaeum cruentatum</i> ), Birds Ninon Flycatcher ( <i>Eumyias indigo</i> ), Pygmy Flycatcher ( <i>Pnoepyga pusilla</i> ), Leaf-billed Flycatcher ( <i>Phylloscopus trivirgatus</i> ), Bukit Srigunting Bird ( <i>Dicrurus remifer</i> ), Gray Srigunting Bird ( <i>Dicrurus leucophaeus</i> ), Banded Flycatcher ( <i>Sitta azurea</i> )
		Reptile	Green Snake ( <i>Trimeresurus albolabris</i> ), Forest Gecko ( <i>Gekko smithii</i> ), Chameleon ( <i>Gonocephalus grandis</i> ), Lizard ( <i>Tiliqua gigas</i> ), Brown Lizard ( <i>Calotes versicolor</i> ), Garden Lizard ( <i>Eutropis multifasciata</i> )



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

Through its biodiversity policy, the Company is committed to implementing an appropriate forest management system. The implementation does not only become the company’s responsibility but can also conserve natural resources which improves the balance of biodiversity within.

**Our Performance in 2023**

The Company constantly monitors and measures the effectiveness of its biodiversity policy implementation. Throughout 2023, 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.

The Company is committed to upholding an environmental sustainability policy and practicing strict control over our SOPs about our operational locations. No new road infrastructure developments are to be made in 2023. We have also protected the ‘Greenbelt’ on the banks of the designated river as a link between habitats.

Since 2014, The Company has stopped harvesting mixed forest wood, and any previously harvested wood was used by September 2014. Since then, under our Sustainability Policy, The Company has only developed non-forest areas according to HCV and HCS assessments.

**9.2.5 Biodiversity Conservation Efforts [OJK F.10]**

We report on biodiversity-related performance annually at Management Review meetings, 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 Forest Management (PHL). In contrast, internal audits are conducted twice a year. If a complaint arises, the Sustainability Department will handle the Grievance through the hotline provided, which we have included in the Sustainability Governance section of this report.

Following are the targets we have planned for The Company conservation work in 2023 compared to our actual achievements:

Activities	Asset Unit	Planned	Realization
Providing Natural Seeds	Tree	150,000	161,173
Natural Succession	Ha	9.70	9.70
Artificial Succession	Ha	4.66	4.66
Erosion Mitigation	Location	76	79
Quarry Rehabilitation	Ha	0.8	0.8
Growing Forage for Wildlife	Tree	855	855
Rafflesia Protection in the Tele Estate	Location	1	1
Monitoring Fauna	Location	219	219
Flora Monitoring	Location	441	441
Maintenance of Nepenthes Ampullaria in the Aek Nauli Estate	Location	1	1

**9.3 MATERIAL [OJK F.5; GRI 3-3]**

As part of its environmental management efforts, Toba Pulp Lestari is committed to responsible material consumption. Therefore, the Company implements a strategy to reduce waste and natural resource consumption. By optimizing production and efficiently using raw materials, Toba Pulp Lestari can minimize its environmental footprint and contribute to sustainable resource management.



We aim to use 97- 98% of renewable materials by 2030. To achieve this target, The Company 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
- To monitor material consumption activities using an online system to trace the consumption history chronologically
- 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

### 9.3.1 Material Used by Weight or Volume [GRI 301-1]

In carrying out its operations, we uses 2 (two) types of materials, namely non-renewable and renewable materials. Renewable materials consist of raw materials, such as wood, lime kiln lime products, and Inorganic Black Liquor. Meanwhile, non-renewable

materials are used for raw materials, associated process materials, and materials for packaging purposes.

#### Our Performance in 2023

The materials that we have used in (in tons) for the past 3 years are as follows:

Type of Material	2023		2022		2021	
	Total (tons)	Composition (%)	Total (tons)	Composition (%)	Total (tons)	Composition (%)
Non-renewable material used	22,423	1.7	39,157	2.5	40,860	2.6
Renewable material used	1,317,209	98.3	1,558,240	97.5	1,521,649	97.4
Total material used	1,339,632	100.00	1,597,397	100.00	1,562,509	100.00

We used 98.3% renewable materials in 2023, higher than in 2022, which was 97.5%. This value is still within the predetermined target at 97-98%.

### 9.3.2 Usage of Recycled Material Input [GRI 301-2]

Our products are made using natural wood fiber (virgin wood). We are a significant producer and 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 BL is obtained from the pulping process.

**9.4 ENERGY [OJK F.7; GRI 3-3]**

Toba Pulp Lestari is committed to environmental management and prioritizes energy management in its sustainability efforts. The Company implements several strategies to monitor, reduce, and optimize energy consumption in its operations. By integrating energy-efficient processes, the Company can minimize its carbon footprint and contribute to global energy conservation efforts.

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 Filter-Electrostatic precipitator (ESP) 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

For emission monitoring, the Company applies a Continuous Emission Monitoring System (CEMS) at several operational areas connected to the central server of the Air Quality Monitoring System.

Method used Energy = amount of fuel \* calorific value per value (and converted to GJ LHV)

Several efforts to reduce Greenhouse Gas (GHG) emissions are as follows:

- Improve energy efficiency in the operations and power plants
- Utilize alternative fuels in boilers as a substitute for coal
- Carefully choose the suppliers for raw materials with a lower GHG intensity
- Maintain the overall equipment efficiency to reduce non-renewable fuel consumption
- Reduce the amount of organic waste in landfills and utilize industrial sludge, which is a product of wastewater treatment, in Multi Fuel Boilers (MFB)
- Record and monitor the daily power consumption and deliver quarterly reports to regulators to monitor the operational impacts on the environment.

**Our Performance in 2023**

[OJK F.6; GRI 302-1, 302-2, 302-3]

In 2023, our energy consumption was recorded at 7,050,480 GJ, a decrease of 19.86% or 1,747,611 GJ compared with 8,798,091 GJ in 2021. Currently, The Company has no energy consumption outside of the organization.

Description	2023	2022	2021
	(in GJ)		
Fuel consumption from non-renewable energy source	327,712	454,158	410,987
Fuel consumption from renewable energy source	6,678,033	8,304,231	8,491,886
Energy consumption	44,735	39,701	46,256
Total energy consumption	7,050,480	8,798,091	8,949,128
Energy Intensity (GJ/ton)	46	44	45





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

The Company understands the significant role of water in its operations and surrounding ecosystem. Therefore, the Company implements water management, starting from determining the raw materials, ensuring equipment standardization, and implementing wastewater treatment to use water responsibly and focus on environmental sustainability. In addition, the Company implements several measures to monitor and reduce water consumption to minimize its operational impacts on local water sources while optimizing water efficiency. The overview of water management efforts is specified in the standard operating procedures (SOPs), in which the implementation is audited internally and externally in order to ensure water management efforts comply with the applicable procedures, laws, and regulations. Meanwhile, the Company maintains stakeholder engagement, including local communities, by distributing surveys to receive feedback in an effort to improve water management.

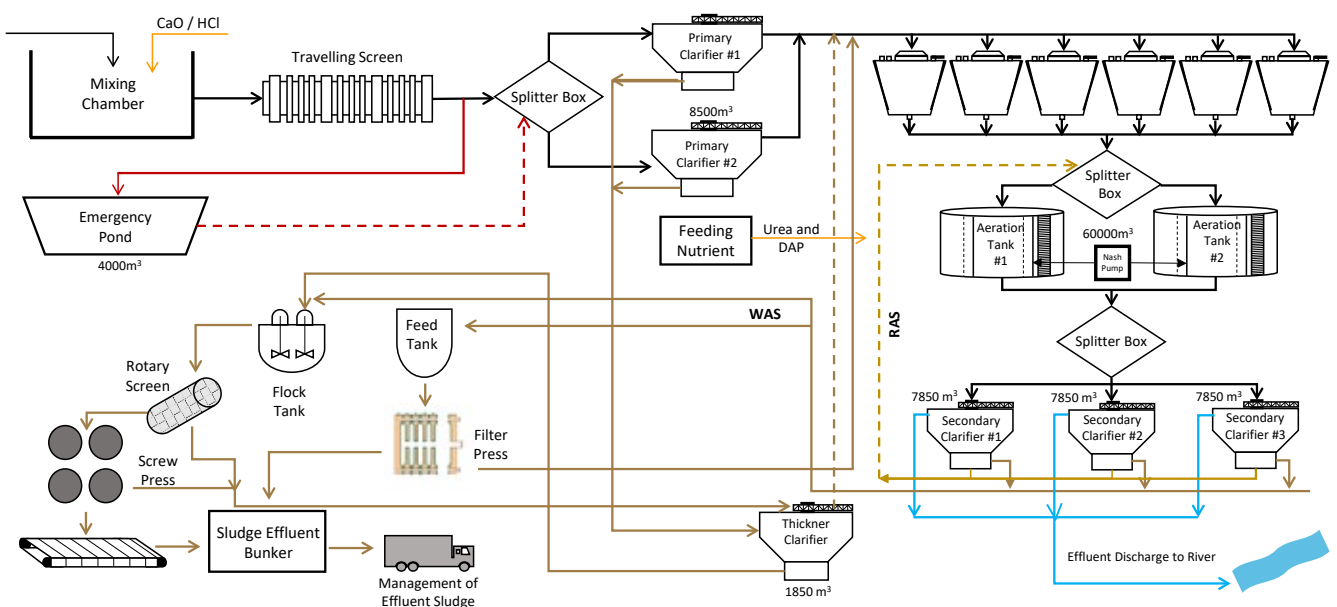
Commitment to the management of water as a raw material for processes has become a commitment held by companies starting from taking water as process water and reporting its use and providing mandatory taxes on water use, which has become compulsory for the development of the country through the government, as well as the policy for managing residual water from the process. It is the company's commitment to maintaining a sustainable environment by building Waste Water Treatment Plants (IPAL) and regularly reporting on the quality of wastewater/process wastewater, and carrying out internal and external monitoring by accredited parties.

