



## **No Deforestation, No Peat, No Exploitation (NDPE) Commitment**

006/ORIMBA/CL/2025

### **1. Introduction**

OAK, a leading wood manufacturing company, is committed to sustainable forest management and responsible timber harvesting. Recognizing the critical role forests play in climate change mitigation, biodiversity conservation, and the livelihoods of indigenous peoples and local communities (IPLCs), we are dedicated to ensuring our operations, and those of our third-party suppliers, contribute positively to the environment and society. As part of this commitment, we hereby declare our No Deforestation, No Peat, No Exploitation (NDPE) policy.

The importance of NDPE commitments cannot be overstated. Deforestation contributes significantly to greenhouse gas emissions and the loss of biodiversity. Peatland degradation releases large amounts of stored carbon, exacerbating climate change. Exploitation of workers and local communities undermines social justice and sustainable development. By adhering to our NDPE commitments, OAK and our suppliers aim to be pioneers in sustainable forestry, setting a benchmark in the timber industry, where such comprehensive commitments are rare.

Our NDPE policy reflects our dedication to sustainable practices and social responsibility. To our knowledge, OAK is amongst the first wood manufacturing companies to adopt such a comprehensive NDPE commitment, positioning us as a sustainability leader in the industry. We strive to ensure and go beyond compliance with Indonesia's Sustainable Forest Management (SFM) Regulations and Guidelines, including PHPL and SVLK certifications.

While OAK acknowledges that forest loss in Multiuse Timber concessions (PBPH-HA) may occur due to factors outside of our or our suppliers' immediate control, including government-sanctioned land-use change and illegal encroachment. Our NDPE commitment prohibits all deforestation within our suppliers' operational areas per government-approved Management Plans (RKU/RKT) and mandates that OAK will not procure timber from any deforestation.

All provisions in this policy, with no exception, apply to:

- All OAK operations, including those of our subsidiaries, any mill or forestry asset that we own, manage, or invest in.
- All third-party suppliers.

### **2. Principles**

#### **2.1 No Deforestation**

Deforestation refers to the permanent conversion of natural forest to non-forest land use. This includes any clearing that results in the long-term or irreversible loss of forest canopy and



prevents natural regeneration. Selective logging conducted legally under government-approved forest management plans (RKU/RKT), using Sustainable Forest Management (SFM) techniques, does not constitute deforestation — unless it leads to conversion to other land uses or loss of the area’s classification as natural forest.

- For all timber entering our supply chain, we commit to zero deforestation of natural forests and the conversion of natural forests to plantations, mining, or other land use types. Our sourcing will utilize Sustainable Forest Management (SFM) methods, including Reduced Impact Logging (RIL). Timber will only be sourced from designated areas of production forest (Hutan Produksi) that have been allocated for harvest by the Government of Indonesia, according to government-approved RKU/RKT.
- We will prioritize the identification and maintenance of High Conservation Value (HCV) areas in those of our suppliers. This includes conducting comprehensive HCV assessments and incorporating the findings into adaptive forest management plans. Sourcing from natural forest areas allocated for harvest will utilize RIL under a Precautionary Approach to maintain HCVs. We will ensure no sourcing from set-aside HCV areas.
- We will not source timber from areas operating under IPK licenses (Izin Pemanfaatan Kayu), ensuring all wood is sustainably sourced and Deforestation Free.
- Areas legally excised from forest concessions through IPPKH (Izin Pinjam Pakai Kawasan Hutan) permits for mining, renewable energy, and associated infrastructure development are considered outside the scope of this NDPE commitment for our suppliers, as they fall under government-authorized land.
- use change that is not implemented by the concession holder. However, OAK will not purchase any timber harvested under permits issued for such purposes, and our suppliers and their contractors must ensure strict segregation of any material originating from IPPKH permit areas and any logs harvested under the RKU/RKT.
- Deforestation caused by third parties (i.e., agricultural concessions or plantations, industrial forestry, illegal mining, local communities, or other unauthorized actors) that encroaches within a supplier’s concession area must be transparently addressed through a time-bound, verifiable response process. OAK will not accept or purchase any timber originating from such illegal clearing, and suppliers are expected to take immediate action to report, halt, and remediate such activity.
- OAK recognizes that not all areas within a PBPH-HA concession are under active operational control. This NDPE commitment applies to all forest loss associated with planned harvesting and timber sourcing under the RKU/RKT and any timber entering our supply chain. Areas within the concession impacted by government sanctioned activities (i.e., IPPKH) or illegal activities (i.e., encroachment, illegal mining, conversion for agriculture or industrial forestry, etc.) which are not linked to our sourcing or operational activity, will



be monitored, transparently reported, and addressed in coordination with relevant authorities.

