Section 1 – Business Overview
Integrated and Diversified Agribusiness

Capturing value across the entire supply chain

**Upstream**
- R&D/Seed Breeding
- Plantation
- Mills

**Downstream**
- Edible oils and fats
- Distribution

- Oil Palm Nucleus 246,055 ha
- Sustainable CPO 332,000 tonnes
- Oil Palm Plasma 86,890 ha

- 41,244 Employees
- ≈ 50,000 Plasma Farmers
## Geographical Presence

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Palm Oil Mill</th>
<th>Crumb Rubber Facility</th>
<th>Sheet Rubber Facility</th>
<th>Sugar Mill &amp; Refinery</th>
<th>Refinery</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unit</td>
<td>Capacity p.a (MT FFB)</td>
<td>Unit</td>
<td>Capacity p.a (MT Dry Rubber)</td>
<td>Unit</td>
</tr>
<tr>
<td>SIMP</td>
<td>11</td>
<td>3,395,250</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lonsum</td>
<td>11</td>
<td>2,295,000</td>
<td>4</td>
<td>42,720</td>
<td>3</td>
</tr>
<tr>
<td>CMAA - Brazil</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Group</td>
<td>22</td>
<td>5,690,250</td>
<td>4</td>
<td>42,720</td>
<td>3</td>
</tr>
</tbody>
</table>

Legend:
- Oil Palm
- Sugar Cane
- Rubber
- Cocoa
- Tea
- Refinery
- Sugar Mill
- Copra Mill
IndoAgri started its sustainability journey since the early 80’s

2014 • Total RSPO certified CPO of 332,000 tonnes
2013 • Total RSPO certified CPO 291,000 tonnes
2012 • Total RSPO certified CPO 248,000 tonnes
2011 • Total RSPO certified CPO 195,000 tonnes
2009 • Total RSPO certified CPO 170,000 tonnes
2007 • Acquisition PT SAIN, an R&D and oil palm seed breeding company
2006 • SIMP becomes RSPO member
2004 • Lonsum becomes RSPO member
1997 • Introduction of barn owls as bio control against rats
1983 • SumBio, an R&D and palm seed breeding company started operations

We have implemented policies on:
- Zero burning
- No new planting on peat
- No deforestation
Our Sustainability Progress

Value chain
A traceable and sustainable supply chain with our external CPO suppliers through implementation of our Palm Oil Sourcing Policy and Responsible Supplier Guidelines and through inclusion of our plasma farmers into RSPO certification.

Certification against the highest standard for palm oil
RSPO certified palm oil is 332,000 tonnes or 35% of our 2014 total CPO production. We attained our first ISPO certification for 45,000 tonnes of CPO.

All crops grown sustainably
We aim to manage all our crops according to their respective industry sustainability standards.
- members of RSPO, ISPO and the Partnership for Indonesia Sustainable Agriculture (PISAGRO) for palm oil
- Member of Cocoa Sustainability Partnership for cocoa
- Our Brazil sugar cane plantations achieved its first Bonsucro certification for 111,000 tonnes of sustainable sugar cane production or 3% of 2014 production
Section 2 – Sustainability Statement
Our Sustainability Statement

**Sustainable palm oil**
IndoAgri believes that ensuring a sustainable and traceable source of palm oil is integral to the long term success of the company. We approach sustainable palm oil through three key interlinked areas:

1. Sustainable agriculture and products
2. Sustainable communities
3. Safe workplace

**Our value proposition**
Through our sustainability practices and commitment towards higher yield, protecting our environment and working and living in harmony with the communities where we operate, we believe that we create value with economic, social and environmental benefits for our stakeholders.
Section 3 – Our Sustainability Approach, Commitment and Implementation
Our Sustainability Commitment and Targets

Meeting the world’s food needs sustainably through innovation and management of excellence