As part of our management strategy, we engage trusted, accredited external parties to conduct water quality monitoring. This ensures that our practices align with the quality standards set by the relevant government bodies.

Tests on the distribution of impacts from the results of company activities were calculated using the balance sheet using the Streeter-Phelps method, the oxygen sag curve, and the ZID (zone of initial dilution). Apart from that, the company has implemented a SPARING system, namely, the actual quality of wastewater produced can be monitored and connected to KLHK data.

Through the innovative SPARING system, we are able to monitor the quality of our wastewater in real time, demonstrating our commitment to staying at the forefront of sustainable water management.

EFFLUENT TREATMENT PLANT



**Our Performance in 2023**

[GRI 303-3, 303-4, 303-5]

In 2023, we recorded water consumption at the plant was 9,526,063 m3, which decreased by 1,595,635 m3 from 2022 and came from the surface water. No other water sources are drawn apart from surface water. The surface water sources drawn are not areas experiencing extreme water scarcity. 26,622,262 m3 of circulating water and 10,785,021 m3 of water were discharged back into the river.

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

Water Source	2023	2022	2021
	(in m <sup>3</sup> )		
Recircular Water	26,622,262	34,602,328	31,708,063
Withdrawal Surface Water	9,526,063	11,121,698	12,068,832
Discharged Water to the River	10,785,021	13,995,316	12,339,362
Consumed water	9,526,063	11,121,698	12,068,832

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

In its operations, the Company implements strict hazardous and non-hazardous waste management to ensure responsible handling and disposal of waste. Improper waste management may create severe negative environmental impacts. Therefore, the Company formulates a comprehensive procedure for handling and disposing of hazardous and non-hazardous wastes through utilizing, stockpiling, and temporary storage before sending the wastes to waste handlers who require permits from the relevant government agency.

The Company 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 processes the ash from the combustion of liquor, which is processed and reused, thereby reducing waste generated.

- Ceramic Disc filter: The use of a Ceramic Disc filter to improve the absorption capacity or white liquor filter to improve the quality of white liquor, thereby reducing the impacts of waste.

The hazardous waste generated from our operations, including:

- Dreg/Grits and lime mud from Reausticizing and Lime Kiln unit,
- Sludge from IPAL.

To manage toxic and hazardous waste, we regularly provide training programs for employees to increase their understanding and knowledge of waste management. Furthermore, the Company also ensures that there will be no negative impacts on the local communities adjacent to waste management facilities. The Company also carries out non-B3 waste management by composting and giving it to third parties.



## Our Performance in 2023

[OJK F.13, F.15; GRI 306-3, 306-4, 306-5]

In 2023, as much as 37,211.1 tonnes of Toxic and hazardous waste and Non-toxic and hazardous waste were generated from factory operations, which decrease from 62,386.9 tons in 2022.

No non-hazardous waste is sent to final disposal, and no spills occur throughout 2023.

Waste Composition	2023	2022	2021
	(in tons)		
<b>Toxic and Hazardous Waste</b>			
<b>Total B3 waste sent to final disposal</b>	<b>26,028.8</b>	<b>50,184.1</b>	<b>27,200.4</b>
Lime Mud	9,425.5	29,983.2	11,184.6
Dregs/Grits	11,219.1	12,577.1	9,670.9
Dust from air pollution facilities	2,755.6	4,126.3	1,817.2
Sludge IPAL for fuel substitution (incineration from energy gain)	2,628.6	3,497.6	4,527.8
<b>Total B3 waste sent to final disposal</b>	<b>94.2</b>	<b>96.4</b>	<b>85.1</b>
Mixed Toxic and Hazardous Waste (managed by external party)	94.2	96.4	85.1
<b>Total Toxic and Hazardous Waste</b>	<b>26,123.0</b>	<b>50,280.0</b>	<b>27,285.5</b>
<b>Non-B3 waste</b>			
<b>Total B3 waste sent to final disposal</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total B3 waste sent to final disposal</b>	<b>11,088.1</b>	<b>11,893.2</b>	<b>13,263.5</b>
Reuse: Boiler ash from biomass (onsite)	10,816.0	11,646.1	12,415.0
Recycle: domestic Waste (onsite)	32.6	18.5	15.4
Other management: Managed by external party, such as jumbo bag, tube nursery and metal scrap (offsite)	239.5	228.6	833.1
<b>Total Non-Toxic and Hazardous Waste</b>	<b>11,088.1</b>	<b>11,893.2</b>	<b>13,263.5</b>
<b>Total Toxic Hazardous Waste and Non-Toxic And Hazardous Waste</b>	<b>37,211.1</b>	<b>62,173.7</b>	<b>40,549.1</b>

## 9.7 EMISSION [OJK F.11, F.12; GRI 3-3, 305-4]

Toba Pulp Lestari is committed to reducing carbon emissions as part of its environmental conservation efforts. The Company implements several measures to monitor and mitigate its carbon footprint across its operations. By integrating sustainable practices and technology, the Company strives to reduce emissions and carry out global climate action to combat climate change.

To achieve this goal, the Company conducts emissions monitoring to improve carbon emission efficiency. The Company also implements several initiatives to increase carbon sequestration through sustainable forestry practices and reforestation. By participating in the efforts to increase natural carbon sinks, many companies contribute to reducing carbon dioxide in the atmosphere, thereby reducing the impact of climate change and fostering environmental sustainability.

## Our Performance in 2023

[GRI 305-1, 305-2, 305-3, 305-4]

The emissions resulting from operations are further measured and evaluated annually, with the aim of reducing emissions and negative environmental impacts, building climate resilience to climate change, and generating long-term benefits for the Company, the environment, and stakeholders.

Our Scope 1 emissions consist of fuels used in stationary and mobile combustion, for instance, biodiesel, Marine Fuel Oil (MFO), and diesel. On the other hand, Scope 2 emissions consist of indirect emissions from the electricity or energy purchase from PT PLN. Meanwhile, Scope 3 emissions comprised of emissions from business trips. The gases covered in the calculation are Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), and Nitrous Oxide (N<sub>2</sub>O). The methods for calculating GHG include IPCC 2006, GHG Protocol, and ICAO Carbon Emissions Calculator.

Our efforts to reduce carbon emissions are achieved through reducing electricity and fuel consumption. In 2023, the production of CO<sub>2</sub> emissions reached 31,366,033 tCO<sub>2</sub>e, which decreased by 27% from 42,933,029 tCO<sub>2</sub>e in the previous year—the decrease aligned with our efforts to achieve the TPL 2030 target.

Description	Unit	2023	2022	2021
Emission Scope 1	tCO <sub>2</sub> e	31,366	42,933	39,183
Emission Scope 2	tCO <sub>2</sub> e	0.033	0.029	0.034
Total Emission	tCO <sub>2</sub> e	31,366.033	*42.933,029	*39.183,034
Emission Scope 3	tCO <sub>2</sub> e	59.69	10.2	-
Emission Intensity	tCo <sub>2</sub> e/pulp	0.21	0.22	0.20
Biogenic	tCO <sub>2</sub> e	644,459	802,397	820,068

\*Note: The changes in of 2021 and 2022 data were caused by typographical errors.

## 9.8 ENVIRONMENTAL GRIEVANCE [OJK F.16]

The Company is receptive to feedback, suggestions, ideas, and Grievance regarding environmental issues within its operational areas. Throughout 2023, no environmental Grievance were received by the Company.

## 10. Social

### 10.1 SOCIAL ASPECT

Toba Pulp Lestari is committed to the social aspects of development and invests heavily in human resources, occupational health, and safety while building solid relationships with the surrounding community.

The Company prioritizes employee welfare and professional development by implementing comprehensive human resources programs that provide a safe and satisfying work environment and opportunities to improve skills and career development. Additionally, the Company values diversity and inclusion, ensuring all employees are given equal opportunities to develop and succeed.

Toba Pulp Lestari holds occupational health and safety (OHS) in high regard, maintaining strict standards to ensure the welfare of its employees. Regular training and safety protocols are implemented to prevent workplace accidents and promote a healthy and safe work environment.

In addition, Toba Pulp Lestari collaborates with local communities to support social development initiatives. The Company works closely with community organizations, educational institutions, and local governments to promote education, health, and infrastructure development in the surrounding areas. By building strong partnerships with the community, the Company aims to create a positive impact outside of its operational activities and contribute to the welfare and prosperity of the region.





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

Toba Pulp Lestari recognizes the crucial role of employee management in establishing a thriving and sustainable work environment. The Company’s strategy for employee management encompasses various facets, such as recruitment, employee welfare, career development, and retirement. All of these aspects are based on a strong commitment to non-discrimination and the upholding of human rights in accordance with ILO standards.



Regarding recruitment, the Company gives priority to a fair and transparent process, ensuring equal opportunities for all potential candidates, as stated in the Collective Bargaining Agreement (CBA) article 14 on Employee Recruitment. The Company values diversity and actively seeks to create an inclusive workforce that embodies various perspectives and backgrounds. Additionally, the Company contributes to improving the local economy by recruiting local workers, with a percentage of senior management at operational locations originating from the local community. According to the company, The definition of local is employees from Indonesia.

The Company is dedicated to upholding workers’ rights as recognized around the world in accordance with the Universal Declaration of Human Rights, ILO Conventions, and all applicable laws. This includes a strict policy prohibiting the employment of children under the age of 18 and forced labor. The minimum age requirement is always communicated during the recruitment process.

