

# 2022

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SUSTAINABILITY REPORT

***IndoAgri***

a subsidiary of:

**Indofood**  
THE SYMBOL OF QUALITY FOODS

# **PRESENTATION OUTLINE**

- **2022 At A Glance**
- **Our Approach to Sustainability**
- **Business Overview**
- **Protecting Our Environment**
- **Responsible Sourcing**
- **Our People**
- **Community Relations**
- **Product Integrity**

# 2022 AT A GLANCE

## BUSINESS and PEOPLE



### Vertically Integrated agribusiness

**294,488** hectares of nucleus planted area

**83%** under oil palm

**17%** other crops

**27** mills

**5** refineries

**5** rubber processing

**2** sugar factories

### Workforce representation

**73%** permanent operational employees are registered with a union

**27%** remainder are covered by Company Regulation

### Labour conditions and safety

**100%** elimination of Paraquat (since Mar 2018)

**100%** SMK3 management system sites

**60** sites with SMK3 gold rating

### Child labour

**No** registered worker <18 years old

## ENVIRONMENT



### Preventing deforestation

**Zero** clearance of primary forest, degradation of HCV areas, new planting on peat regardless of depth, or burning

**100%** of sites have HCV Management and Rehabilitation plans

### Energy and water

**2%** reduction of energy consumption intensity in mills (2021 baseline)

**14%** decrease in absolute energy consumption in refineries (2021 baseline)

**No** change in water intensity in mills (2021 baseline)

**8%** decrease in absolute water consumption in refineries (2021 baseline)

**99%** of fuel used in mills from renewable sources

**100%** of milling waste reused by our estates and mills

### Climate Change & GHG Emissions

**2%** reduction in GHG emissions from estate and palm oil mill operations

## COMMUNITY



### Health facilities

**189** clinics

**202** Posyandu

**59** doctors

**256** midwives / nurses

**33** ambulances

### Education facilities

**145** day care centres

**151** schools

**728** teachers

**15,460** students

**20** Rumah Pintar

**23,041** Rumah Pintar visitors

## SOURCING and PRODUCT



### Quality

**100%** refineries completed annual audits on quality assurance

### Food Safety / Quality Management System

**80%** certified with ISO 9001/ FSSC 22000

**100%** of food safety audits completed for 100% self assessment of non raw material suppliers

### ISPO-certified production

**86%** of all estates' hectareage

**84%** of nucleus CPO production

### Supply chain traceability and transparency

**100%** of FFB processed in mills traceable to estates

**100%** of CPO processed in refineries traceable to mills

**100%** of PK processed in kernel crushers traceable to estates



# OUR APPROACH TO SUSTAINABILITY



# OUR APPROACH TO SUSTAINABILITY

Material topic	Goal/target	Progress in 2022
<b>Responsible Business Conduct (RBC)</b> (GRI 205-3)	Zero cases of bribery and corruption	Zero confirmed incidents of bribery and corruption in our operations in 2022

## GOVERNANCE AND MANAGEMENT (GRI 2-24)



### COMMITMENT

- Mission
- Policies
- Code of Conduct
- Values



### PLANNING

- Government policy
- Corporate business systems
- Sustainability Programmes



### ACTION

- R&D
- Management systems
- Stakeholder engagement
- Certifications
- Internal collaboration
- Training



### ASSESS TO IMPROVE

- Indicators
- Targets
- Evaluation through audit
- Materiality review



### REPORTING

- Annual report
- Website
- Sustainability report

## SUSTAINABILITY GOVERNANCE (GRI 2-9, 2-12, 2-14)

### BOARD STATEMENT

The Board holds overall responsibility for sustainability governance at IndoAgri and considers sustainability issues in formulating our business strategy. The Board oversees the management and monitoring of our ESG impact and material topics, including annual validation and approval of the material topics.







The Board is supported in its monitoring and management of sustainability issues by the Sustainability Think Tank, which is led by our CEO. At quarterly Board Meetings, our Sustainability Think Tank reports on sustainability performance, provides updates on recent sustainability developments, and shares decisions made in response to these developments.

Validation and approval of the material topics takes place at a Board meeting during which the Sustainability Think Tank also present reporting recommendations for consideration. The Board is responsible for reviewing and approving the annual sustainability report prior to its publication.

# OUR APPROACH TO SUSTAINABILITY







## MATERIAL TOPICS AND MANAGEMENT

Our material topics are reviewed annually by our Sustainability Think Tank and Board to ensure their relevance and alignment to our business and stakeholder expectations. The review followed three stages: identification of material topics, stakeholder engagement and validation.