Sustainability targets
1. Achieve ISPO certification for all oil palm estates and mills managed by the Group by end of 2016
2. Achieve RSPO certification for all oil palm estates and mills managed by the Group and its plasma smallholders by end of 2019
3. 100% sustainable palm oil sourcing by end of 2020
4. Achieve internationally recognised standards for sustainable agriculture, where available, for all our other crops, including rubber, sugar, cocoa and tea
5. Set a baseline for environmental footprint by 2014 for all factories and develop environmental reduction targets by 2015 for carbon emissions, energy and water
6. Set a baseline and develop community development plans for welfare improvement for each site by 2015
7. Implement the Occupational Health and Safety programme and complete the baseline assessment for all sites in 2015 to reduce work related accidents
8. HCV assessment study for all sites completed in 2014
9. Develop and implement HCV rehabilitation plan for each site by 2015
10. Phase out the use of paraquat by 2018
Our Sustainability Approach

Establish sustainability strategy and principles based on key material issues

Manage material issues via setting of baselines and targets, guided by our sustainability policies, principles and commitment

Meeting the world's food needs sustainably through innovation and management of excellence.
# Material Issues

Key material issues that affect both of our internal and external stakeholders:

<table>
<thead>
<tr>
<th>Key Material Issue</th>
<th>Interest Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Carbon management including deforestation</td>
<td>Global community including international NGOs and governments</td>
</tr>
<tr>
<td>B. Environmental footprint including PROPER, ISO 14001</td>
<td>Community living around estates, local government and NGOs</td>
</tr>
<tr>
<td>C. Governance including transparency, business integrity &amp; anti-corruption, risk management</td>
<td>Investors and NGOs</td>
</tr>
<tr>
<td>D. Land rights including scarce land resources</td>
<td>Local community; government and NGOs</td>
</tr>
<tr>
<td>E. Occupational health &amp; safety</td>
<td>Local labour organisations and government</td>
</tr>
<tr>
<td>F. Smallholders including plasma, social conflict resolution</td>
<td>Smallholders, NGOs and local government</td>
</tr>
<tr>
<td>G. Product traceability / Sustainable sourcing including RSPO/ISPO</td>
<td>Suppliers and consumers</td>
</tr>
<tr>
<td>H. Product quality and safety</td>
<td>Suppliers and consumers</td>
</tr>
<tr>
<td>I. Yield maximisation including innovation</td>
<td>Investors, NGOs and government</td>
</tr>
<tr>
<td>J. Human rights</td>
<td>NGOs and government</td>
</tr>
</tbody>
</table>
# Sustainability Principles

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Principle 1 Compliance** | 1.1 Compliance with local legislation  
1.2 Compliance with RSPO/ISPO/ISO9001 guidelines  
1.3 Compliance with IndoAgri Code of Business Conduct |
| **Principle 2 Healthy living** | 2.1 Providing a safe work place to all our employees  
2.2 Traceable, safe and quality products |
| **Principle 3 Smallholders** | 3.1 Rural development through supporting our plasma and third party farmers |
| **Principle 4 Environmental responsibility and conservation of natural resources and biodiversity** | 4.1 Protection of primary forests, peat land and High Conservation Value (HCV) areas  
4.2 Waste Management: Non-hazardous and hazardous waste and Reduce, Reuse, Recycle concept  
4.3 Reducing our Carbon Footprint  
4.4 Responsible water management, and minimising effluents whilst ensuring safe disposal |
| **Principle 5 Respect Human rights and have responsible consideration of employees and of individuals and communities affected** | 5.1 Developing dialogues with our key stakeholders  
5.2 Communities have the right to Free Prior Informed Consent  
5.3 Giving back to the community and preserve the culture of indigenous people  
5.4 External disclosure through Global Reporting Initiative (GRI) Guidelines |
| **Principle 6 Innovation & continuous improvement** | 6.1 Following industry best practice and using innovation to contribute to sustainable practices  
6.2 Improving yields  
6.3 Achieve long-term economic and financial viability  
6.4 SOPs in place to support sustainable agriculture practices |
Key Programmes

Embed sustainability within our internal operational processes and across our supply chains through 6 core programmes

