



IndoAgri
sustainability
REPORT 2021

a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS

PRESENTATION OUTLINE

- **2021 At A Glance**
- **Our Approach to Sustainability**
- **Business Overview**
- **Protecting Our Environment**
- **Responsible Sourcing**
- **Our People**
- **Community Relations**
- **Product Integrity**



2021 AT A GLANCE

BUSINESS and PEOPLE



VERTICALLY INTEGRATED AGRIBUSINESS

300,749

hectares of nucleus planted area

83%

under oil palm

27 palm oil mills

5 refineries

WORKFORCE REPRESENTATION

72% of our permanent operational employees are registered with a union; **28%** covered by company regulation

LABOUR CONDITIONS AND SAFETY

Complete Elimination of Paraquat since March 2018

100% of our sites with SMK3 management system | SMK3 certification in **64** sites (55 Gold rating)

CHILD LABOUR

No registered worker under 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 in water consumption intensity in refineries (2020 baseline)

1% reduction of energy consumption intensity in mills (2020 baseline)

3% reduction in energy consumption intensity in refineries (2020 baseline)

99% of fuel used in mills from renewable sources

100% of milling waste reused by our estates and mills

2021 AT A GLANCE

COMMUNITY



HEALTH FACILITIES

189 clinics | **60** doctors | **263** midwives/nurses
199 Posyandu | **34** ambulances

EDUCATION FACILITIES

144 day care centres,
150 schools | **733** teachers
14,268 students
20 Rumah Pintar
31,234 Rumah Pintar visitors

COVID-19 VACCINATION PROGRAMME

56,548 people vaccinated in the community
(excl employees)
87% of employees received 1st dose
66% of employees fully vaccinated

SOURCING and PRODUCT



QUALITY

100% of refineries completed annual audits on quality assurance

FOOD SAFETY MANAGEMENT

40% of our edible oils and fats (EOF) processed volume certified to FSSC 22000

100% of food safety audits done for raw materials suppliers

ISPO-CERTIFIED PRODUCTION

83% of all estates' hectarage

86% 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

GOVERNANCE AND MANAGEMENT



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

Our approach to sustainability is guided by our Vision, Mission, Values, Code and Policies which commit us to responsible business practices and the highest standards of quality and conduct. We use a set of policies, targets, certification, standards and programmes to manage the risks and opportunities of our material topics.

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 material ESG topics, including validation and approval of the material topics for sustainability reporting. The Board also reviews and approves the annual sustainability report prior to its publication.

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.







TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topic	Goal/target	Progress in 2021
Responsible Business Conduct (RBC)	Zero cases of bribery and corruption	Zero confirmed incidents of bribery and corruption in our operations in 2021
















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

OUR APPROACH TO SUSTAINABILITY

Sustainability Programmes	Material topics governed by or indirectly influenced by the programme	Corresponding SDGs
 <p>Smallholders 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"> • Smallholder Engagement and Livelihoods • Community Rights and Relations • Water, Waste and Effluents • Use of Fertilisers, Pesticides and Chemicals • Yield Resilience and Innovation 	 
 <p>Work and Estate Living 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"> • Human, Child and Labour Rights • Community Rights and Relations • Occupational Health and Safety (OHS) • Yield Resilience and Innovation • Pandemic Resilience • Protection of Forests, Peatlands and Biodiversity • Fire Control and Haze Prevention • Climate Change and GHG Emission • User of Fertilisers, Pesticides and Chemicals 	        
 <p>Solidarity Seeks to improve the quality of life in the estate through capacity building, education and financial support</p>	<ul style="list-style-type: none"> • Smallholder Engagement and Livelihoods • Protection of Forests, Peatlands and Biodiversity • Fire Control and Haze Prevention • Climate Change and GHG Emission • User of Fertilisers, Pesticides and Chemicals • Community Rights and Relations • Occupational Health and Safety (OHS) • Yield Resilience and Innovation • Human, Child and Labour Rights • Pandemic Resilience 	

OUR APPROACH TO SUSTAINABILITY

PANDEMIC RESILIENCE

In this section, we explain how we manage business risks posed by the pandemic. The key risk posed by the COVID-19 pandemic is the spread of the virus in IndoAgri's business units, that could affect employees' health and cause disruption to operations. We continue to remain alert and take preventive measures to ensure business continuity.