Sustainability Programmes	Material topics governed by or indirectly influenced by the programme	Corresponding SDGs
 <p><b>Growing Responsibly</b> Sets the policy framework for high standards of corporate governance and professional integrity</p>	<ul style="list-style-type: none"> <li>Responsible Business Conduct (RBC)</li> <li>Product Quality and Safety</li> <li>Climate Change and GHG Emissions</li> <li>Water, Waste and Effluents</li> <li>Use of Fertilisers, Pesticides and Chemicals</li> </ul>	
 <p><b>Sustainable Agriculture and Products</b> Drives the adoption of sustainable practices in crop cultivation and the operation of refineries and mills</p>	<ul style="list-style-type: none"> <li>Protection of Forests, Peatlands and Biodiversity</li> <li>Fire Control and Haze Prevention</li> <li>Climate Change and GHG Emission</li> <li>Water, Waste and Effluents</li> <li>User of Fertilisers, Pesticides and Chemicals</li> <li>Occupational Health and Safety (OHS)</li> <li>Yield Resilience and Innovation</li> </ul>	
 <p><b>Safe and Traceability Products</b> Aims to ensure that all our CPO-derived products are traceable, safe, and beneficial for human consumption</p>	<ul style="list-style-type: none"> <li>Supply Chain Traceability and Transparency</li> <li>Sustainability Certification</li> <li>Product Quality and Safety</li> <li>Yield Resilience and Innovation</li> </ul>	



# OUR APPROACH TO SUSTAINABILITY

Sustainability Programmes	Material topics governed by or indirectly influenced by the programme	Corresponding SDGs
 <p><b>Smallholders</b> Covers our efforts with the plasma and ex-plasma farmers, and supports the Indonesian government's Nucleus-Plasma scheme through the development of inclusive supply chains</p>	<ul style="list-style-type: none"> <li>• Smallholder Engagement and Livelihoods</li> <li>• Community Rights and Relations</li> <li>• Water, Waste and Effluents</li> <li>• Use of Fertilisers, Pesticides and Chemicals</li> <li>• Yield Resilience and Innovation</li> </ul>	
 <p><b>Work and Estate Living</b> Covers aspects relating to safety, health and wellbeing of our workers and their families, and to human rights</p>	<ul style="list-style-type: none"> <li>• Human, Child and Labour Rights</li> <li>• Community Rights and Relations</li> <li>• Occupational Health and Safety (OHS)</li> <li>• Yield Resilience and Innovation</li> <li>• Pandemic Resilience</li> <li>• Protection of Forests, Peatlands and Biodiversity</li> <li>• Fire Control and Haze Prevention</li> <li>• Climate Change and GHG Emission</li> <li>• Water, Waste and Effluents</li> <li>• User of Fertilisers, Pesticides and Chemicals</li> </ul>	
 <p><b>Solidarity</b> Seeks to improve the quality of life in the estate through capacity building, education and financial support</p>	<ul style="list-style-type: none"> <li>• Smallholder Engagement and Livelihoods</li> <li>• Protection of Forests, Peatlands and Biodiversity</li> <li>• Fire Control and Haze Prevention</li> <li>• Climate Change and GHG Emission</li> <li>• Water, Waste and Effluents</li> <li>• User of Fertilisers, Pesticides and Chemicals</li> <li>• Community Rights and Relations</li> <li>• Occupational Health and Safety (OHS)</li> <li>• Yield Resilience and Innovation</li> <li>• Human, Child and Labour Rights</li> <li>• Pandemic Resilience</li> </ul>	



# BUSINESS OVERVIEW





# BUSINESS OVERVIEW

## CAPTURING VALUE ACROSS OUR OPERATIONS IN INDONESIA



### Seed breeding

At our R&D centres, we engineer more efficient, resilient seeds and planting materials.



2

R&D CENTRES



seeds

### Plantations

In nucleus and smallholders' plantations, we grow oil palms, sugar cane, rubber, cocoa and tea in a responsible manner.

**244,768**  
hectares of oil palm

**16,074**  
hectares of rubber

**14,056**  
hectares of sugar cane

**19,590**  
hectares of timber, cocoa, tea

**294,488**  
hectares of nucleus area covering all crops

**90,551**  
hectares of plasma partnership for oil palm and rubber

**>50,000**  
plasma smallholders partnered

### Mills

At our mills, we process FFB into CPO and CPKO, latex into crumb and sheet rubber, and sugar cane into sugar.

