



**SUSTAINABILITY**  
— 2 0 1 9 —  
**REPORT**

## About IndoAgri, Our Vision, Mission and Values

Indofood Agri Resources Ltd (“IndoAgri”) is listed on the Singapore Exchange (SGX) with headquarter in Singapore. IndoAgri and its subsidiaries operate plantation and processing facilities to produce palm oil, rubber, sugar, cocoa and tea. The group also operates research & development, seed breeding, manufacturing and marketing of award-winning edible oils brands.

Our vision is to become a leading integrated agribusiness and a world-class agricultural research and seed breeding company. Our mission drives us: to be a high-yield, low-cost producer that continuously improves its people, processes and technology to deliver at the highest standards of quality. Our values guide our work: with discipline as the basis of our way of life, we conduct our business with integrity, we treat our stakeholders with respect, and together we unite to strive for excellence and continuous innovation.

## Our Policy

Our Sustainable Agriculture Policy (“Policy”) guides all our sustainability programmes. It applies to all our operations, including our plasma smallholders and third-party suppliers from whom we purchase for our factories. Key Policy commitments to deliver sustainably produced products are:

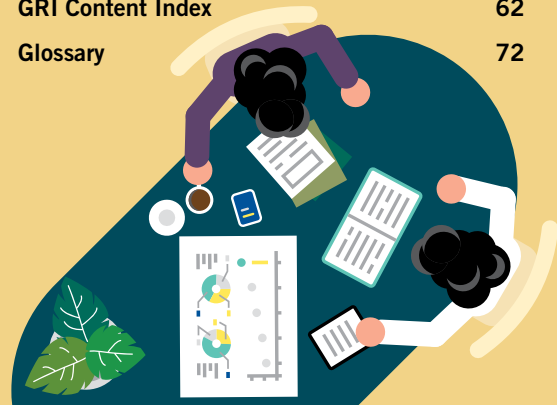
- No deforestation; conservation of High Conservation Value (HCV) and High Carbon Stock (HCS) areas
- No planting on peat regardless of depth
- No burning
- Respect for Labour and Human Rights, including Freedom of Association and non-discrimination
- Free Prior and Informed Consent (FPIC).



Sustainable Agriculture Policy is available online at <http://www.indofoodagri.com/managing-sustainability.html>

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## Our Sustainability Report

Since our first sustainability report was published in 2013, we have progressively improved our management of material topics, our engagement with stakeholders, and our reporting on sustainability progress.

This report communicates our progress against Policy commitments and targets on material topics. Please see page 61 for details on scope and reporting framework. This report provides all relevant information for stakeholders, but we encourage the reader to use it alongside the online sustainability sections. Relevant links are provided in the report.



## CEO STATEMENT

**WELCOME TO OUR EIGHTH ANNUAL SUSTAINABILITY REPORT OF PERFORMANCE ON RELEVANT ENVIRONMENTAL, SOCIAL AND GOVERNANCE TOPICS. ITS CONTENT IS SHAPED BY A FORMAL MATERIALITY PROCESS, INFORMED BY OUR ENTERPRISE RISK MANAGEMENT FRAMEWORK, AND REVIEWED BY THE INDOAGRI BOARD OF DIRECTORS.**

In my 2018 CEO Statement, I described our heritage in the industry, and our long-standing expertise and management experience as we work to deliver our vision and mission.

As sustainability evolves, so do we. We continue to adapt to these emerging challenges, whilst finding opportunity through innovation in our operations. In 2019, we again pushed the process of continuous improvement forward.

We reflect on our top priority: the health and safety of our workers. Each year, we conduct a detailed review of the cause of any safety incident. In 2018, we removed palm trees near powerlines to mitigate this safety risk, and we improved our processes for near-miss reporting. In 2019, we continued our review and improved safety in spraying activities, one of many areas of continuous improvement. While we endured fewer fatalities across our operations compared to 2018, we regret to report two fatalities in 2019, both in our palm oil operations. We are supporting the families and colleagues affected. We are investigating each one thoroughly, with corrective action and risk mitigation measures to follow. A priority goal for us is zero fatalities. We remain committed to it: in the Board room we question our safety management approaches, and evolve our teams to ensure the right skills are devoted to safety programmes across our operations.

Along with our stakeholders, we hold ourselves accountable for sustainability impacts, as well as for commercial results. Our target is to ensure that 100% of crude palm oil (CPO) we refine is sourced in accordance with our Policy by the end of 2020. By the end of 2019, 80% of our plantation hectareage was ISPO certified (2018: 79%). We have extended our target of achieving 100% ISPO certification to 2023 due to new areas under development. Our programmes on sustainable agriculture, workforce conditions, smallholders, and traceability have all supported the delivery of mandatory ISPO certification.

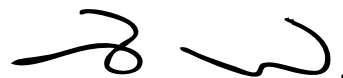
On labour practices, we continue to ensure continuous improvement in line with international standards, and we engage with stakeholders to resolve any challenges that arise. In response to a formal complaint from 2016, we commissioned an independent legal review at the relevant locations in North Sumatra. The review, by an Indonesian legal firm, concluded that the allegations were unfounded and that we fully complied with the labour laws of the Government of Indonesia. Whilst we have always been clear on our compliance, given the serious nature of the allegations we felt it important to demonstrate this to our stakeholders by engaging external legal experts to conduct a review; their report is published in full on our website.

Although 83% of our plantations are used to grow oil palm, we recognise that sustainability impacts are associated with all our crops. In 2019, we started to report on our rubber operations as part of IndoAgri's commitment to improve group level sustainability performance. We report various data this year on energy, water, and waste. We also continue to expand our Bonsucro sugar certification in our sugar operations in Brazil.