Additionally, the Company places a great deal of importance on the well-being of its employees, offering a comprehensive support and benefits system to ensure their welfare, both at work and outside of it. From providing healthcare services to ensuring a safe and nurturing work environment, the Company is committed to fostering a supportive atmosphere where employees can grow personally and professionally. All personnel management efforts are included in the standard operating procedures, collective bargaining agreement, and work agreement, which have been communicated to all employees.

Career development is another focus in employee management strategies. The Company actively encourages continuous learning and skills improvement, providing training programs and opportunities for career development to empower employees and maximize their potential. This commitment not only benefits individual employees, but also contributes to the growth and success of the organization as a whole.

The Company also acknowledges the significance of retirement planning and extends support to employees who are about to begin the next phase of their lives. The Company has designed a comprehensive retirement program to guarantee that employees can retire with financial stability and a sense of security, which reflects the Company’s long-term commitment to the well-being of its employees.

**10.2.1 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 follows the applicable terms and conditions without discrimination and is carried out transparently. The company is also fully committed to fulfilling workers’ rights under relevant laws.

## Our Performance in 2023

### Employee Recruitment Rates Based on Age Range

(in person)

Age Range	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
< 30	61	12	73	*88	*17	*105	48	16	64
30-50	18	3	21	*28	*1	*30	18	1	19
> 50	9	0	9	17	0	17	22	0	22
Total	88	15	103	*133	*18	*151	88	17	105

\*Note: Due to error calculation method, data changes in 2022 regarding Employee Recruitment Rates in the age range < 30 years and 30-50.

### New Employee Recruitment Rate Percentage

Description	2023	2022	2021
<b>By Age</b>			
< 30	71%	70%	61%
30-50	20%	19%	18%
> 50	9%	11%	21%
<b>By Gender</b>			
Male	85.4%	88.1%	83.8%
Female	14.6%	11.9%	16.2%

(in person)

### Employee Turnover Rate Based on Age

Age Range	2023			2022			2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
< 30	31	6	37	46	8	54	24	3	27
30-50	18	4	22	31	3	34	17	4	21
> 50	51	2	53	53	3	56	53	3	56
Jumlah	100	12	112	130	14	144	94	10	104

### Recruitment Area Percentage

Description	2023	2022	2021
<b>By Age</b>			
< 30	33.0%	37.5%	26.0%
30-50	19.6%	23.6%	20.2%
> 50	47.3%	38.9%	53.8%
<b>By Gender</b>			
Male	89.3%	90.3%	90.4%
Female	10.7%	9.7%	9.6%

### 10.2.2 Benefits Provided to Full-time Employees Unprovided to Temporary or Part-Time Employees [GRI 401-2]

The Company provides the rights of its employees, including full-time and temporary or part-time employees, following the prevailing laws and regulations. One of them is the provision of wages and benefits.

### Our Performance in 2023

In addition to wages, we provide welfare to all full-time employees through benefits including life insurance, medical treatment, maternity leave, retirement preparation, leave for married siblings, and other welfare benefits (marriage, death, and childbirth), applicable in all operational areas.

**10.3 MARKET PRESENCE [GRI 3-3]**

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

**10.3.1 The Ratio of Standard Entry-level Employee Wages by Gender to Regional Minimum Wage [GRI 202-1, OJK F.20]**

The standard setting for employee wages is contained in the Work Agreement Letter between company 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.

**Our Performance in 2023**

In 2023, the Company recorded 1,189 permanent employees and 43 contract employees. We ensure that wages follow the District Minimum Wage (UMK) in each work area as stipulated in the applicable regulations. Men and women were given salaries according to the Provincial Minimum Wage, which Rp2,883,000. The wages of permanent employees in the lowest positions are the same as the Regency minimum wage set by the government.

Gender	Minimum Wage (Year)		
	2023	2022	2021
Male	1	1	1
Female	1	1	1

\* Note: The table above compares the wages of entry-level employees based on gender and the district minimum wage.

**10.3.2 Proportion of Senior Management Coming from Local Communities [GRI 202-2]**

The Company takes a proactive approach to engaging with local communities in order to identify and attract talented individuals from the surrounding areas. This not only contributes to the economic development and empowerment of local residents, but also helps to strengthen relationships with the community. By prioritizing the recruitment of local workers, the Company is able to provide valuable employment opportunities for people in its operational areas, fostering a sense of pride and belonging in the local community while also promoting sustainable development and prosperity in the region. Senior management are workers who have the position of Manager and above. This local recruitment initiative is aligned with the Company's efforts to create a diverse and inclusive workforce, which enriches the organizational culture with diverse perspectives and experiences. Senior management are workers who have the position of Manager and above.

Percentage of senior management in significant operational areas from local communities	2023 Percentage		2022 Percentage		2021 Percentage	
	Male	Female	Male	Female	Male	Female
Employees	90%	10%	92%	8%	94%	6%



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

The Company is committed to ensuring occupational health and safety (OHS) for its employees. To achieve this, the Company follows the relevant laws and regulations and implements OHS policies, standard operating procedures (SOPs), and programs. The workers have the right to work in a safe and healthy environment, free from any risks or dangers. To ensure this, the Company has set up an OHS committee consisting of both management and workers. The committee is responsible for resolving various OHS issues as per the applicable procedures and holds regular monthly meetings. The Company updates the OHS committee structure every two years.

We regularly evaluate OHS risk management and conduct audits, inspections, observations, patrols, and other OHS programs to reassess risks related to OHS. All employees are required to undergo mandatory OHS training, including Emergency Response training. We also regularly educate and remind our employees about OHS on various occasions. Additionally, the Company conducts internal OHS Management System (OHSMS) audits, OHS inspections, OHS committee meetings, and regular safety patrols in all operational areas. The Company's OHSMS covers all Mill work activities (Operational, Maintenance, and Supporting) and Fiber (5 Sectors).

We provide occupational health services such as the Annual Medical Check-Up (MCU) for both permanent and contract employees. We also have medical clinic facilities to provide first aid and health check facilities for new workers (contractors) before they start working. Additionally, we offer clinic services for contractors to carry out health checks and to issue health results before starting work. This health certificate is a mandatory requirement for them to start working.

In 2023, no fatal accidents or work-related illnesses occurred because of work, which demonstrated the Company's achievement in maintaining zero accident in OHS aspect.

**10.4.1 Work Accident [GRI 403-9, 403-10]**

The Company has carried out an OHS work accident investigation report for further follow-up efforts following 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. The following data is the total data for employees and non-employees.

All employees and company partners have no work-related illnesses.

**Our Performance in 2023**

Identification through Risk Assessment (Risk Matrix) by taking action based on the Risk Control Hierarchy (through Elimination, Substitution, Engineering Control, Administration, PPE).

Number and Rate of Work Accidents	2023	2022	2021
The number and rate of fatalities as a result of work accidents	0	0	0
Number and rate of work accidents with high consequences (excluding fatalities)	0	2	0
The number and rate of work accidents that can be recorded	4	14	14
Number of hours worked	13,281,922	13,387,555	13,608,445
The main types of work-related injury			
*Medical Aid Injury (MAI), Loss Time Injury (LTI), Fatality			
Death rates as a result of work-related injuries	0	0	0
Rate of work-related injuries with high consequences (excluding deaths)	0	0.2	0
Recordable rate of work-related injuries	0.3	1.1	1.0

\* 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

In 2023, the rate of work accidents in 2023 decreased compared to the previous year. We conduct regular risk evaluations and reviews to ensure that we maintain a safe working environment.

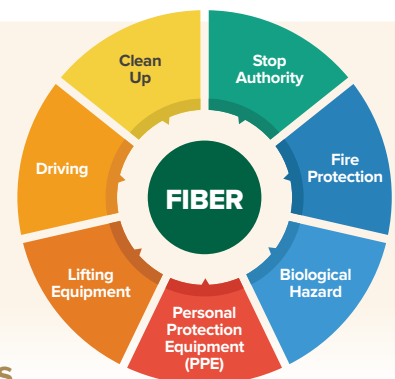
This disclosure covers all activities within our organization by applicable laws and regulations. In assessing K3 performance, we use the standards we have used so far, namely ANSI (American National Standard Institute). During 2023, no occupational diseases will occur.

**10.4.2 Safety Golden Rules**

The Company has established basic rules that must be followed by all employees in carrying out work activities to ensure occupational safety, health and the environment through 10 Safety Golden Rules for Mill and 7 Safety Golden Rules for Fiber.



**Safety Golden Rules**



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

The Company is committed to developing its employees through comprehensive training and development programs that enhance their skills and abilities. The Company understands that investing in continuous employee learning not only benefits individuals but also contributes to the success and sustainability of the organization as a whole. The training and development initiatives are designed to meet the growing demands of the workforce and industry, starting with technical skill training to leadership and management development. The Company provides a wide range of opportunities for employees to expand their knowledge and expertise, empowering them to take on new challenges and excel in their roles.



In 2023, the training programs will focus on the following areas:

- Human Rights:
  - Senior Management and several related employees, including the HRD, Social Capital, and Sustainability departments, will receive awareness training on Human Rights Due Diligence.
  - Learning and Development will conduct training on the Company’s Code of Ethics, which includes discussions on Bullying, Harassment, and Violence.
- Environment: Training on hazardous waste will be carried out with a total of 25 participants.
- Conduct training to fulfill safety needs that will impact participants’ understanding of safety, such as the Emergency Response Team.

Apart from that, the Company 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

In order to determine the effectiveness of our training, we conduct assessments to evaluate the learning progress of each employee both before and after the training. This ensures that all employees understand the training topics provided.

