

# Environmental, Social, and Governance (ESG) Commitments

Jakarta, November 12, 2021

## Tunas Sawa Erma Group

### 1. Stop Work Order

As a short-term measure is required to enable us to develop this policy and begin its implementation, a [Stop Work Order \(SWO\)](#) was issued to all management units, suspending all land development from 10 November 2016 until all HCV and HCS assessments are finalized. With the exception of circumstances that are mandated by the Law of the Republic of Indonesia, such as plasma estate which area will be transferred from company's right to cultivate (*Hak Guna Usaha/HGU*) area.

The Stop Work Order (SWO) remains in effect until management is assured that a robust system is in place to ensure compliance with this policy.

The Stop Work Order commitment will always be regularly monitored by a third party, the Hylobates Awara Foundation, using spatial monitoring method based on Sentinel analysis.

### 2. No Deforestation

Tunas Sawa Erma Group commits to:

- a. No new development until we have identified and are able to effectively protect the High Conservation Value (HCV) and High Carbon Stock (HCS) areas within our concessions.
- b. Develop and implement a Remediation and Compensation Procedure (RaCP) to provide tangible and long-term benefits to conservation and local communities, as well as to compensate the impact our operations may have caused. We will carry out the initial assessment of liabilities no later than the middle of November 2021.
- c. As part of the long-term recovery plan, we will manage the plan by taking into account the concepts of social recovery, as well as environmental and landscape restorations.
- d. Organize projects which will promote the processing and trade of non-timber forest products that benefit local communities.
- e. Maintain fire prevention management.
- f. No deliberate fire occurs within our concessions.
- g. Continue to operate the daily fire monitoring program (Hotspots Monitoring) in an up-to-date and systematic manner.
- h. Equip all plantations with fire safety equipment and fire extinguishers as early mitigation measures.
- i. Deliver consistent reporting of every fire incident to the appropriate government agencies, and update the progress on the dashboard;

### 3. No New Development on Peatland

Although Tunas Sawa Erma Group is currently not located on peat areas, as a future anticipation if expansion, acquisition, or joint venture were to be carried out, Tunas Sawa Erma Group is committed to not develop new plantations on peatland regardless of depth.

### 4. No Exploitation of Labour

Tunas Sawa Erma Group commits to:

- a. Zero tolerance on child labour, forced labour, discrimination, sexual harassment, and other types of violence and harassment as specified in the International Labour Organization (ILO)'s Fundamental Conventions.
- b. Meet the aspects of minimum wage, occupational health & safety, ethical recruitment, employment contracts, respect for diversity, worker accommodation, and freedom of association.
- c. Provide a conducive work environment that includes public facilities, such as places of worship, housings, child care centers, health facilities, educational institutions, and sports facilities.
- d. Provide National Welfare Insurance (*Badan Penyelenggaraan Jaminan Sosial/BPJS*) to all workers and facilitate the formation of worker cooperatives.
- e. Respect and recognition of the rights of all workers, including temporary workers.
- f. Protect environmental security, human rights defenders, and community spokespersons to ensure their anonymity when requested.
- g. Build and maintain educational institutions, health facilities, clean water systems, and other facilities (child care, community center, and sports center) to meet the daily needs of workers and their families;

### 5. No Exploitation of Local Communities

Tunas Sawa Erma Group commits to:

- a. Obtain the free, prior, and informed consent of local communities for land acquisition, plantation management, or conservation activities; which will affect their land rights, resources, territories, livelihoods, and food security.
- b. Empower smallholders by conducting training, sharing knowledge, and providing tools to improve their production and livelihoods.
- c. Conduct participatory mapping with communities for institutional strengthening, social forestry programs, and livelihood empowerment.
- d. Develop a Conflict Resolution Mechanism.
- e. Establish a Grievance Mechanism.
- f. Implement recommendations from the Social Impact Assessment;

### 6. Traceability

Tunas Sawa Erma Group commits to:

- a. No procurement of Fresh Fruit Bunches (FFB) from suppliers that do not comply with our policy.
- b. Develop and evaluate an enhanced digitization system to track FFB supplies to our mills by 2022;

## **7. Smallholder Inclusion**

Tunas Sawa Erma Group commits to:

- a. Share knowledge and skills in oil palm best management practices to independent smallholders.
- b. Include independent smallholders in the supply chain and offer a fair & transparent price;

## **8. Best Management Practices in Plantations and Mills**

Tunas Sawa Erma Group commits to:

- a. Implement Good Agricultural Practices in all our plantations to increase productivity and Oil Extraction Rate (OER).
- b. Cease the use of class 1a (extremely hazardous) and class 1b (highly hazardous) pesticides that have been classified by World Health Organization (WHO).
- c. Implement the best Integrated Pest Management (IPM) system using biological control.
- d. Maintain and manage river water and groundwater quality in a sustainable manner through management of HCV areas as well as monitoring of water treatment before and after use.
- e. Develop and implement significant reduction in greenhouse gas (GHG) emissions from all of our operations;

## **9. Legal compliance**

Tunas Sawa Erma Group commits to:

- a. Strict compliance to all applicable laws, policies and government regulations as well as laws ratified by the Government of the Republic of Indonesia, international law and/or consensus if necessary.
- b. Raising awareness among all our staff of relevant laws, policies, and regulations in our operations.
- c. Updating the relevant and applicable laws and regulations on a constant basis;

## **10. Recovery Plan**

Tunas Sawa Erma Group commits to:

- a. Develop liability studies based on methodological and academic reviews.

- b. Develop a recovery plan that includes social recovery, as well as environmental and landscape restorations.
- c. Initiate or contribute to landscape initiatives across Indonesia.
- d. Work in multi-stakeholder schemes on landscape initiatives to improve community livelihoods;

## 11. Implementation and monitoring

Tunas Sawa Erma Group commits to:

- a. The transparency & accountability as the framework for implementing this policy.
- b. Develop a detailed time bound plan for policy implementation within one month after TSE ESG Commitments' official release.
- c. Conform Standard Operating Procedures (SOP) at the Group level.
- d. Develop an Action Plan based on the gap analysis using Tunas Sawa Erma-Comprehensive ESG Standards (TSE C-ESG-S).
- e. Announce the policy to all elements within the company group.
- f. Inform TSE ESG Commitments to stakeholders, specifically local communities residing within and surrounding the company's operational areas.
- g. Reward employees who make outstanding contributions to the advancement and implementation of the policy, and impose sanctions on those whose decisions and/or actions lead to severe non-compliance with the policy.
- h. Cease procuring products from suppliers proven to be involved in illegal activities, deforestation, new development on peatland, and practices of social violence.
- i. Reviewing the implementation of the policy and commitments periodically based on new information and knowledge, Tunas Sawa Erma Group will adjust and improve the relevant components and its implementation.
- j. Open to any feedback from stakeholders (including smallholders, refiners, traders, brands, NGOs, and/or government agencies) to improve our policies and practices, through dialogue, research, technical advice, grievance, etc.
- k. Publish an annual sustainability report in two languages based on the GRI reporting standards, starting in January 2022.