In 2019, we also further examined our exposure to climate change risk and opportunity. We recognise the potential effects of a changing climate on agribusinesses, and our Board is fully aware of the physical and transition risks and opportunities facing IndoAgri. Our work in this area is informed by international frameworks, designed to address corporate value at risk, and to meet the expectations of stakeholders, such as investors. We will expand on this area in future reports.

Our Board has overall responsibility for sustainability issues, validates material environment, social and governance (ESG) topics and oversees their management and monitoring. In 2019 we also began to align how our performance on material sustainability topics contributes to achieving the Sustainable Development Goals (SDGs). Our community investments help achieved this: in 2019, we continued funding cleft lip surgery and Community Health Centres (locally known as 'Posyandu'), amongst many other community programmes.

Responsibility, accountability, and alignment with societal expectations are important at IndoAgri. We look forward to further refining our approach to sustainability risk and opportunity, and to positively contributing to the lives of our employees, communities, smallholders, suppliers, civil society organisations, customers and investors in 2020. I would invite you to read the two employee testimonials on the following pages as a precursor to the details on policies, management, and performance data found in the Report. One relates to Mr Adi Sumantri, who started work with us as a seasonal worker, and is now an Assistant Manager of Training & Total Quality Management. The other relates to Ms Herani who joined us as a field nursery supervisor, and was promoted to become an Estate Manager in 2016, a remarkable achievement in what has historically been a male-dominated position. These are just two stories of many, demonstrating how IndoAgri proactively trains and promotes employees from all levels, giving them opportunities to develop their careers with us.



**MARK JULIAN WAKEFORD**

Chief Executive Officer and Executive Director

## 2019 AT A GLANCE

### A vertically-integrated agribusiness



**302,372**  
hectares nucleus  
planted area



**83%** under oil  
palm

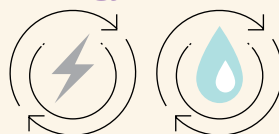


**27** mills



**5** refineries

### Energy and water



**4%** energy | **6%** water

Reduction in consumption per tonne of material produced at refineries (2018 baseline)

Energy and water consumption per tonne of FFB processed at mills remained stable from 2018 levels

### Workforce representation

**61%** of our operational employees are registered with a union; the rest are covered by company regulation



### Quality

All refineries completed annual audits on quality assurance



### Indonesian rural climate change mitigation and adaptation



All units in Riau now have PROKLIM projects in place

Received three National awards for **7** villages in Riau estates



### Food Safety Management

**38%** of our Edible Oils and Fats (EOF) production volume certified to FSSC 22000 food safety management standard



### RISING THROUGH THE RANKS, NURTURING DIVERSITY



Adi Sumantri, Assistant Manager,  
Training & TQM, Medan Office



"I first started working at IndoAgri when I was 21 years old. I started off at the Bah Lias Research Station at the Terawas Indah Estate, South Sumatra as a seasonal worker and one year later I became a permanent employee as a Crop Protection Supervisor. I was later assigned in the Human Resources Department and in 2016, I was promoted to my current position as the Assistant Manager of Training & Total Quality Management (TQM).

*Working at IndoAgri has been a source of pride for my family and I, because it represents acceptance and social mobility where I was able to advance from the lowest level to my current position.*

I benefit from a good income, welfare and pension benefits, personal development and career progression. I have attended various training seminars on plantation agronomy and management, that allow me to contribute to continuous improvement. I am thankful that IndoAgri pays attention to workers' career development."

## ISPO-certified production

**503,000** tonnes, or **71%** of total nucleus CPO produced in 2019



## 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

## Labour conditions and safety

**COMPLETE** elimination of Paraquat since March 2018

SMK3 set up in **100%** of sites

SMK3 certification in **59** sites (51 Gold rating)

**ZERO ACCIDENT AWARD** in 4 units

**4%** and **9%** reduction in group Accident Frequency Rate and Severity Rate, respectively (2018 baseline)



## Child labour

No registered worker under 18 years old

## Education facilities

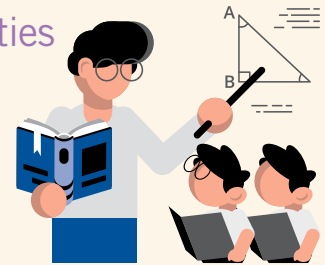
**302** day care centres,

**160** schools,

**787** teachers,

**15,360** students,

**20** Rumah Pintar



## Health facilities

**189** clinics,

**59** doctors,

**194** Posyandu,

**267** midwives/nurses



## Cleft lip programme

**113** operations,

**91** beneficiaries,

**33** volunteers



Herani, Estate Manager, Pering Permai Estate, South Sumatra



"This year marks my 24<sup>th</sup> year of working at IndoAgri. I started off as a Nursery Supervisor. In 2000, I passed the staff selection and training to become a Field Assistant at the Sei Lakitan Estate. After a series of promotions, I was appointed as Estate Manager, which has been my role for the past four years.

I feel grateful to have a career and to have reached my current position. When I first joined IndoAgri, as a female, I had never dreamed of becoming a manager in the plantation industry.

*I am thankful for the trust and guidance that the IndoAgri leaders have provided to me. My experience proves that at IndoAgri, everyone is given the same rights and opportunities.* My long career here has instilled in me a sense of love and belonging at IndoAgri that has helped me overcome many obstacles."



