

2022

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
Responsible Business Conduct (RBC) (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
 Growing Responsibly Sets the policy framework for high standards of corporate governance and professional integrity	<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 	
 Sustainable Agriculture and Products Drives the adoption of sustainable practices in crop cultivation and the operation of refineries and mills	<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 	
 Safe and Traceability Products Aims to ensure that all our CPO-derived products are traceable, safe, and beneficial for human consumption	<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 • Water, Waste and Effluents • 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 • Water, Waste and Effluents • 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 	

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 3rd 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
Climate Change and GHG Emission	Reduce energy consumption ratio in palm oil mills and refineries	<ul style="list-style-type: none"> • 2% reduction of energy consumption per tonne of material processed in mills against our 2021 baseline • 14% decrease in absolute energy consumption in refineries against our 2021 baseline
	Reduce GHG emissions from estate and palm oil mill operation	2% reduction in GHG emissions from estate and palm oil mill operations
Water, Waste and Effluents	Reduce water consumption intensity in mills and refineries	<ul style="list-style-type: none"> • Water consumption intensity for mills remained the same as 2021 baseline • 8% decrease in absolute water consumption in refineries against our 2021 baseline
	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 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
Protection of Forests, Peatlands and Biodiversity	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
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	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
Sustainability Certification	By end 2024: ISPO certification for all estates	Achieved 86% of targeted hectareage*
	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
Supply Chain Traceability and Transparency	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
Yield Resilience and Innovation	Annual replanting supplied by ganoderma-tolerant seeds since 2018	Achieved 100%

* 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. Certified hectareages 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



Aligned with SDGs



COMMUNITY RELATIONS

TRACKING PERFORMANCE AND EVALUATING PROGRESS

Material topics	Goal/target	Progress in 2022
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

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
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	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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