## **2.2 No Exploitation**

- We are committed to fair labor practices and respect for workers' rights. This includes ensuring safe working conditions, fair wages in accordance with established laws and regulations, and the right to collective bargaining.
- We strictly prohibit the use of child labor based on applicable laws in Indonesia and ratification of ILO conventions in any of our operations or supply chains. OAK will apply a labor compliance protocol based on Indonesian labor law and ILO
- conventions and will implement a rigorous checklist and monitoring systems to ensure compliance with this policy.
- Community Engagement and Benefit Sharing: We will engage with local communities to ensure that our operations contribute to their development. This includes transparent benefit-sharing mechanisms and community development programs. We will expect our third-party suppliers to do the same.
- We will obtain Free, Prior, and Informed Consent (FPIC) from indigenous peoples and local communities living in and around our operations. This process will be transparent, inclusive, and respectful of their rights and interests. We will expect our third-party suppliers to do the same.

## **2.3 Implementation and Monitoring**

- We will establish robust monitoring systems to ensure compliance with our NDPE commitments. This includes regular audits, satellite monitoring, and third-party verification.
- We are committed to full compliance with Indonesia's Sustainable Forest Management Regulations and Guidelines, especially regarding wood legality, including PHPL, SVLK, and other relevant certifications.
- We will invest in capacity building for our staff, suppliers, and local communities to ensure they understand and can effectively implement our NDPE commitments.
- We will establish a Grievance Redress Mechanism to address concerns related to our operations and our supply chain. This will be accessible, transparent, and ensure timely resolution of issues.
- A risk-based supplier classification system will be adopted to prioritize monitoring, field verification, and audits. Suppliers will be classified as 'Compliant', 'Under
- Review', or 'Non-Compliant' based on performance across NDPE, legality, and labor criteria.



- We will develop and operationalize a Deforestation Risk Management Protocol to classify and respond to forest loss within our suppliers' concession areas. This will include standardized procedures for identifying deforestation alerts, conducting field verification, classifying causes (e.g., operational, third-party, government-sanctioned), and determining appropriate mitigation or exclusion measures. All verified deforestation events will be transparently documented and reported.
- In cases where suppliers do not yet fully comply with NDPE requirements but demonstrate willingness to improve, OAK may apply a time-bound improvement protocol. These suppliers will be classified as 'Under Review' and must submit a Corrective Action Plan (CAP) detailing remedial steps, timelines, and milestones. Progress will be monitored through periodic reviews. Failure to meet CAP obligations will result in exclusion from OAK's supply chain.

### 3. Governance and Reporting

- OAK will establish a governance structure to oversee the implementation of our NDPE commitments. This includes a Sustainability Committee that reports directly to senior management.
- We will publicly report on our progress in implementing our NDPE commitments. This includes annual sustainability reports and regular updates on our website. Our NDPE commitment will be made public and shared with all stakeholders, including customers, suppliers, local communities, and regulatory bodies.
- We will actively engage with stakeholders to gather feedback and improve our NDPE policy. This includes regular consultations with local communities, NGOs, government agencies, and other relevant parties.
- We recognize that sustainability is an evolving field. Therefore, our NDPE commitment is iterative and will be improved over time based on new insights, stakeholder feedback, and advancements in sustainable forestry practices.
- To support effective delivery of this NDPE commitment, OAK will implement a phased roadmap with defined milestones:

Year	Key Milestones
2025	Satellite-based monitoring launched; socialization of NDPE policy with all suppliers; exclusion of timber from IPPKH and IPK licenses,
2026	Full traceability of timber sourcing to RKT block level.
2027	Eternal verification of NDPE compliance ongoing.
2028	Public disclosure of concession-level monitoring results.



#### 4. Conclusion

OAK's sustainability efforts are aligned with the United Nations Sustainability Development Goals (UN OAK is dedicated to sustainable and responsible forest management. Our NDPE commitment is a cornerstone of our approach to ensuring that our operations, and those of our suppliers, do not contribute to deforestation, peatland degradation, or exploitation. We believe that by adhering to these principles, we can contribute to the long-term sustainable management of Indonesia's forests, the conservation of its biodiversity, and the well-being of indigenous peoples and local communities.

We understand that transforming forest management in large, mixed-use landscapes is a long-term effort. OAK remains committed to transparency, continuous improvement, and partnership with stakeholders (i.e., suppliers, buyers, civil society, and regulators) to progressively improve outcomes and address residual risk in our supply chain.

For further information, please contact:

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Mail Addressed to the Head Office or Operational Office

This regulation has been established by the Management of OAK as a guideline to be followed by all relevant parties. It may be reviewed and updated as necessary, in accordance with developments and conditions in the field. Therefore, it is issued to be properly understood and implemented.

On behalf of OAK Management  
**Andrew Sunarko**