1. **Growing Responsibly**
   - Encourage and promote sustainability as core to our operations

2. **Sustainable Agriculture and Products**
   - Achieve sustainable agriculture practices in our crop cultivation

3. **Safe and Traceable Products**
   - Ensure all products from refineries and mills are traceable, safe and beneficial for human consumption

4. **Smallholders**
   - Support the nucleus – plasma scheme by developing and inclusive supply chain

5. **Work and Estate Living**
   - Improve the safety, hygiene, and living conditions for our employees, workers and their families living on the estates

6. **Solidarity**
   - Support the development of local communities in and around our estates and factories by improving their existing conditions and quality of life
Section 4 – Summary & Conclusion
In Summary

Sustainability is in the DNA of our operations

Our early investments in seed breeding and therefore working towards our vision of improving yield and optimizing land space.

First company to develop barn owl bio-control to reduce chemical usage.

Adopting world class standards as RSPO for our palm oil farming and GRI G4 guidelines for sustainability reporting.

Our sustainability journey started in the ’80s and we will continue this journey through innovation and management of excellence to ensure the sustainability of our operations.
Section 5 – Appendix
Managing Our Material Issues and Performance
# Governance and Integrity

## Material Issue

- Governance including transparency, business integrity and anti-corruption, risk management

## Programme

- Growing Responsibly

## Key Initiatives

- Sets the policy framework for high standards of corporate governance and professional integrity
- Sustainability Management Information System (SMIS) to monitor and ensure the consistent implementation of sustainability efforts across the Group.
- Annual Sustainability Report based on GRI guidelines
### Sustainable Palm Oil Sourcing

#### Material Issues
- Product traceability/ sustainable sourcing including RSPO/ISPO
- Smallholders including plasma, social conflict resolution

#### Programmes
- Safe and Traceable Products
- Smallholders

#### Key Initiatives
- Palm Oil Sourcing policy and Responsible Supplier Guidelines
- Barcode system for BLRS oil palm seeds
- Supply chain tracking system for FFB supply
- RSPO supply chain certification for refineries
- Started implementation of RSPO smallholder certification programme
- Strategic partnership with Sustainable Trade Initiative (IDH) for smallholder certification
# Environmental Performance

## Material Issues

- Carbon management including deforestation
- Environmental footprint including PROPER, ISO 14001
- Yield maximisation including innovation

## Programmes

- Sustainable Agriculture and Products
- Smallholders
- Growing Responsibly

## Key Initiatives

- ISPO certification for all oil palm estates and mills by 2016
- RSPO certification for all oil palm estates (nucleus and plasma) by 2019
- PROPER (minimum blue) certification of all mills and refineries
- HCV management, including no new planting on peatland and HCV area
- Monitoring of GHG emissions
- Integrated pest management: replace pesticide usage with biological control, phasing out paraquat
- Precision agronomy, including innovation in seed breeding
- Fire and haze prevention measures
- Nurturing the capacity and competencies of our employees and plasma smallholders via training programmes
## Sustainable Products

### Material Issue
- Product quality and safety

### Programme
- Safe and Traceable Products

### Key Initiatives
- Product fortification with vitamins and minerals
- Recyclable packaging for cooking oil bottles
- Implementation of Food Safety Management System through auditing against Food Safety System Certification (FSSC) 22000:2010
- ISO 9001 and Halal certification
- Food safety audit for supplier by Quality Assurance team.
## People and Communities

### Material Issues
- Occupational health and safety
- Human rights
- Land rights including scarce land resources

### Programmes
- Work and estate living
- Solidarity
- Smallholders

### Key Initiatives
- OHS management system
- Provide essential services and basic amenities (health care, housing, education) to all estates residents
- Social Impact Assessment and implementation of Free Prior and Informed Consent (FPIC) procedure
- Implementation of local community development programs such as:
  - Lip cleft operations
  - Cataract operations
  - IndoAgri Sehati: promote maternal and infant health
  - Infrastructure development
  - Donations and sponsorship
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