



Statement on RGE's Engagement with TPL

25 April 2022

RGE Group comprises privately owned, resources-based companies that are independently operated by professional management teams, reporting to their respective Boards. All RGE Group companies are fully owned by the Tanoto family shareholders who also exercise management participation. The Group is bound by the 5Cs principle of what is good for the country, climate, community and customer will ultimately be good for the company. It is further guided by the RGE Environmental, Social and Governance (ESG) frameworkⁱ which is translated by the RGE Group companies into their respective sustainability commitments, policies, programmes and practices.

PT Toba Pulp Lestari (TPL) is a publicly listed company in Indonesia. TPL is subject to the laws and regulations that govern the Indonesia capital market, particularly those that protect the rights of minority shareholders. In compliance with the regulations, TPL's governance includes a Board of Commissioners that advises and oversees the management team.

As part of its commitment to align with industry frameworks for ethical supply chains, RGE acknowledges the Accountability Framework Initiative and its definition of 'Corporate Group'ⁱⁱ which includes related-party companies. In this respect, RGE is committed to continue to influence and very closely engage with TPL, including providing guidance and support, in its conformity with the RGE ESG framework.

RGE will continue working with TPL on:

- Strengthening its sustainability policies and commitments to further align with the RGE ESG framework;
- Adopting industry standards, guidance and best practice in sustainable forest management, responsible manufacturing, protection of human rights and community well-being, and stakeholder engagement;
- Implementing a robust framework of transparency and disclosure of its progress and challenges.

RGE has already begun to put in place measures to influence TPL's sustainability performance, including having an RGE senior staff member serve on the Board of Commissioners of TPL along with three other independent Commissioners. This RGE representative has the specific mandate of helping TPL improve its alignment with RGE's ESG framework and support the Indonesian Government in resolving land claims and other social concerns.

Over the past years, TPL has progressed on its sustainability commitments having adopted the No Deforestation, No Peat and No Exploitation (NDPE) pledge in its Sustainability Policy since 2015. Close to 60% of its concession area is allocated to conservation and community livelihood. A High Carbon Stock Assessment has been conducted, awaiting completion of the quality assurance review this year.

TPL has been working with the Indonesian Government on the recognition and resolution of land claims by indigenous and local communities where 9 of the 10 claims recognized by the Indonesian Government have been resolved. In 2017, the Government excised 5,172 ha from TPL's concession for the Pandumaan Sipituhuta community. TPL is committed to continue working with the Indonesian Government and the local communities on developing solutions to the remaining land disputes.

RGE and TPL are open to dialogues with concerned stakeholders, including NGOs, to enable an informed understanding of the very complex land tenure situation in Indonesia. We also encourage stakeholder participation on the ground in resolving concerns and more importantly, in developing solutions to further improve TPL's sustainability programs, processes and actions. RGE and TPL will continue to share updates on the progress of this engagement.

ⁱ <https://www.rgei.com/sustainability/sustainability-framework>

ⁱⁱ <https://accountability-framework.org/the-framework/contents/definitions/>