#### FFB processing capacity

**27**  
palm oil mills

**7.2M**  
tonnes FFB processed per year

**3.5M** tonnes of FFB from our nucleus estates, plasma, and third parties milled into **736,000** tonnes of CPO and **180,000** tonnes of PK in 2022

**701,000** tonnes of CPO sold: **76%** to IFAR refineries, **24%** to external parties

#### Rubber processing capacity

**5** (3 crumb and 2 sheet) rubber processing facilities

**33,000** tonnes crumb and sheet rubber per year

#### Cane crushing capacity

**2**  
sugar cane mills

**2.2M**  
tonnes sugar per year

### Refineries

At our refineries, we refine CPO into higher value edible oil and fat (EOF) products.



#### CPO processing capacity

**5**  
refineries

**1.7M**  
tonnes CPO processed per year

### Customers & consumers

Our EOF products are used by consumers for daily living and by customers as input for their products.



**83%**  
of EOF products serve domestic consumers



All our consumer pack cooking oil brands are **fortified with Vitamin A**



# PROTECTING OUR ENVIRONMENT



# PROTECTING OUR ENVIRONMENT

In this section, we explain our commitments and progress on environmental protection, including fire control, climate change mitigation and adaption, resource efficiency, waste and chemicals.

## PROGRESS IN 2022

### Protection of forests, peatland and biodiversity

- **No primary forest clearance** on our sites
- **No degradation** of HCV areas
- **No new planting** on peatland since 2013
- **Maintained** healthy water levels

### Climate change and GHG emissions

- **2%** reduction in GHG emissions from estate and palm oil mill operations
- **99%** of fuel used in palm oil mills is from renewable products

### Water, waste and effluents

- **No** increase of water consumption intensity for mills, remained the same as 2021
- **8%** decrease in refinery water consumption compared to 2021
- **100%** hazardous waste disposed by an accredited 3<sup>rd</sup> party
- **64%** of non-hazardous waste sent for recycling
- **100%** of milling waste reused by our estates and mills

### Fire control and haze prevention

- **Zero** burning for land clearing and replanting
- **Trained** fire control team in every estate



# PROTECTING OUR ENVIRONMENT

## TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2022
<b>Climate Change and GHG Emission</b>	Reduce energy consumption ratio in palm oil mills and refineries	<ul style="list-style-type: none"> <li>• 2% reduction of energy consumption per tonne of material processed in mills against our 2021 baseline</li> <li>• 14% decrease in absolute energy consumption in refineries against our 2021 baseline</li> </ul>
	Reduce GHG emissions from estate and palm oil mill operation	2% reduction in GHG emissions from estate and palm oil mill operations
<b>Water, Waste and Effluents</b>	Reduce water consumption intensity in mills and refineries	<ul style="list-style-type: none"> <li>• Water consumption intensity for mills remained the same as 2021 baseline</li> <li>• 8% decrease in absolute water consumption in refineries against our 2021 baseline</li> </ul>
	Maintain effluent levels to be within local regulation thresholds	All effluent levels within regulation thresholds
<b>Fire Control and Haze Prevention</b>	Continue to strengthen fire mitigation procedures	Completed 32 fire control training days in 51 estates in 2022
	Continue to engage local communities and villages on fire-fighting and prevention	Engaged 90 villages on fire prevention since 2016
<b>Protection of Forests, Peatlands and Biodiversity</b>	Compliance with our policy of no deforestation and zero HCV loss	No primary forest or HCV areas was affected during new planting and replanting in 2022
<b>Use of Fertilisers, Pesticides and Chemicals</b>	To achieve 100% use of available organic fertilisers (EFBs and POME from our mills)	Achieved
	Improve Integrated Pest Management to reduce reliance on chemical pesticide use	4% increase in pesticides used compared to 2022



# RESPONSIBLE SOURCING





# RESPONSIBLE SOURCING

In this section, we report on our work with our estates and independent suppliers to comply with our Policy.