The evaluation is divided into two categories:

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

Monthly reports will be presented by the LnD section during management meetings as part of our reporting process. Meanwhile, participant feedback will be taken and monitored via QEMS internal meetings and audits..

**10.5.1 Average Training Hours Per Year Per Employee [GRI 404-1]**

The Company is committed to enhancing the competence of every employee as per the company’s requirements. This helps to improve productivity and performance by developing both technical and non-technical skills. We are continuously increasing the average training hours for our employees every year.

Training hours in average per employee gender	Year		
	2023	2022	2021
Per Employee	11.0	*14.4	*13.2
Per Female Employee	7.1	*15.7	*11.9
Per Male Employee	11.6	*14.2	*13.4

Training hours in average per employee category	Year		
	2023	2022	2021
Managerial (≥ D2)	5.0	*11.3	*22.0
Executive (C1 - D1)	8.9	*15.0	*12.6
Non-Executive (≤ B5)	13.6	*14.0	*12.1

\*Note: Data changes for 2021 and 2022 regarding average training hours per gender and per employee category due to error calculation method.

**10.5.2 Employee Skill Improvement Program and Transitional Assistance Program [GRI 404-2]**

The company provides employee skill improvement programs based on a needs analysis in each work unit. These programs cover technical and non-technical skills and include transitional assistance programs for employees approaching retirement age. Our aim is to provide the right program to best meet our employees’ needs, thereby ensuring the effectiveness of the training program.

**Our Performance in 2023**

We implemented a combination of internal and external training programs for employees. These programs included technical training, soft skills training, certification, and scholarships for outstanding employees. All these programs were tailored to meet the specific needs of our organization.

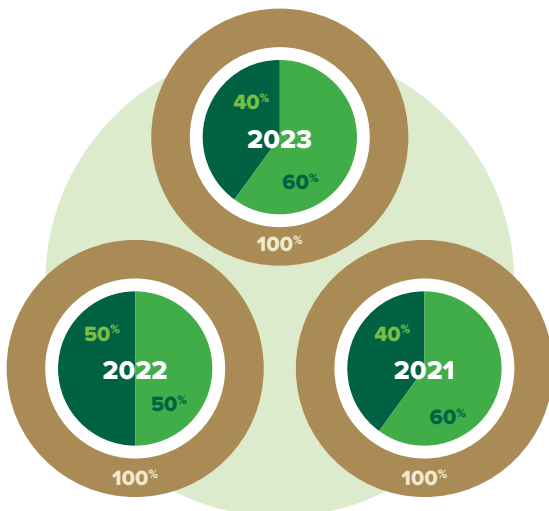
**10.6 DIVERSITY AND EQUAL OPPORTUNITIES [GRI 3-3]**

The Company has a diverse workforce, including individuals of different ages, educational backgrounds, ethnicities, and cultures. Despite this diversity, we ensure that all employees are treated equally in accordance with their respective roles and

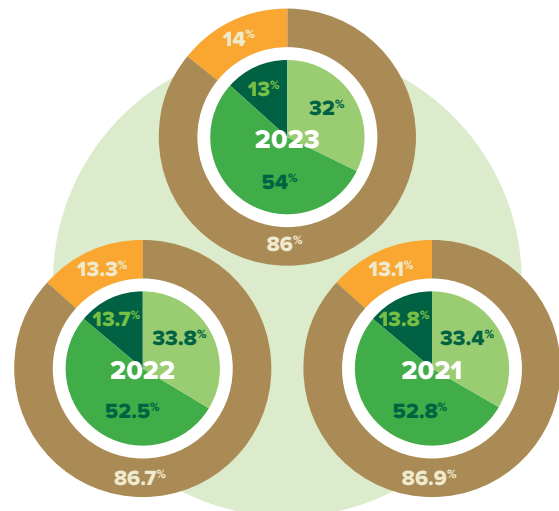
**Our Performance in 2023**

Currently, our management body is 100% male, but we have seen an increase in the percentage of female employees compared to the previous year.

**Percentage of Member in Governance Body**



**Percentage of Employees**



● Male ● Female ● < 30 Years old ● 30 - 50 Years old ● > 50 Years old

**10.7 LOCAL COMMUNITY [OJK F.23; GRI 3-3, 413-1, 413-2]**

The Company is committed to making a positive impact on local communities by involving them in community development programs and impact assessments through Social Impact Assessment (SIA). Since 2017, the Company has conducted SIA to understand the positive and negative impacts of its operations on society and take necessary steps to minimize the negative impacts. The SIA has been conducted in several villages from 4 (four) selected sectors that are most affected by the Company’s operations:

responsibilities. This disclosure covers all activities within our organization by applicable laws and regulations.

We have also conducted a sustainable supply risk chain assessment aimed at corporate partners regarding socialization and evaluation of sustainability policies and human rights. Socialization is also carried out to employees regarding human rights policies to make employees aware of and able to know their rights as workers.

The company will take firm action if human rights violations occur, including if individuals are found to discriminate against gender in their work.

We have a whistleblowing system, which is one of the company’s efforts to track this effectiveness.

**10.6.1 Diversity of Governance Bodies and Employees [GRI 405-1]**

The Company highly values diversity and is committed to providing equal opportunities for all employees. We strive to ensure that no discrimination occurs in any of our operational activities.

1. **Aek Raja Sector**  
Horison Ranggitgit Village and Simarigung Village.
2. **Aek Nauli Sector**  
Sihaporas Village, Bosar Nauli Village, and Saitbuttu Village.
3. **Tele Sector**  
Partungko Naginjang, Desa Hutagalung, dan Desa Parbuluan II Villages.
4. **Habinsaran Sector**  
Simare and Tapian Nauli III Villages.

The Company has conducted environmental impact assessments in all of its concession areas, including mills and fiber, by involving the local community. These assessments are reflected in the company's AMDAL and RKL-RPL reports. The Company also periodically reports its environmental management and monitoring implementation to the relevant local government agencies in compliance with applicable regulations. A summary of the social impact assessment (SIA) report and the community development program is available on the Company's website and in its annual report, which are publicly accessible.



The community development program covers all communities in the Company's operational areas and is based on their needs, in line with the Company's commitment to the community based on this category below:

1. Education
2. Health
3. Welfare, Job Creation and Skills Development
4. Social Investment
5. Environment

Various forms of stakeholder engagement, including the community, are implemented through a range of activities. One such activity involves identifying significant topics as a part of the sustainability roadmap. This process is conducted online to cater to the needs of stakeholders. The disclosure of key material reporting is carried out on a three-year basis, starting from 2022-2024 as the reporting period.

Furthermore, the Company always involves the local community through village consultations while developing the Company's CD/CSR program. This ensures that community development programs are more targeted.

The Company has a department called Social Capital that works directly with the local community to manage the effects caused by the Company's operations. This is done in accordance with the Company's strategies, goals, targets, and sustainability initiatives.

Additionally, the Company has a Grievance hotline that is accessible to the public. The hotline has been promoted through various communication channels such as stickers, posters, and banners.

The government has granted permission to the Company to process PBPH. During an impact assessment, the Company discovered that some people felt they had lost their ancestral land and feared that it may lead to a potential risk of conflict over land between local communities and the Company. This conflict could potentially disrupt the Company's operations if not handled appropriately and promptly. In response, the Company has formed forest farmer groups with the community, using a partnership cooperation pattern. This collaboration has allowed the community to increase its income from agricultural products, and the Company's operations are currently running smoothly.

The Company will partner with the Earthworm Foundation (EF) to create a conflict resolution plan and enhance the ability of our employees to resolve conflicts. EF's internal support will involve conflict mapping, training, community engagement, and assessment of Grievance mechanisms. The aim is to improve the Company's standard operating procedures (SOPs) regarding Grievance related to land and concessions.


## 10.8 CONFLICT RESOLUTION AND CAPACITY BUILDING



The Company plans to collaborate with EF starting from October 2022, in two phases. In the first phase, EF will assess The Company existing social engagement systems, procedures, and practices, including its approach to land claims and Grievance resolution to identify areas that need improvement. The aim is to enhance these aspects in line with international standards and industry best practices. In the second phase, EF will work with The Company to create targeted recommendations and specific, time-bound action plans based on the findings from the first phase.

In 2023, EF and the Company worked together to conduct a participatory mapping exercise with the community of East Sionom Hudon Village. This exercise was followed by public consultations that were attended by various stakeholders, including representatives of the local government, traditional leaders, companies, and village residents. The results of the mapping exercise were then improved through further

consultation with these stakeholders. Participatory mapping is an essential tool for identifying the intersections between concession areas and different village boundaries. This helps establish a framework for dialogue, cooperation, and conflict resolution.

Later on, EF and the Company conducted a workshop to assess land claims in the Company's five sectors. With the support of EF, The Company has identified the number of hectares involved, the number of conflicts with communities, and the severity of these conflicts. However, further technical validation and on-the-ground verification are required to ensure precision in quantification and to reconcile important differences identified between relevant departments. We update the collaboration activities between Toba Pulp Lestari and the Earthworm Foundation every three months which can be accessed at the following [link](#) 

## 10.9 HUMAN RIGHTS DUE DILIGENCE

The Company is committed to managing and minimizing the risk of human rights violations in its operations and supply chain, as well as engaging with stakeholders to identify and prevent such risks. To achieve this, the Company follows a Human Rights Due Diligence (HRDD) framework and encourages employee complaints, external Grievance mechanisms, and conflict resolution processes that involve relevant stakeholders. Additionally, workers can report any issues or complaints they face through Employee & Industrial Relations, with the assurance of anonymity and confidentiality. The Company ensures





that human rights are respected through governance and reporting, which is a crucial aspect of the Company's overall management approach and sustainability commitment.