*Watering activity at nursery*



# OUR APPROACH TO SUSTAINABILITY

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WE ARE COMMITTED TO MEETING THE  
WORLD'S FOOD NEEDS IN A SUSTAINABLE  
AND TRACEABLE MANNER

# OUR APPROACH TO SUSTAINABILITY

## Governance and Management

### SUSTAINABILITY MANAGEMENT



For more details on our Programmes, certifications, management systems, R&D innovation and team organisation please see <http://www.indofoodagri.com>

### A SYSTEMATIC APPROACH

Our approach to sustainability is supported by our Vision, Mission, Values, Code and Policies that commit us to responsible business practices and the highest standards of quality and conduct. Our management approach and six programmes show how we manage the risks and opportunities of our material topics, as detailed on page 7. They translate into action in the form of management systems and standard operational procedures (SOPs), certifications, external engagement, internal collaboration, R&D, and training. We use an SAP enterprise data and sustainability information system to assess progress against targets. We continuously review and update our approach to align with emerging topics and global developments.

### GOVERNANCE ARRANGEMENTS FOR SUSTAINABILITY

We apply the precautionary principle in managing our material ESG topics; we are committed to preventing undesirable impacts, for which we hold ourselves accountable, and we seek alternatives in a risk-based manner, as appropriate. Our Board oversees the management and monitoring of our material ESG topics. At our quarterly Board Meetings, senior leaders of our Sustainability Think Tank, led by the CEO, report on sustainability performance, provide updates on recent sustainability developments, and share decisions made in response to these developments. Our Audit and Risk Management Committee receives a quarterly update on material sustainability risks and related concerns.

The Sustainability Think Tank comprises Executive Directors, Chief Operating Officers, the Enterprise Risk Management (ERM) unit, the R&D team, and sustainability representatives from each business unit. Prior to writing the Sustainability Report every year, the Sustainability Think Tank conducts a review of IndoAgri's material topics, accounting for the UN Sustainable Development Goals (SDGs). Of all the 17 SDGs we have identified 13 of particular relevance to us, to which we can contribute through our Policy and programmes, see page 7.

Our sustainability performance is evaluated using progress against targets, see page 11. ISPO certification for our oil palm operations and the Indonesian Government's Programme for Pollution Control, Evaluation, and Rating (PROPER) environmental initiative help us to deliver performance on governance, no deforestation, land rights, no new planting on peatland, no burning, smallholders, and human rights. We review our evaluation methods based on internal and external audits, performance trends, and stakeholder feedback. Our regular internal audits, monitoring, and assessments are guided by the ISO 14001 Environment Management Systems and the ISO 9001 Quality Management Systems.

We are committed to ethical conduct and are against corruption. All new employees receive induction training on our Code of Conduct, including anti-corruption.



OUR APPROACH TO SUSTAINABILITY

Focus on key sustainability topics

In this section, we outline the relevance of each material topic, where impacts occur, and how we manage them. The management approach (MA) of our material topics, which covers all of IndoAgri’s crops, serves to establish processes to achieve measurable improvement, guided by targets. Components of the MA include Sustainability Programmes, policies, standards, and certifications such as ISPO, PROPER, and ISO 14001.

All our material topics are managed under a set of six Sustainability Programmes. The components of our MA form the basis of monitoring, evaluating, and improving performance on each material topic. This entire set of activities must comply with our Policy.

AT A GLANCE: HOW WE MANAGE EACH MATERIAL TOPIC – ■ MANAGEMENT APPROACH ■ PROGRAMME

TOPIC	Deforestation and land management (including peatland, fire control)	Environment impacts and compliance	Governance (transparency, integrity, anti-corruption, risk)	Land rights including scarce land resources	Occupational health and safety (OHS)	Smallholder engagement and livelihoods	Product traceability and sustainable sourcing	Product quality and safety	Yield maximisation including innovation	Human rights
Sustainable Agriculture Policy	●	●	●	●	●	●	●	●	●	●
ISPO Certification <sup>1</sup>	●	●	●	●	●	●	●	●	●	●
PROPER/ISO/SMK3/OHSAS	●	●	●		●			●		
FSSC <sup>1</sup>							●	●		
Other – ERM Framework, Whistle-blowing Policy	●	●	●	●	●	●	●	●	●	●
Growing Responsibly 12		●●	●●●					●●●		
Sustainable Agriculture and Products 2, 6, 7, 9, 12, 13, 15	●●●	●●●			●●●				●●●	
Safe and Traceable Products 12							●●●	●●●	●●	
Smallholders 2		●		●●	●	●●●			●	
Work and Estate Living 1, 3, 4, 5, 6, 7, 8, 10	●	●		●●	●●				●●	●●●
Solidarity 1	●	●		●	●	●●			●	●

●●● Programme sets strategy, governance, compliance and policy framework; delivery of performance improvement and monitoring  
 ●● Programme contributes indirectly to performance outcomes  
 ● Programme relates to topic, knowledge sharing occurs, relevant teams may interact “on the ground”

SDGs we contribute to



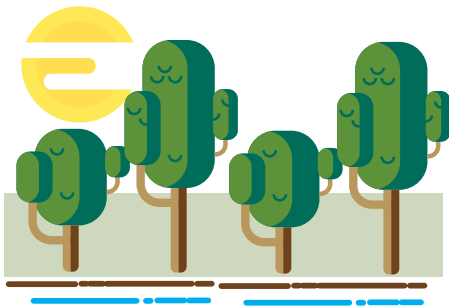
For more details on our Sustainable Agriculture Policy, governance, materiality assessment, stakeholder engagement, Programmes, certifications, management systems, and team organisation please see <http://www.indofoodagri.com/sustainability-home.html>

1 ISPO Certification and FSSC apply to our palm oil operations only.

## OUR APPROACH TO SUSTAINABILITY

## Our approach on key sustainability focus areas

### ENVIRONMENTAL PROTECTION



We are committed to minimising negative impacts on the environment and to consuming resources responsibly throughout our value chain. We regularly evaluate environmental risks and the value of ecosystems. Our Sustainable Agriculture Policy demonstrates our commitment to high standards on material topic impacts in supplier operations too; environmental protection can only be achieved with cooperation across the value chain. Impacts under management arise from climate change, land management, biodiversity loss, and fire risk. Our ERM framework and whistle-blowing mechanisms help to ensure compliance with relevant environmental regulations, and to mitigate the associated risks.