TRACKING PERFORMANCE AND EVALUATING PROGRESS

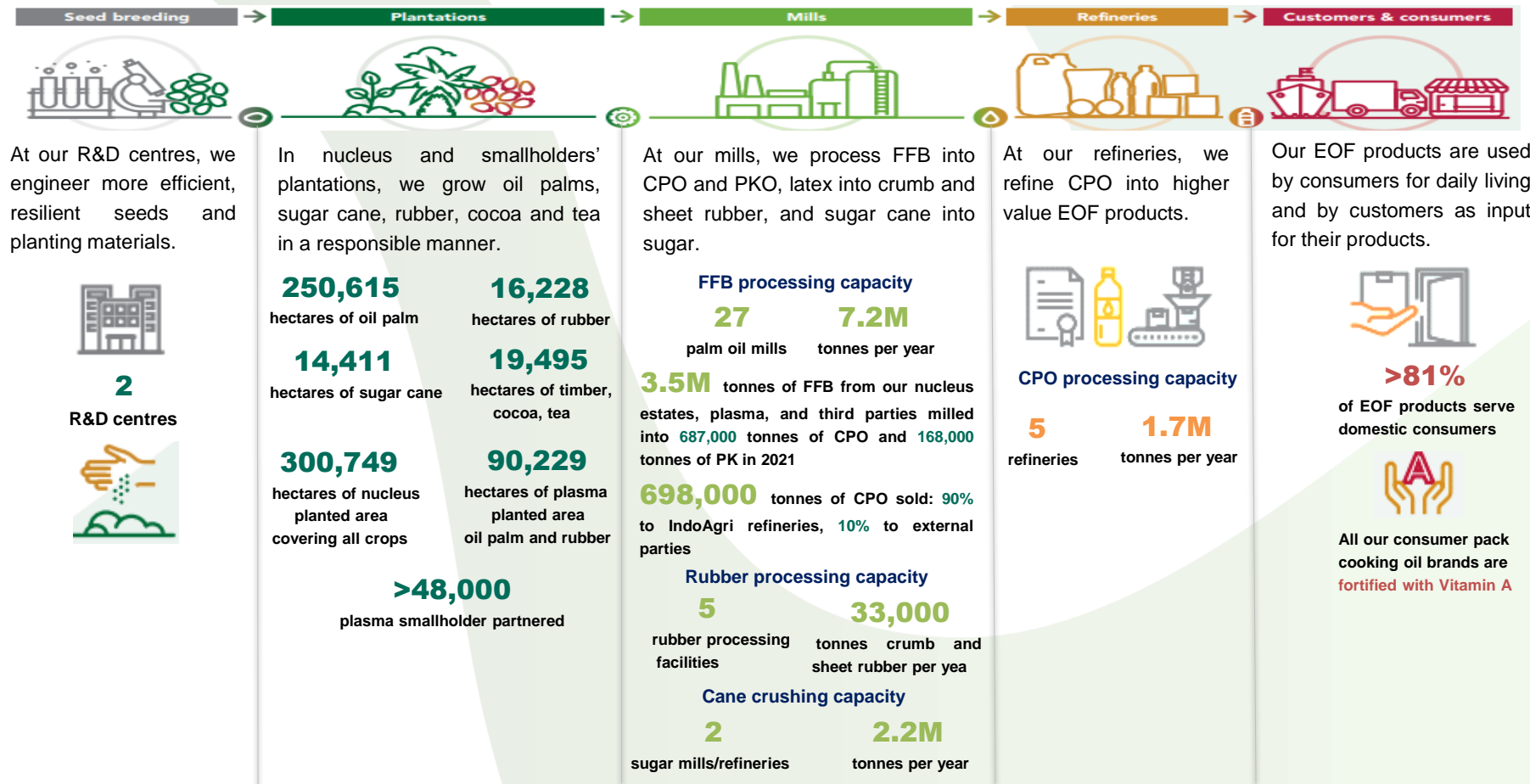
Material topic	Goal/target	Progress in 2021
Pandemic Resilience	Regularly assess key risks in supply chain	Identified and continuously monitored key risks posed by pandemic. No material impact on the operations of the group
	Engage employees, smallholders and communities that IndoAgri operates in on matters related to pandemic preparedness	Established Task Force to socialize pandemic protocols to stakeholders. 56,548 people vaccinated in community vaccination programme

BUSINESS OVERVIEW



BUSINESS OVERVIEW

CAPTURING VALUE ACROSS OUR OPERATIONS IN INDONESIA



WORKFORCE PROFILE



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 2021

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

Water, waste and effluents

- **2%** reduction in water consumption in refineries per tonne of CPO processed
- **69%** of non-hazardous waste sent for recycling