### 10.10 HUMAN RIGHTS DUE DILIGENCE FRAMEWORK



#### 1. Identifying and Assessing

- Identify of rights holders and vulnerable groups
- Identify human rights salience issues
- Conduct human rights impact assesment
- Continuously self-asses human rights risks for all operation area
- Human rights



#### 2. Action

- Establish governance of human rights due diligence
- Develop and implement plans aimed at preventing or mitigating adverse impacts with rights holders engagement
- Standardize an effective grievance mechanism for internal and external
- Facilitate human rights action plan at suppliers and contractors



#### 3. Track

- Establish system to monitor progress on human rights
- Benchmark indicators ad disclosures (reporting framework and assesment)



#### 4. Communicate

- Communicate internally inclusive of suppliers and contractors
- Communicate progress to the affected rights holder
- Report publicly to external stakeholders

The first step is to carry out a human rights due diligence. This means examining the Company's operational activities and relationships with third parties such as suppliers and contractors to identify potential risks to human rights. A thorough human rights impact assessment should be conducted to assess these risks. Once potential risks are identified and assessed, the Company should take steps to prevent and address these risks. This can include establishing a human rights due diligence governance, implementing effective internal and external Grievance mechanisms and facilitating human rights action plans with suppliers and contractors. The Company is committed to monitoring human rights developments to ensure they are being implemented properly and serve as benchmarks for reporting and assessment frameworks. They involve stakeholders, including suppliers and contractors, to communicate these developments and report them to external stakeholders. Prioritizing and respecting human rights with transparency is crucial for building stakeholder trust and demonstrating the Company's commitment to upholding high human rights standards.

### 10.11 COMMUNITY AND SUSTAINABLE DEVELOPMENT GOALS

#### 10.11.1 Community Development Program Contributing to SDGs [OJK F.25]

As a company involved in natural resource management, we are committed to supporting the government in achieving the 2030 Sustainable Development Goals (SDGs) and making a positive contribution to society. As we advance, we remain committed to implementing sustainability principles and strategies by balancing economic, environmental, and social aspects to deliver optimal results.

In 2023, our CD/CSR programs have contributed to 7 targets with 13 indicators. The following chart shows company's contributions to SDGs 2, 4, 6, 7, 8, 9, 11.

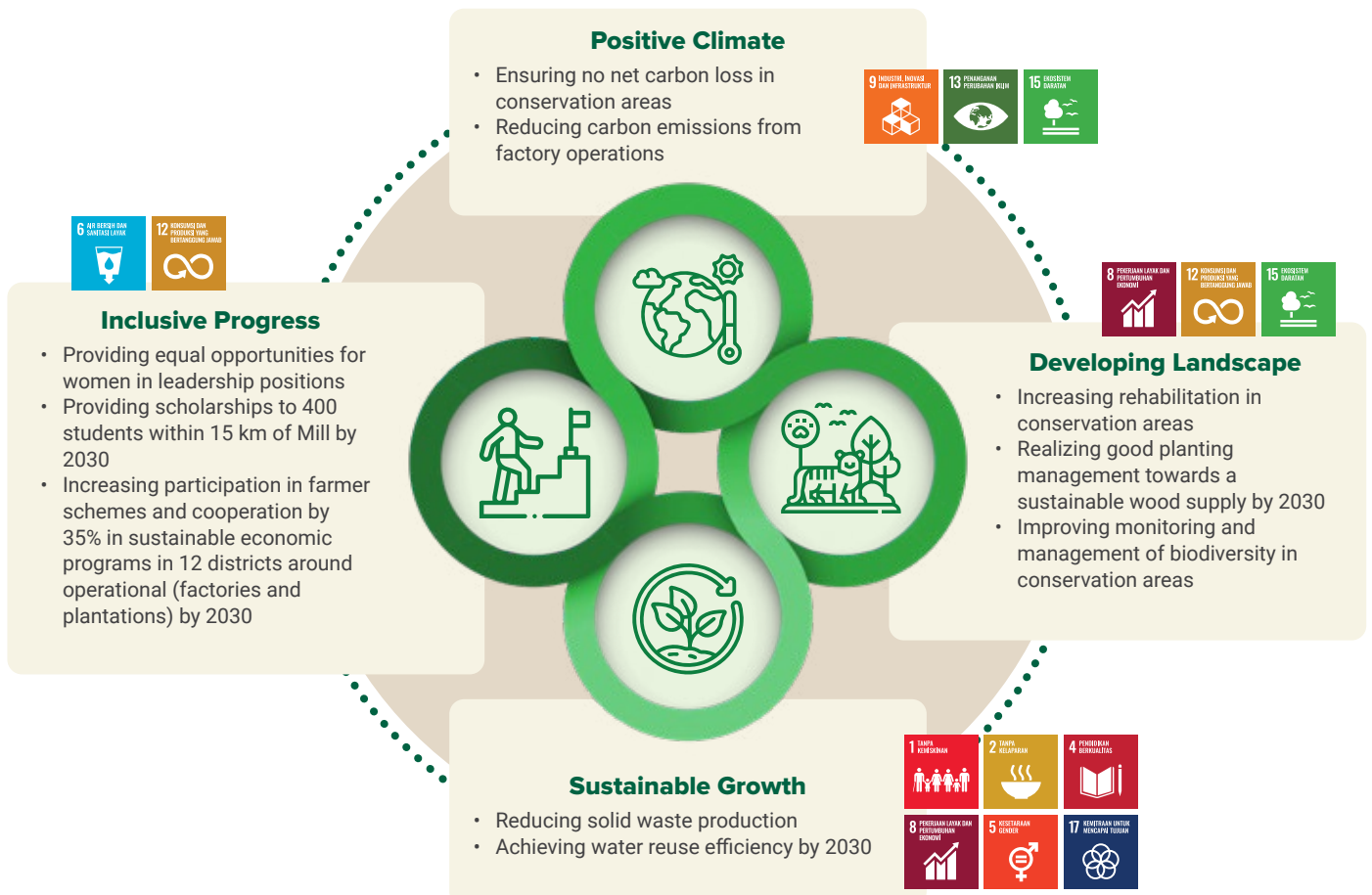
Several programs we operated in 2023 are related to more than one TPB. The Company always strives to provide programs that significantly impact society by ensuring that their impact can contribute to more than one Sustainable Development Target.

In 2023, the Company contributed to 5 categories and 178 activities which have contributed to the 2030 SDGs:

No.	Programs	SDGs	Explanation	Achievement
1.	Education, Culture, Religion	  	Fund Realization: <b>Rp 2,876,819,312</b> Implementation Period: <b>2023</b>	Providing scholarships, assistance with school facilities and infrastructure, construction of places of worship, and participation in social and cultural activities
2.	Welfare, Job Creation, and Skill Enhancement		Fund Realization: <b>Rp 1,583,866,581</b> Implementation Period: <b>2023</b>	CD/CSR programs to improve welfare, job creation, and skills development
3.	Environmental	  	Fund Realization: <b>Rp 2,799,392,064</b> Implementation Period: <b>2023</b>	Environmental improvement assistance such as providing access to clean water, repairing bridges, roads, and public infrastructure
4.	Health	 	Fund Realization: <b>Rp 82,659,801</b> Implementation Period: <b>2023</b>	Assistance with health checks, programs for healthy children with stunting, and assistance for the elderly
5.	Government Relations	    	Fund Realization: <b>Rp 5,428,970,302</b> Implementation Period: <b>2023</b>	Assistance for local government support facilities and participation in government projects such as assistance for road repairs, bridge construction, village office improvements, etc.

10.11.2 TPL 2030

TPL 2030 is the vision of the Company to become a sustainable business. It consists of four commitments with ten targets, which are:



### 10.12 PUBLIC GRIEVANCE [OJK F.24]

In 2023, the company received a total of 40 Grievances from external parties through the hotline, which were submitted via email, SMS, and telephone. All Grievances were properly addressed in accordance with the relevant procedures.

You can find more detailed information about the Grievance procedure in the Sustainability Governance section of this report.

### 10.13 SERVICE OF PRODUCTS TO CUSTOMERS

[OJK F.17, F.28, F.30]

As a business, we believe that customers are the most important aspect of our development. That's why we have implemented various initiatives to ensure that we provide equal services to all customers, continuously innovate and develop our products, maintain their quality, create a positive impact on our products, and keep our customers satisfied.

To ensure that our products have a positive impact on our customers, we carefully assess them before delivering them. For every product produced, we always inform our customers about its grading in a transparent manner.

Moreover, we regularly conduct customer satisfaction surveys and monitor the results. In 2023, we received a score of 7.5 (Satisfied) in the customer satisfaction survey, which demonstrates our commitment to our customers.

### 10.14 INNOVATIVE PRODUCT DEVELOPMENT [OJK F.26]

All of our products reflect our sustainability values in form of biodegradable products. In our supply chain, our products generate sustainability values to all stakeholders, including local communities, employees, customers, shareholders, the environment, and other stakeholders. Our operations consistently uphold sustainability values to ensure the social and environmental impacts are handled well. The company continues to innovate product development through KAIZEN activities in the mill and fiber areas for productivity, effectiveness, and production efficiency.



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

We prioritize the assessment of health and safety impact of TPL-High Alpha Pulp products on our customers. This helps us ensure that our products are sustainably accepted in both domestic and international markets. We are fully committed to assessing the impact on customer health and safety in accordance with our Quality Policy.



All products manufactured by our company meet customer health and safety standards, and comply with statutory and regulatory requirements related to product requirements.