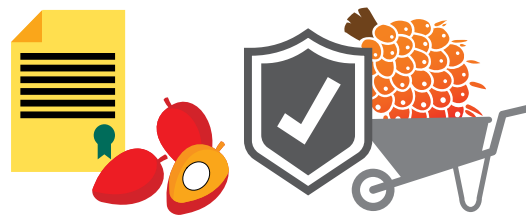
IndoAgri is aware of the potential risks and opportunities that climate change may pose for the ecosystems, communities, and the agribusiness supply chain. Environmental challenges which may arise from climate change such as water scarcity and unpredictable weather



Riparian areas in one of our estates in South Sumatra

patterns may further disrupt the industry's traditional models and crop yields. A growing global population and increases in urbanisation and disposable incomes lead to greater consumption of agricultural products. In the face of climate and socio-economic 'disruptors', agribusinesses must innovate to address changing needs and demands. Our business model adapts, allowing for new technologies and techniques, new investments in climate-resilient crops, technical expertise, and new ways of working in rural communities under our Work and Estate Living Programme.

### RESPONSIBLE SOURCING



Transparency in the supply chain and responsible sourcing practices are increasingly important to customers as their own operations and procurement come under scrutiny. Commercial success depends on our customers having confidence in our products and their origins. We are committed to excellence in supply chain relations to encourage transparent, responsible, and profitable practices. This improves resilience in the agribusiness industry and its communities against economic and social hardship, and outcomes of political decisions.

ISPO certification is a key component in delivering on our Policy and commitments. It is a certification system developed and mandated by the Indonesian Government.

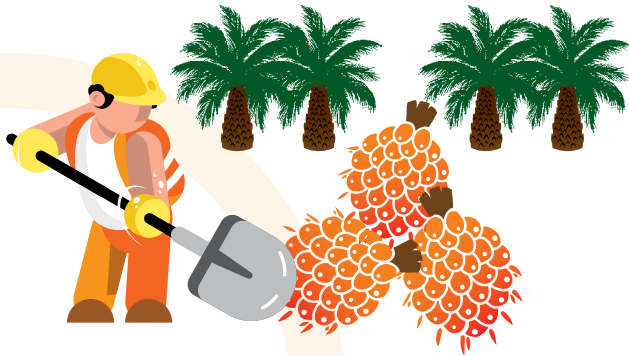
#### To establish the traceability of each tonne of palm oil, we record the following:

- Name, parent company, address and GeoCoordinates of plantation<sup>2</sup> and mill
- Nucleus or plasma KUD/kelompok profile and data
- Refinery dispatch number
- Certification status

2 And batch barcode for South Sumatra plasma estate FFBS.

## OUR APPROACH TO SUSTAINABILITY

## PEOPLE



The well-being and development of our workers is fundamental to our success. Our Policy outlines our commitment to respect and protect the rights of our workers, comply with the Indonesian law as well as the UN Universal Declaration on Human Rights and the International Labour Organisation (ILO) codes of practice ratified by the Republic of Indonesia<sup>3</sup>. We aim to provide our workers with stable incomes, safe working environments, and improved job opportunities. We take strict, actionable measures to ensure no forced labour or child labour on any of our sites.

All IndoAgri employees are paid above the minimum wage of their respective regions, which are determined by regional governments, taking into account the sector, cost of living in each province, and collective labour agreement in that region. We also provide all permanent employees and their families with additional free benefits such as housing, healthcare and education to ensure a decent living wage. We support employees' rights to collective bargaining. Employees are free to register themselves with their preferred labour union.

We are committed to providing safe workplaces for our thousands of employees across Indonesia. We have a rigorous OHS management system in place to minimise negative health impacts and prevent accidents. All our sites are equipped with SMK3 (Indonesian OHS standard) management systems and undergo SMK3 refresher trainings every year to ensure day-to-day compliance across all sites. In addition, workers are reminded of safety standard operating procedures before they start work every morning.

We encourage professional development and the upskilling of our workforce through Training and Development programmes. This provides career progression opportunities for our employees and meets our needs for skilled, capable human resources.

## COMMUNITY RELATIONS



We comply with Indonesian law and our business operations align with the UN Universal Declaration on Human Rights, and the International Labour Organisation codes of practice, as ratified by the Republic of Indonesia. In addition to this we are committed to respecting the FPIC rights of indigenous people whenever our operations impact them.

As one of the biggest agribusinesses in rural Indonesia, we recognise our ability to positively impact the lives of those living in and surrounding our operations. We aim to empower local communities and, through our business, to improve their quality of life. Our Work and Estate Living Programme ensures that needs of the community and local governments are met through economic development.