Climate change and GHG emissions

- **12%** reduction in GHG emissions per tonne of palm products
- **99%** of fuel used in palm oil mills is from renewable products

Fire control and haze prevention

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



Aligned with SDGs



PROTECTING OUR ENVIRONMENT

TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2021
Climate Change and GHG Emission	Reduce energy consumption ratio in palm oil mills and refineries	<ul style="list-style-type: none"> • 1% reduction of energy consumption per tonne of material processed in mills compared to 2020 • 3% reduction of energy consumption per tonne of material produced at our refineries compared to 2020
	Reduce GHG emissions per tonne of palm product	12% reduction in GHG emissions per tonne of palm product compared to 2020
Water, Waste and Effluents	Reduce water consumption intensity in mills and refineries	<ul style="list-style-type: none"> • Water consumption for mills remained the same as 2020 • 2% reduction for refineries compared to 2020
	Maintain effluent levels to be within local regulation thresholds	All effluent levels within regulation thresholds
Fire Control and Haze Prevention	Continue to strengthen fire mitigation procedures	Completed 19 fire control training days in 34 estates in 2021
	Continue to engage local communities and villages on fire-fighting and prevention	Engaged 74 villages on fire prevention since 2016
Protection of Forests, Peatlands and Biodiversity	Compliance with our policy of no deforestation and zero HCV loss	100% compliance
Use of Fertilisers, Pesticides and Chemicals	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	2% increase in pesticides used compared to 2020 *

* The increase was due to enhancement of weed control during the prolonged rainy season, and for replanting activities.

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 2021

Sustainability certification

- **83%** of all estates' hectareage is ISPO-certified
- **86%** of nucleus CPO production is ISPO certified
- **74%** of PK production is ISPO-certified

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

Yield resilience and innovation

- **738** hectares of replanted area monitored by drones

Smallholder engagement and livelihoods

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



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RESPONSIBLE SOURCING

TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2021
Sustainability Certification	By end 2023: ISPO certification for all estates	Achieved 83% of targeted hectareage*
	By end 2023: ISPO certification for all mills	Achieved certification for 18 out of 27 mills. Additional 6 mills have undergone first round of audits*
	By 2025: 100% of CPO we refine is ISPO-certified	On tracked. 77% of CPO we refined in 2020 is ISPO-certified
Supply Chain Traceability and Transparency	Capacity-building for third-party CPO suppliers	Online stakeholder engagement in 2021 due to pandemic restrictions
	By end 2021: support 11 KUDs in ISPO certification audit process	One KUD certified as of 2021. The other 10 are undergoing the audit process
Yield Resilience and Innovation	Ganoderma-tolerant seed production to meet annual replanting requirements for plantations owned since 2018	Produced and sold 936,594 ganoderma-tolerant seeds, meeting annual replanting requirements.

* Figures cover hectareage 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. Hectareage data are based on planted areas on 31 December 2021.

OUR PEOPLE



OUR PEOPLE

IndoAgri provides employment to more than 51,000 people and 48,000 plasma smallholders in Indonesia. In this section, we report on our initiatives and progress in improving labour conditions and ensuring the safety and wellbeing of our workforce.

PROGRESS IN 2021

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

Occupational health and safety

- **2** fatalities
- **41%** decrease in rate of high-consequence work-related injuries (excluding fatalities)

Training and development

- **73,731** hours of employee training (approximately 9,216 man-days)

TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2021
Occupational Health and Safety (OHS)	Zero fatalities (across total workforce)	We regret to report two fatalities in our palm oil operations



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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 2021

Land Rights

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

Health facilities

- **189** clinics in estates
- **199** Posyandu
- **60** doctors
- **263** midwives/nurses
- **34** ambulances

COVID-19 vaccination programme

- **56,548** people vaccinated in community



Education facilities

- **144** day care centres
- **150** schools
- **733** teachers
- **14,268** students
- **31,234** visitors to Rumah Pintar

Community projects

- **1** recognition award from the Ministry for Environment & Forestry for our support for PROKLIM projects in 31 sites
- **10** out of 20 Rumah Pintar are financially self-sufficient

Aligned with SDGs



COMMUNITY RELATIONS

TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2021
Community Rights and Relations	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

PROGRESS IN 2021

Product quality and safety

- **40% or 375,166 tonnes** of CPO produced by EOF Division certified to Food Safety Management Standard FSSC 22000
- **100%** of food safety audits done for 75% of raw materials suppliers
- **100%** of products and refineries are

TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2021
Product Quality and Safety	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	95% 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



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