Aligned with the Company's Quality Policy, we are committed to:

- meeting our customers' needs and expectations
- improving the quality of our performance and competitive advantage by enhancing our product requirements and customer service. We also focus on developing our technological capabilities in the manufacturing process and human capital development.
- overseeing the Quality Management System to determine effectiveness and suitability, and ensure that our Quality Policy, Goals, and Objectives are aligned with our business strategies.

Our offered products are manufactured by manufacturers who implement safety standards. Our company holds numerous permits and certifications, including PEFC-COC, ISO 14001:2015 Mill, ISO 9001:2015, SVLK Mill, SMK3 Mill, Proper, Green Industry, PHL, 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, we have had no product recalls in 2023.



# Written Verification From Independent Party [OJK G.1]

## INDEPENDENT ASSURANCE OPINION 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 2023 ("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 1<sup>st</sup> - December 31<sup>st</sup>, 2023 ("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 2021-2023 contained within the Report;
- Evaluation of 15 materiality topics identified by management of TPL and its stakeholders which are Economic Performance, Market Presence, Indirect Economic Impacts, Procurement Practices, Materials, Energy, Water and Effluents, Biodiversity, Emissions, Waste, Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, and Local Communities;
- Adherence to the following reporting principles, standards and regulations:
  - Global Reporting Initiative (GRI) Standards 2021: In-Accordance requirements and the corresponding GRI index;
  - Regulation of Indonesia Financial Services Authority No. 51/POJK.03/2017 on Application of Sustainable Finance for Financial Services Institutions, Listed and Public Companies (POJK 51), with reference to Financial Services Authority Circular Letter No. 16/SEOJK.04/2021 (SEOJK 16); and
- Evaluation of publicly disclosed information, reporting systems and processes of TPL to ensure adherence of the Selected Information to the reporting principles.

Ref : BVI\_ASR\_7591398\_20240606



### **Reporting criteria**

The Selected Information has been prepared in accordance with the GRI Standards 2021 and POJK 51 with reference to SEOJK 16.

### **Limitations and exclusions**

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

EXCLUDED from the scope of our work is verification of :

- 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 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;
- GHG Emission Data (Scope 1, Scope 2, Scope 3 and intensity) as reported in GHG Report prepared by TPL, based on 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
- 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\_7591398\_20240606

Page 2 of 5

Bureau Veritas Indonesia  
Office : Wisma 76 Building, 21<sup>st</sup> Floor,  
Jl. Jend S Parman Kav. 76 Slipi, Palmerah – Jakarta Barat 11410, Indonesia



### **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 prepared in accordance with the reporting criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the management of TPL.

### **Summary of work performed**

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

- Conducted interviews with relevant TPL personnels involved in sustainability management, report preparation and report information provision, at both Corporate and site levels;
- Performed gap analysis of the Selected Information based on reporting criteria;
- Conducted one physical site audit at one mill – Pangombusan Village, Toba Regency in North Sumatera, Indonesia;
- Conducted interviews with external stakeholders:
  - Farmer: Situak Niloba (Mr. Jupiter Lumbanraja) for CSR in Bee Farming.
  - Trade Union/Labor Union :
    - i. Representatives of *Pengurus Komisariat Federasi Kehutanan Industri Umum Perkayuan Pertanian and Perkebunan Konfederasi Serikat Buruh Sejahtera Indonesia (PK F HUKATAN-KSBSI) TPL*; and
    - ii. Representatives of *Pimpinan Serikat Pekerja – Serikat Pekerja Nasional (PSP-SPN) TPL*;
- Evaluated evidences supporting the Selected Information statements, including assessing assumption made, data scope and reporting boundaries;

Ref : BVI\_ASR\_7591398\_20240606

Page 3 of 5

Bureau Veritas Indonesia  
Office : Wisma 76 Building, 21<sup>st</sup> Floor,  
Jl. Jend S Parman Kav. 76 Slipi, Palmerah – Jakarta Barat 11410, Indonesia



- Reviewed a sample of the Selected Information to the corresponding documentary evidence provided by TPL; and
- Reviewed the disclosure and presentation of Selected Information in the report for consistency with the assured information.

### **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.

### **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 190 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\_7591398\_20240606

Page 4 of 5

Bureau Veritas Indonesia  
Office : Wisma 76 Building, 21<sup>st</sup> Floor,  
Jl. Jend S Parman Kav. 76 Slipi, Palmerah – Jakarta Barat 11410, Indonesia



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, 13 June 2024**

**Didie B. Tedjosumirat**



**Director - Indonesia**

Ref : BVI\_ASR\_7591398\_20240606

Page 5 of 5

Bureau Veritas Indonesia  
Office : Wisma 76 Building, 21<sup>st</sup> Floor,  
Jl. Jend S Parman Kav. 76 Slipi, Palmerah – Jakarta Barat 11410, Indonesia



# 12. Feedback Form [OJK G.2]

Thank you, ladies and gentlemen, for reading our 2023 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 company's economic, social and environmental performance:

a. Agree	b. Disagree	c. Don't know
----------	-------------	---------------

2. This Annual Sustainability Report has provided clear information regarding company's social and environmental responsibilities:

a. Agree	b. Disagree	c. Don't know
----------	-------------	---------------

3. The material and data in this Sustainability Report are easy to understand and understand:

a. Agree	b. Disagree	c. Don't know
----------	-------------	---------------

4. The material and data in this Sustainability Report are quite complete:

a. Agree	b. Disagree	c. Don't know
----------	-------------	---------------

5. Are the designs, layout, graphics and photos in this Sustainability Report good?

a. Good	b. Weak	c. Don't know
---------	---------	---------------

6. What is the most useful information from this Sustainability Report?

.....  
 .....  
 .....  
 .....  
 .....  
 .....  
 .....

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

.....  
 .....  
 .....  
 .....  
 .....  
 .....  
 .....

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

.....  
 .....  
 .....  
 .....  
 .....  
 .....

**Sender Identity**

Name	
E-mail	

Identification based on stakeholder's category:

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

Please send back this form to:  
 Email: sustainability@tobapulp.com

**Head Office:**  
 Uniplaza, East Tower, 3<sup>rd</sup> Floor  
 Jl. Letjend. Haryono MT No.A-1 Medan 20231  
 Telp. (6261) 453 2088  
 Fax. (6261) 453 0967

**Mill**  
 Pangombusan Village, Parmaksian District,  
 Toba Regency, North Sumatera Province, Indonesia  
 Telp. (62 632) 734 6000, 734 6001  
 Fax. (62 632) 734 6006

**Website: www.tobapulp.com**



## 13. Response to the Previous Year's Sustainability Report [OJK G.3]

The company received 1 (one) piece of feedback on the previous period's sustainability report to add to the discussion related to waste water management which we have added to the water and effluent sub-chapter in this report.



## 14. Information Disclosure Between Reporting Periods

No.	Perbedaan	2023	2022
1.	GRI 401-1: Perekrutan karyawan baru dan pergantian karyawan	Dijelaskan dalam pengungkapan terkait: GRI 401-1	Dijelaskan dalam pengungkapan terkait: GRI 401-1
2.	GRI 404-1: Rata-Rata Jam Pelatihan Per Tahun Per Karyawan	Dijelaskan dalam pengungkapan terkait: GRI 404-1	Dijelaskan dalam pengungkapan terkait: GRI 404-1
3.	GRI 202: Rasio Standar Upah Karyawan Entry-level Berdasarkan Jenis Kelamin Terhadap Upah Minimum Regional	Menjelaskan perbandingan antara upah karyawan pemula berdasarkan jenis kelamin terhadap upah minimum kabupaten	Menjelaskan perbandingan upah minimum yang diterima pekerja pemula yang dibandingkan berdasarkan gender



## List of Disclosures in Accordance With The Regulation of The Financial Services Authority No.51/POJK.03/2017 and The Circular Letter of The Financial Services Authority No.16/SEOJK.04/2021 [OJK G.4]

No	Index Name	Page
A.	Sustainability Strategy	
A.1.	Elaboration of Sustainability Strategy	25
B.	Highlights of Sustainability Aspect Performance	
B.1.	Economic Aspect	7
B.2.	Environmental Aspect	7
B.3.	Social Aspect	8
C.	Company Profile	
C.1.	Vision, Mission, and Sustainability Values	18
C.2.	Company Address	14
C.3.	Business Scale	20
C.4.	Products, Services and Business Activities	14
C.5.	Membership in Association	21
C.6.	Significant Changes of Issuer and Public Company	15
D.	Statement of the Board of Directors	
D.1.	Statement of the Board of Directors	10
E.	Sustainability Governance	
E.1.	Person in Charge for the Implementation of Sustainable Finance	22
E.2.	Competency Development of Sustainable Finance	26
E.3.	Risk Assessment for the Implementation of Sustainable Finance	31
E.4.	Engagement with Stakeholders	34
E.5.	Issues in the Implementation of Sustainable Finance	24
F.	Sustainable Performance	
F.1.	Activities to Build Sustainable Culture	25
	Economic Performance	
F.2.	Comparison of Target to performance of Production, Portfolio, Financing Target, or Investment, Revenue and Profit/Loss	38
F.3.	Comparison of Target to Performance of Portfolio, Financing Target, or Investment in Financial Instruments or Projects in Line with the Sustainable Finance Application	40
	Environmental Performance	
	General Aspect	
F.4.	Environmental Costs	45
	Material Aspect	
F.5.	Use of Environmentally Friendly Materials	49