Students in our Rumah Pintar at North Sumatra estate

<sup>3</sup> The eight "core" ILO Conventions ratified by Indonesia are:

1. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
2. Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
3. Forced Labour Convention, 1930 (No. 29);
4. Abolition of Forced Labour Convention, 1957 (No. 105);
5. Minimum Age Convention, 1973 (No. 138);
6. Worst Forms of Child Labour Convention, 1999 (No. 182);
7. Equal Remuneration Convention, 1951 (No. 100);
8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

## OUR APPROACH TO SUSTAINABILITY

## PRODUCT SAFETY, PRODUCT QUALITY



Due to its versatility, palm oil is used extensively across many edible and non-edible products. As such, product quality and safety are crucial to our commercial success. Our Quality Policy and Sustainable Agriculture Policy hold us to high standards of product quality, process safety, as

well as the implementation of food safety management systems and quality assurance at our refineries. We also provide certification to local and international food safety standards such as Indonesia National Standard (SNI) and FSSC 22000.

Customers want full product traceability while regulators want complete information on ingredients and nutritional content. We provide many channels of communication to meet the needs, complemented by compliance with regulations on food safety, consumer protection, quality and nutrition, labelling, and advertising. We use independent market-testing and accredited laboratories to meet health, safety and regulatory standards. All CPO supplied to us is traceable to its milling site via batch coding. Our products and refineries are certified by an approved Halal certification system, LPPOM MUI, The Assessment Institute for Foods, Drugs And Cosmetics, the Indonesian Council of Ulama.



Filling of cooking oil into pouch packaging

## OUR APPROACH TO SUSTAINABILITY

## Tracking performance, evaluating progress

## CERTIFICATION ACHIEVEMENT AND POLICY DELIVERY

Goal/target	Progress (see pages 32-39)
1 By end 2023: ISPO certification for all estates	Achieved 80% of targeted hectareage*
2 By end 2023: ISPO certification for all mills	On track; achieved 24 out of 26 mills*
3 By 2020: 100% of CPO we refine is sourced in accordance with Policy	On track; supplier guidelines enhanced in 2017

\* 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 2019. One mill ceased operations in 2017 but remains as a non-operational asset, and one new mill was commissioned in September 2019, thus we have a total of 26 operational mills.

## REDUCING ENVIRONMENTAL IMPACTS

Goal/target	Progress (see pages 18-31)
1 Reduce energy consumption ratio in palm oil mills and refineries	Energy consumption per tonne of FFB processed at ISPO/ PROPER mills remained stable from 2018 levels 4% reduction of energy consumption per tonne of material produced in refineries compared to 2018
2 Reduce water consumption ratio in palm oil mills and refineries	Water consumption per tonne of FFB processed at ISPO/ PROPER mills remained stable from 2018 levels 6% reduction of water consumption per tonne of material produced in refineries compared to 2018
3 By 2020: ISO 14001 certification for 25 palm oil mills and 3 refineries	Received certification for 1 refinery in 2019. Our total certified sites as end of 2019 are 16 mills and 2 refineries
4 Continue to strengthen fire mitigation procedures	Delivered 39 fire control training days in 2019 Engaged 38 villages on fire prevention since 2016 and assisted 26 villages in fire-fighting efforts in 2019
5 No planting on peatland and continue maintaining peat water levels	Since 2013, no new planting on peatlands and water levels maintained in all peatlands under our control
6 Compliance with our policy of no deforestation and zero HCV loss	Full compliance

## ZERO HARM, PRODUCTIVE WORKFORCE

Goal/target	Progress (see pages 40-49)
1 Zero fatalities (across total workforce)	We regret to report two fatalities in our palm oil operations
2 Reduce group accident frequency rate (AFR) by 10% between 2018-2020	4% reduction in group AFR compared to 2018
3 SMK3 certification for 25 palm oil mills and 3 refineries by 2020	Received certifications for 2 mills in 2019. Our total certified sites as of end 2019 are 14 mills and 3 refineries
4 Comply with all Indonesian laws and regulations on human rights and labour rights	Full compliance with regulations across all operations

## LAND RIGHTS

Goal/target	Progress (see pages 50-55)
1 Comply with all Indonesian laws and regulations on land rights and land management	Full compliance with regulations

## SAFE PRODUCTS, HEALTHY FOOD

Goal/target	Progress (see pages 56-60)
1 Quality and safety: comply with FSSC 22000 Food safety standard	Full compliance with regulations
2 Quality and safety: Comply with Halal certification system recognised by the World Halal Council	All products are Halal-certified
3 Quality: complete annual audit on quality assurance at refineries	Audit completed for all refineries
4 Quality: complete annual food safety audits for suppliers of raw materials (including CPO) to our refineries	Completed; 91% of supply tonnage to our refineries comes from sources that are audited annually on food safety



*Harvesting Fresh Fruit Bunches (FFB) or Loading of FFB at the oil palm estate*



**BUSINESS  
OVERVIEW**

# BUSINESS OVERVIEW

We are a diversified and vertically-integrated agribusiness. Our operations span the entire supply chain, from plantation management and crop production to refining, branding and marketing of edible oil products.

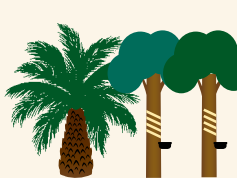
We operate plantation and processing facilities to produce palm oil, rubber, sugar, cocoa, and tea.