## PROGRESS IN 2022

### Sustainability certification

- **86%** of all estates' hectarage is ISPO-certified
- **84%** of nucleus CPO production is ISPO certified
- **74%** of PK production is ISPO-certified

### Yield resilience and innovation

- **3,933** hectares of replanted area monitored by drones

### Smallholder engagement and livelihoods

- **100%** of plasma smallholders comply with out Policy

### Supply chain traceability and transparency

- **100%** of FFB processed in mills is traceable to estates
- **100%** of CPO processed in refineries is traceable to mills
- **100%** of PK processed in kernel crushers is traceable to estates
- **100%** of mills audited to Policy requirements





# RESPONSIBLE SOURCING

## TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2022
<b>Sustainability Certification</b>	By end 2024: ISPO certification for all estates	Achieved 86% of targeted hectarage*
	By end 2024: ISPO certification for all mills	Achieved certification for 20 out of 27 mills. Additional 2 mills have undergone first round audits and one has been through the second round of audit*
	By 2025: 100% of CPO we refine is ISPO-certified	On tracked. 75% of CPO we refined in 2020 is ISPO-certified
<b>Supply Chain Traceability and Transparency</b>	Capacity-building for third-party CPO suppliers	Online stakeholder engagement in 2021 due to pandemic restrictions
	By end 2025: 100% of our KUD will be ISPO certified	One KUD certified as of 2022, 10 are undergoing the ISPO audit process
<b>Yield Resilience and Innovation</b>	Annual replanting supplied by ganoderma-tolerant seeds since 2018	Achieved 100%

\* Figures cover hectarage or number of mills that are already certified or have completed ISPO first stage audit. The certificate release date is subject to the accreditation period of the certifying body. Certified hectarages data performance compared to base year 2020.

# OUR PEOPLE





# OUR PEOPLE

In this section, we report on our initiatives and progress in improving labour conditions and ensuring the safety and wellbeing of our workforce. IndoAgri employed over 52,000 people in 2022, and sourced from approximately 50,000 plasma farmers.

## PROGRESS IN 2022

### Human, child and labour rights

- **No forced** labour or child labour
- **Comply** with minimum wage regulations
- **Free to participate** in labour union of choice for all workers
- **Full compliance** with government labour law

### Training and development

- **27,075** hours of employee training (approximately 3,384 man-days)

### Occupational health and safety

- **1** fatality
- **16%** decrease in rate of high-consequence work-related injuries (excluding fatality)
- **5%** increase in rate of recordable work-related injuries
- **7** estates obtained zero accident awards



# OUR PEOPLE

## TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2022
Occupational Health and Safety (OHS)	Zero fatalities (across total workforce)	We regret to report one fatality in our palm oil operations

# COMMUNITY RELATIONS





# COMMUNITY RELATIONS

In this section, we explain our progress on maintaining good relationships with our host communities by respecting their rights, contributing to their positive development and ensuring their wellbeing.

## PROGRESS IN 2022

### Land Rights

- **100% compliance** with all Indonesian regulations on land rights and land management

### Community projects

- **1** award from the Ministry for Environment & Forestry in recognition of our support for PROKLIM projects
- **8** out of 20 Rumah Pintar are financially self-sufficient

### Education facilities

- **145** day care centres
- **151** schools
- **728** teachers
- **15,460** students
- **23,041** visitors to Rumah Pintar

### Health facilities

- **189** clinics in estates
- **202** Posyandu
- **59** doctors
- **256** midwives/nurses
- **33** ambulances



# COMMUNITY RELATIONS

## TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2022
<b>Community Rights and Relations</b>	Comply with all Indonesian laws and regulations on land rights and land management	Full compliance with regulations
	Maintain zero incidents of FPIC violations on new development area	Zero incidents of FPIC violations on new development area



# PRODUCT INTEGRITY



# PRODUCT INTEGRITY

In this section, we describe our safety standards, our contributions to consumer health, and consumer engagement efforts

## PROGRESS IN 2022

### Product quality and safety

- **80%** certified with ISO 9001/FSSC 22000
- **100%** of non-raw material suppliers (packaging and ingredients) – self-assessment audits completed
- **100%** of products and refineries are Halal-certified

## TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2022
<b>Product Quality and Safety</b>	Quality and safety: comply with FSSC 22000 food safety management system	Full compliance
	Quality and safety: comply with Halal certification system	All products are Halal-certified
	Quality: complete annual audit on quality assurance	Audit completed for all refineries
	Quality: complete annual food safety audits for suppliers	97% Big Five* of supply tonnage to our refineries comes from sources that are audited annually** on food safety
	Continue to meet and exceed nutritional requirements as per Indonesian law	Meet and exceeded all nutritional requirements as per Indonesian law

\* Big Five refer to the top five raw material suppliers based on raw material tonnage supplied to our refineries

\*\* During the pandemic, self-assessment audits were conducted



Aligned with SDGs





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