No	Index Name	Page
Energy Aspect		
F.6.	Amount and Intensity of Energy Consumed	51
F.7.	Efforts and Achievements Made for Energy Efficiency Including Use of Renewable Energy Sources	51
Water Aspect		
F.8.	Water Consumption	53
Biodiversity Aspect		
F.9	Impacts from Operational Areas Close to or Situated in Areas of Conservation or Contain Biodiversity	49
F.10	Biodiversity Conservation Efforts	49
Emission Aspect		
F.11	Amount and Intensity of Emission Produced by Type	55
F.12	Efforts and Achievements Made in Emission Reduction	55
Waste and Effluent Aspect		
F.13	Amount of Waste and Effluent Produced by Type	55
F.14	Waste and Effluent Management Mechanism	54
F.15	Landfill (if Any)	55
Grievance Environmental Aspect		
F.16	Number and Contents of Received and Resolved Environmental Grievance	55
Social Performance		
F.17.	Commitment to Provide Equal Product and/or Services to Consumers	67
Employment Aspect		
F.18.	Equality of Work Opportunities	57
F.19.	Forced and Child Labours	57
F.20.	Regional Minimum Wage	59
F.21.	Decent and Safe Work Environment	59
F.22.	Training and Capacity Building for Employees	61
Community Aspect		
F.23.	Impact of Operations to Surrounding Communities	62
F.24.	Public Grievance	67
F.25.	Corporate Social Responsibility (CSR) activities	65
Responsibility of Sustainable Finance Product and/or Service Development		
F.26	Innovation and Development of Sustainable Finance Products/Services	67
F.27.	Number of Evaluated Product/Services for Safety for Customers	67
F.28.	Impact of Products/Services	67
F.29.	Number of Products Recalled	67
F.30.	Survey of Customer Satisfaction on Sustainable Finance Product and/or Services	67
G. Others:		
G.1.	Written Verification from Independent Party (if any)	68
G.2.	Feedback Form	73
G.3.	Response to the Feedback of Previous Year's Sustainability Report	74
G.4.	List of Disclosures in Accordance with the Regulation of the Financial Services Authority Number 51/POJK.03/2017.	75

# 16. GRI Content Index [GRI 1]

Statement of use	PT Toba Pulp Lestari Tbk. has reported in accordance with the GRI Standards for the period January - December 2023.
GRI 1 used	GRI 1: Foundation 2022
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	4			
	GRI 2-2	Entities included in the organization's sustainability reporting	6			
	GRI 2-3	Reporting period, frequency and contact point	6			
	GRI 2-4	Restatements of information	6			
	GRI 2-5	External assurance	4			
	Activities and workers					
	GRI 2-6	Activities, value chain and other business relationships	4			
	GRI 2-7	Employees	8			
	GRI 2-8	Workers who are not employees	8			
	Governance					
	GRI 2-9	Governance structure and composition	22	Explain the composition of the highest governance body and its committees based on the following: i. executive and non-executive members; ii. independence; iii. term of office of members of the governance body; vi. underrepresented social groups; vii. competencies related to organizational impact; viii. stakeholder representatives.	Incomplete	Still in the process of collecting data
	GRI 2-10	Nomination and selection of the highest governance body	22			
	GRI 2-11	Chair of the highest governance body	22			
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	27			
	GRI 2-13	Delegation of responsibility for managing impacts	27			
	GRI 2-14	Role of the highest governance body in sustainability reporting	27			
GRI 2-15	Conflicts of interest	33				
GRI 2-16	Communication of critical concerns	33				
GRI 2-17	Collective knowledge of the highest governance body	26				

GRI Standard	Disclosures	Page	Not Provided		
			Requirements That Are Not Provided	Reason	Explanation
GRI 2-18	Evaluation of the performance of the highest governance body	22			
GRI 2-19	Remuneration policies	22			
GRI 2-20	Process to determine remuneration	22			
GRI 2-21	Annual total compensation ratio	N/A	<p>a. reports the ratio of annual total compensation for the highest-paid individual in the organization to the median (mean value) of total annual salary for all employees (excluding the highest-paid individual).</p> <p>b. reports the ratio of the percentage increase in annual total compensation for the highest-paid individual in the organization to the median percentage increase in total yearly salary for all employees (excluding the highest-paid individual);</p> <p>c. report contextual information necessary to understand the data and methods of data collection.</p>	Confidentiality constraints	According to company policy, compensation data is confidential.
Strategy, policies and practices					
GRI 2-22	Statement on sustainable development strategy	10			
GRI 2-23	Policy commitments	18			
GRI 2-24	Embedding policy commitments	25			
GRI 2-25	Processes to remediate negative impacts	31			
GRI 2-26	Mechanisms for seeking advice and raising concerns	33			
GRI 2-27	Compliance with laws and regulations	21			
GRI 2-28	Membership associations	21			
Stakeholder engagement					
GRI 2-29	Approach to stakeholder engagement	34			
GRI 2-30	Collective bargaining agreements	8			
Material Topics					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	35		
	3-2	List of material topics	35		
Kinerja Ekonomi					
GRI 3: Material Topics 2021	3-3	Management of material topics	37		

GRI Standard	Disclosures	Page	Not Provided			
			Requirements That Are Not Provided	Reason	Explanation	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	37 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 can be found in the 2023 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"> <li>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</li> <li>ii. a description of the impact associated with the risk or opportunity;</li> <li>iii. the financial implications of the risk or opportunity before action is taken;</li> <li>iv. the methods used to manage the risk or opportunity;</li> <li>v. the costs of actions taken to manage the risk or opportunity.</li> </ul>	Not applied	Not included in the material topic
	201-3	Defined benefit plan obligations and other retirement plans	39			
	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"> <li>i. tax relief and tax credits;</li> <li>ii. subsidies;</li> <li>iii. investment grants, research and development grants, and other relevant types of grant;</li> <li>iv. awards;</li> <li>v. royalty holidays;</li> <li>vi. financial assistance from Export Credit Agencies (ECAs);</li> <li>vii. financial incentives; other financial benefits received or receivable from any government for any operation.</li> </ul> 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
<b>Market Presence</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics	59			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	59			
	202-2	Proportion of senior management hired from the local community	59			
<b>Indirect Economic Impacts</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics	40			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	42			
	203-2	Significant indirect economic impacts	41			
<b>Procurement Practices</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics	39			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	39			

GRI Standard	Disclosures	Page	Not Provided			
			Requirements That Are Not Provided	Reason	Explanation	
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. 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.	Not applied	Not included in the material topic
	205-3	Confirmed incidents of corruption and actions taken	see reason and explanation	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	Langkah-langkah hukum untuk perilaku anti-persaingan, praktik anti-trust dan monopoli	see reason and explanation	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	a. A description of the approach to tax, including: <ul style="list-style-type: none"> <li>i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available;</li> <li>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;</li> <li>iii. the approach to regulatory compliance;</li> <li>iv. how the approach to tax is linked to the business and sustainable development strategies of the organization</li> </ul>	Not applied	Not included in the material topic
	207-2	Tax governance, control, and risk management	see reason and explanation	a. A description of the tax governance and control framework, including: <ul style="list-style-type: none"> <li>i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy;</li> <li>ii. how the approach to tax is embedded within the organization;</li> <li>iii. the approach to tax risks, including how risks are identified, managed, and monitored;</li> <li>iv. how compliance with the tax governance and control framework is evaluated.</li> </ul> b. A description of the mechanisms to raise concerns about the organization's business conduct and the organization's integrity in relation to tax. <ul style="list-style-type: none"> <li>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).</li> </ul>	Not applied	Not included in the material topic
	207-3	Stakeholder engagement and management of concerns related	see reason and explanation	a. A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including: <ul style="list-style-type: none"> <li>i. the approach to engagement with tax authorities;</li> <li>ii. the approach to public policy advocacy on tax;</li> <li>iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.</li> </ul>	Not applied	Not included in the material topic
	207-4	Country-by-country reporting	see reason and explanation	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. <ul style="list-style-type: none"> <li>b. For each tax jurisdiction reported in Disclosure 207-4-a:                             <ul style="list-style-type: none"> <li>i. Names of the resident entities;</li> <li>ii. Primary activities of the organization;</li> <li>iii. Number of employees, and the basis of calculation of this number;</li> <li>iv. Revenues from third-party sales;</li> <li>v. Revenues from intra-group transactions with other tax jurisdictions;</li> <li>vi. Profit/loss before tax;</li> <li>vii. Tangible assets other than cash and cash equivalents;</li> <li>viii. Corporate income tax paid on a cash basis;</li> <li>ix. Corporate income tax accrued on profit/loss;</li> <li>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.</li> </ul> </li> <li>c. The time period covered by the information reported in Disclosure 207-4.</li> </ul>	Not applied	Not included in the material topic

GRI Standard	Disclosures	Page	Not Provided		
			Requirements That Are Not Provided	Reason	Explanation
<b>Material</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	49		
GRI 301: Material 2016	301-1	Materials used by weight or volume	50		
	301-2	Recycled input materials used	50		
<b>Energy</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	51		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	51		
	302-2	Energy consumption outside of the organization	51		
	302-3	Energy intensity	51		
<b>Water and Effluents</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	53		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	53		
	303-2	Management of water discharge-related impacts	53		
	303-3	Water withdrawal	54		
	303-4	Water discharge	54		
	303-5	Water consumption	54		
<b>Biodiversity</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	45		
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	46		
	304-2	Significant impacts of activities, products and services on biodiversity	49		
	304-3	Habitats protected or restored	47		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	47		