## Operational Profile in Indonesia




**302,372**  
hectares

NUCLEUS PLANTED AREA COVERING ALL CROPS



**89,930**  
hectares

PLASMA PLANTED AREA, OIL PALM AND RUBBER



**27** palm oil mills

FFB PROCESSING CAPACITY – **7.0M** tonnes




**4** CRUMB | **3** SHEET  
rubber processing facilities

RUBBER PROCESSING CAPACITY

CRUMB RUBBER – **42,720** tonnes

SHEET RUBBER – **11,100** tonnes




**2** sugar mills/  
refineries

CANE CRUSHING CAPACITY – **2.2M** tonnes

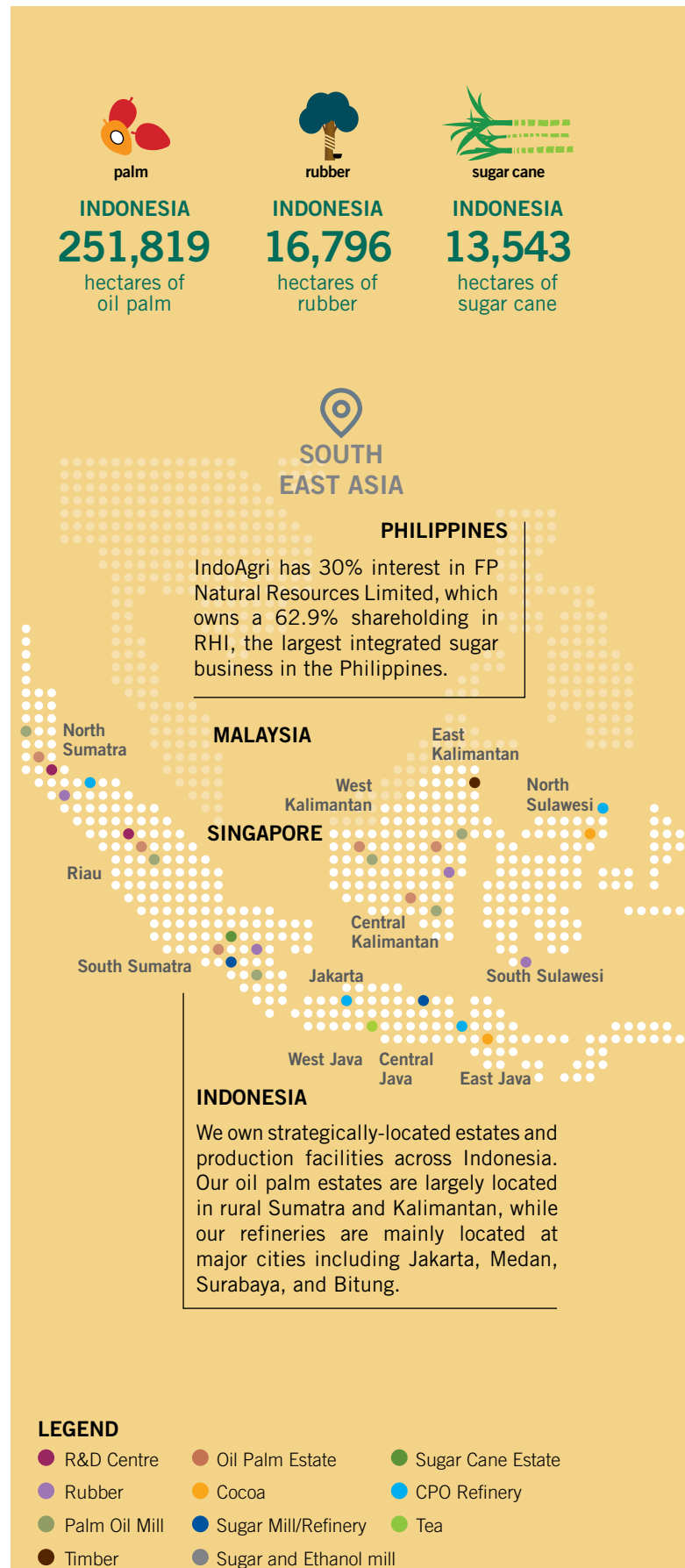


**5** refineries

CPO PROCESSING CAPACITY – **1.7M** tonnes

 For details on our total assets, please refer to page 58 of our Annual Report 2019.

## Regional Presence







timber

cocoa

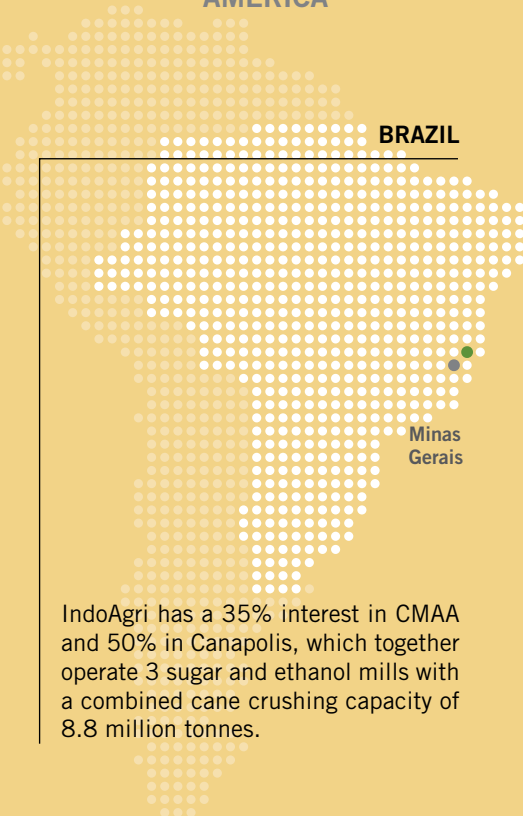
tea

sugar cane


**INDONESIA**  
**20,214**  
hectares of  
other crops

**BRAZIL**  
**85,968**  
hectares of  
sugar cane

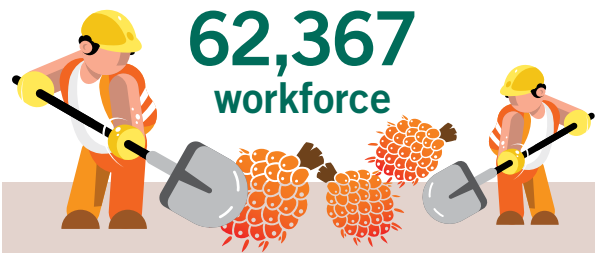
  
**SOUTH  
AMERICA**



IndoAgri has a 35% interest in CMAA and 50% in Canapolis, which together operate 3 sugar and ethanol mills with a combined cane crushing capacity of 8.8 million tonnes.

 For more details on our mill and plantation locations, please refer to pages 161 - 162 of our Annual Report 2019.

### Workforce Profile



**37,268**  
PERMANENT  
EMPLOYEES

**4,938**  
SHORT-TERM  
EMPLOYEES

**20,161**  
SEASONAL CONTRACT  
WORKERS


**21%** FEMALE,  
**79%** MALE

**95%**  
BASED IN FIELD AND  
PROCESSING SITES

**90%**  
BASED IN SUMATRA  
AND KALIMANTAN

**5%**  
BASED IN HEAD AND  
REGIONAL OFFICES

**10%**  
BASED IN JAVA  
AND SULAWESI

 For employee statistics of all IndoAgri assets, please refer to page 48.

### Financial Performance



**Rp13.6**  
trillion SALES

**Rp1.9**  
trillion EBITDA



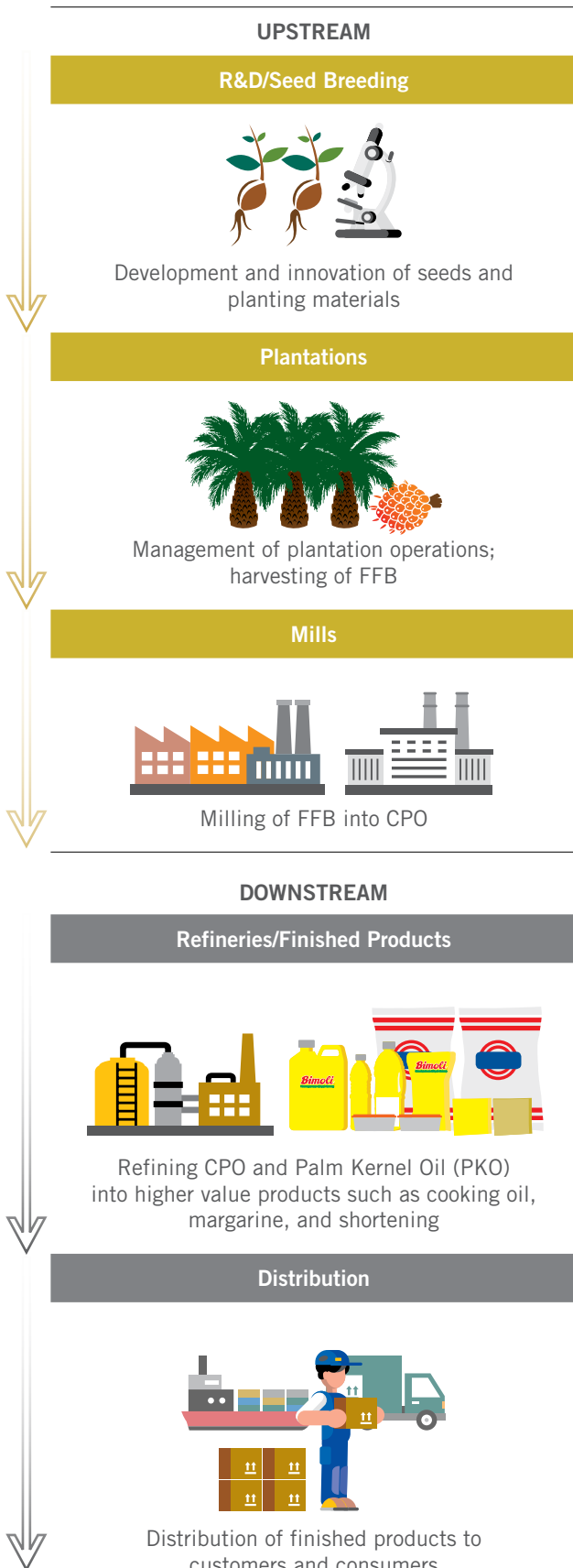
**882,000**  
tonnes OF CPO SOLD

**82%**  
TO IFAR REFINERIES

**18%**  
TO EXTERNAL PARTIES

## Capturing Value Across Our Value Chain

### OIL PALM: OUR PRINCIPAL CROP



*As 75% of CPO processed in our refineries are sourced from our own plantations, we have greater control in managing our sustainability risks and opportunities.*



### OIL PALM: OUR PRINCIPAL CROP

Our oil palm seeds are produced using world renowned breeding populations from Southeast Asia and Africa. We meet the evolving needs of our customers and stakeholders through our two state-of-the-art seed breeding R&D centres: PT Sumatra Bioscience (Sumbio) in North Sumatra and PT Sarana Inti Pratama (SAIN) in Pekanbaru. They produce high-yielding seed material, free of Genetically Modified Organisms, which attract a premium on the open market.

As of 31 December 2019, we managed 251,819 hectares of total planted oil palm estates, of which 16% were immature estates. The average age of our oil palm trees is 16 years, of which 17% is under seven years old, a key attribute for our future CPO production.