GRI Standard	Disclosures	Page	Not Provided		
			Requirements That Are Not Provided	Reason	Explanation
<b>Emissions</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	55		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	55		
	305-2	Energy indirect (Scope 2) GHG emissions	55		
	305-3	Other indirect (Scope 3) GHG emissions	55		
	305-4	GHG emissions intensity	55		
	305-5	Reduction of GHG emissions	see reason and explanation	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.	Not applied
305-6	Emissions of ozone-depleting substances (ODS)	see reason and explanation	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	a. Significant air emissions, in kilograms or multiples, for each of the following: 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
<b>Waste</b>					
GRI 3: Material Topics 2021	3-3	Management of material topics	54		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	54		
	306-2	Management of significant wasterelated impacts	54		
	306-3	Waste generated	55		
	306-4	Waste diverted from disposal	55		
	306-5	Waste directed to disposal	55		

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	see reason and explanation		Not applied	Not included in the material topic
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	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	57			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	57			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	58			
	401-3	Parental leave	see reason and explanation	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
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	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
Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	59		
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	59		
	403-2	Hazard identification, risk assessment, and incident investigation	see reason and explanation	<ul style="list-style-type: none"> <li>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"> <li>i. how the organization ensures the quality of these processes, including the competency of persons who carry them out;</li> <li>ii. how the results of these processes are used to evaluate and continually improve the occupational health and safety management system.</li> </ul> </li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	Not applied

GRI Standard	Disclosures	Page	Not Provided		
			Requirements That Are Not Provided	Reason	Explanation
403-3	Occupational health services	59			
403-4	Worker participation, consultation, and communication on occupational health and safety	58			
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
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> <ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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.</li> </ol> <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	60			
403-10	Work-related ill health	60			

GRI Standard	Disclosures	Page	Not Provided			
			Requirements That Are Not Provided	Reason	Explanation	
<b>Training and Education</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics	61			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	61			
	404-2	Programs for upgrading employee skills and transition assistance programs	62			
	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	Not included in the material topic
<b>Diversity and Equal Opportunity</b>						
GRI 3: Material Topics 2021	3-3	Management of material topics	62			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	62			
	405-2	Ratio of basic salary and remuneration of women to men	see reason and explanation	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	Not applied	Not included in the material topic
<b>Non-discrimination</b>						
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
<b>Freedom of Association and Collective Bargaining</b>						
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. b. 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
<b>Child Labor</b>						
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 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"> <li>a. Operations and suppliers considered to have significant risk for incidents of:               <ul style="list-style-type: none"> <li>i. child labor;</li> <li>ii. young workers exposed to hazardous work.</li> </ul> </li> <li>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of:               <ul style="list-style-type: none"> <li>i. type of operation (such as manufacturing plant) and supplier;</li> <li>ii. countries or geographic areas with operations and suppliers considered at risk.</li> </ul> </li> <li>c. Measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.</li> </ul>	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"> <li>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"> <li>i. type of operation (such as manufacturing plant) and supplier;</li> <li>ii. countries or geographic areas with operations and suppliers considered at risk.</li> </ul> </li> <li>b. Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor.</li> </ul>	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"> <li>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.</li> <li>b. Whether training requirements also apply to third-party organizations providing security personnel.</li> </ul>	Not applied	Not included in the material topic
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"> <li>a. Total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.</li> <li>b. Status of the incidents and actions taken with reference to the following:               <ul style="list-style-type: none"> <li>i. Incident reviewed by the organization;</li> <li>ii. Remediation plans being implemented;</li> <li>iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;</li> <li>iv. Incident no longer subject to action.</li> </ul> </li> </ul>	Not available	Still in the consolidation process



GRI Standard	Disclosures	Page	Not Provided			
			Requirements That Are Not Provided	Reason	Explanation	
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	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	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	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
Local Communities						
GRI 3: Material Topics 2021	3-3	Management of material topics	62			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	62	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: 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	62	a. Operations with significant actual and potential negative impacts on local communities, including: i. the location of the operations; ii. the significant actual and potential negative impacts of operations.		

GRI Standard	Disclosures	Page	Not Provided			
			Requirements That Are Not Provided	Reason	Explanation	
Supplier Social 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 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	see reason and explanation	a. Persentase pemasok baru yang diseleksi dengan menggunakan kriteria sosial.	Not available	Still in the consolidation process
	414-2	New suppliers that were screened using social criteria	see reason and explanation	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 available	Still in the consolidation process
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	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 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"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes..</li> </ol> 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

GRI Standard	Disclosures	Page	Not Provided			
			Requirements That Are Not Provided	Reason	Explanation	
<b>Marketing and Labeling</b>						
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: <ul style="list-style-type: none"> <li>i. The sourcing of components of the product or service;</li> <li>ii. Content, particularly with regard to substances that might produce an environmental or social impact;</li> <li>iii. Safe use of the product or service;</li> <li>iv. Disposal of the product and environmental or social impacts;</li> <li>v. Other (explain).</li> </ul> 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
	417-2	Incidents of non-compliance concerning product and service information and labeling	see reason and explanation	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> 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
	417-3	Incidents of non-compliance concerning marketing communications	see reason and explanation	a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: <ul style="list-style-type: none"> <li>i. incidents of non-compliance with regulations resulting in a fine or penalty;</li> <li>ii. incidents of non-compliance with regulations resulting in a warning;</li> <li>iii. incidents of non-compliance with voluntary codes.</li> </ul> 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
<b>Customer Privacy</b>						
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 Grievances concerning breaches of customer privacy and losses of customer data	see reason and explanation	a. Total number of substantiated Grievances received concerning breaches of customer privacy, categorized by: <ul style="list-style-type: none"> <li>i. Grievances received from outside parties and substantiated by the organization;</li> <li>ii. Grievances from regulatory bodies.</li> </ul> b. Total number of identified leaks, thefts, or losses of customer data. c. If the organization has not identified any substantiated Grievances, a brief statement of this fact is sufficient.	Not applied	Not included in the material topic



## 17. Glosarium

### B

**Biodiversity** - Biodiversity (from “biodiversity”) refers to 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

**Black Liquor** - is one of the by-products of the pulp industry

### C

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

**Close Loop System** - A system that recirculates materials, information, or energy without external input

### D

**Deforestation** - Loss of natural forests such as Agriculture, Degraded Land, etc

**Dissolving Pulp (DP)** - High-quality cellulose pulp with low hemicellulose, lignin, and resin content

### E

**Environmental Costs** - Consumption of resources in form of efforts (activities) to: prevent or minimize waste and pollution, comply with environmental regulations and company policies, and fail to fulfill environmental regulations and policies

### F

**The Financial Services Authority (OJK)** - 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

**FMU** - Forest Management Unit It is a forest management area where all or most of the area consists of conservation forests managed efficiently to protect life support systems, preserve biodiversity, and utilize biodiversity sustainably.

**Forest Areas for Specific Purposes (KHDTK)** - 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. It is an agreement made to involve the participation of local communities or indigenous communities before the start of an operational activity.

### G

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

**Governance** - The official group of individuals responsible for the strategic guidance of the organization.

### H

**HCS** - High Carbon Stock. This is a forest that stores large amounts of carbon and biodiversity.

**HCV** - High Conservation Value. These are defined as biological, ecological, social, and cultural values considered necessary at national, regional, and global levels.

### I

**IFCC** - Indonesian Forestry Certification Cooperation. It is a non-profit organization that aims to encourage and improve sustainable forest management in Indonesia by implementing forestry certification that meets the PEFC sustainable forest management benchmarks.

**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

## L

**LHP** - Inspection Result Report. Contains the implementation and results of the inspection.

**Lime Kiln** - A kiln used for calcining limestone

**Local** - workers/employees/economists located in the territory of Indonesia

**Lime Product** - Organic material produced from the lime kiln calcination process

## M

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

## N

**NGO** - Non-governmental organization. Does the community find a non-profit organization to fight for its interests in specific fields.

## O

**Occupational Health & Safety Management System (OHSMS)** - 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 (FEG)** - Peat with particular characteristics which have functions in protecting and balancing the water system, storing carbon reserves, and preserving biodiversity

**PBPH** - Perizinan Berusaha Pemanfaatan Hutan. It is a license given to business actors to start and run a business and perform forest utilization activities.

**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 hardwoods, softwoods and plant fibres.

**PHPL** - Sustainable Production Forest Management

**PKB** - Collective Labor Agreement. This results from negotiations between a labor union or several labor unions registered with the agency responsible for the field of employment and employers.

**PKR** - Outgrower Schemes. It is a cooperation scheme between companies and the community.

**PSDH** - Forest Resources Provision. Levies imposed on permit holders as a substitute for the intrinsic value of forest products collected from state forests.

**P2K3** - Committee for Occupational Safety and Health. The auxiliary body in the workplace is a forum for cooperation between employers and workers to develop mutual understanding and effective participation in implementing occupational safety and health.

## S

**Scoring** - Forest areas with a score of > 175 are determined according to Minister of Agriculture Decree No. 837 of 1980.

**SDGs** - UNDS Sustainable Development Goals. It is a global development agenda that has 17 targets until 2030.

**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

**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)** - 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**

**Timber Forest Products (HHBK)** - 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 (SVLK)** - 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

**TPA** - Landfills. It is a place to store waste that can no longer be used.

**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)** - An international conservation charity working to create a world where wildlife thrives

**2023**  
**SUSTAINABILITY**  
**R E P O R T**

**Registered Office**

3<sup>rd</sup> Floor, East Tower, Gedung Uniplaza  
Jl. Letjend. Haryono MT No. A-1  
Medan, Sumatera Utara  
Indonesia 20231  
Tel. (62 61) 453 2088  
Fax. (62 61) 453 0967

**Mill**

Desa Pangombusan  
Kecamatan Parmaksian  
Sumatera Utara, Indonesia  
Tel. (62 632) 734 6000, 734 6001  
Fax. (62 632) 734 6006