In 2019, we produced 4,148,000 tonnes of FFB from our nucleus estates, plasma, and third parties. These FFB were milled into 840,000 tonnes of CPO.

A new mill with a capacity to process 45 tonnes of FFB per hour was commissioned in Central Kalimantan in September 2019, increasing our total FFB processing capacity to 7.0 million tonnes.



Our new mill at Central Kalimantan

BUSINESS OVERVIEW

**RUBBER**

We also operate rubber operations in North and South Sumatra, East Kalimantan, and Sulawesi. As of 31 December 2019, we managed 16,796 hectares of rubber estates. In 2019, we produced 8,200 tonnes of sheet or cup lump rubber. Around 53% of our rubber produced is exported to Singapore, the US, and UK.



Rubber tapping activity

**OUR OTHER CROPS**

Through joint ventures and other investments, we operate sugar operations in Indonesia, Brazil, and the Philippines. In 2019, our sugar joint venture CMAA produced 298,000 tonnes of raw sugar, 321,000 m<sup>3</sup> of ethanol and 322,000 MWh of electricity for export and domestic markets. CMAA achieved Bonsucro certification for 1,005,000 tonnes of sugar cane harvested from 13,456 hectares. This represents 100% of area available for certification.



Mechanised harvesting operations at South Sumatra

**OUR EDIBLE OIL PRODUCTS**

More than 80% of our branded edible oil and fats are sold in the Indonesian market. The remainder is exported.

In Indonesia, our cooking oils are sold under the leading brands *Bimoli*, *Bimoli Spesial*, *Delima*, and *Happy*. Our consumer margarine and shortening are marketed under the *Palmia*, *Royal Palmia* and *Amanda* brands, while their industrial equivalents are branded *Palmia*, *Simas*, *Amanda*, *Malinda*, and *Delima*.



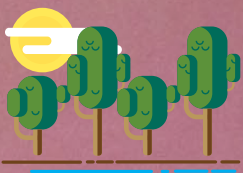
Our finished products - cooking oil and margarine



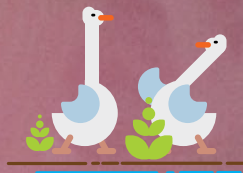
*Halcyon smyrnensis* (Cekakak Belukar), a bird species in our South Sumatra estate

# PROTECTING OUR ENVIRONMENT

## Priorities



Protect ecosystems through no deforestation and no new planting on peatland



Conservation of biodiversity-rich areas



Fire control and haze prevention



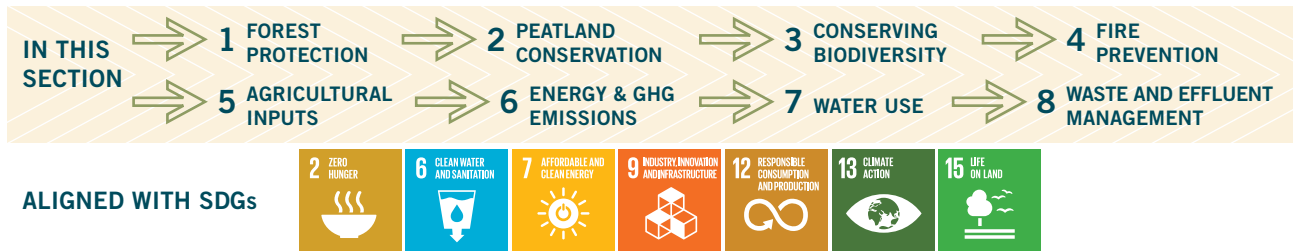
Use resources efficiently



Meet the expectations of our stakeholders

# PROTECTING OUR ENVIRONMENT

**INTRODUCTION** IndoAgri operates in one of earth’s most biologically and culturally-rich areas. As an agribusiness, we are reliant on ecosystem services provided by the natural environment. Protecting the environment and ecosystem services is the right thing to do and is key to long-term business success. In this section, we explain our initiatives to deliver our commitments to no deforestation, no planting on peat, fire control, and resource efficiency in our operations.



**SCOPE OF SECTION**

Palm Oil and Rubber Operations

## PROGRESS IN 2019

### Protecting Forests



**No primary forest clearance** on our sites



**No degradation of HCV areas**



**Zero burning for land clearing and replanting**



**Trained fire control team in every estate**

### Peatland Management



**No new planting on peatland**



**Maintained healthy water levels**

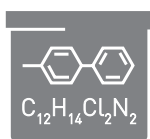


**3% reduction in total GHG emissions from palm oil operations**



**98% of fuel used in palm oil mills is from renewable products**

### Agricultural Inputs



**Zero usage of Paraquat**



**Maximise use of organic products to replace inorganic fertiliser**

## PROTECTING OUR ENVIRONMENT

## REDUCING ENVIRONMENTAL IMPACTS

Goal/target	Progress
1 Reduce energy consumption ratio in palm oil mills and refineries	Energy consumption per tonne of FFB processed at ISPO/ PROPER mills remained stable from 2018 levels 4% reduction of energy consumption per tonne of material produced in refineries compared to 2018
2 Reduce water consumption ratio in palm oil mills and refineries	Water consumption per tonne of FFB processed at ISPO/ PROPER mills remained stable from 2018 levels 6% reduction of water consumption per tonne of material produced in refineries compared to 2018
3 By 2020: ISO 14001 certification for 25 palm oil mills and 3 refineries	Received certification for 1 refinery in 2019. Our total certified sites as end of 2019 are 16 mills and 2 refineries
4 Continue to strengthen fire mitigation procedures	Delivered 39 fire control training days in 2019 Engaged 38 villages on fire prevention since 2016 and assisted 26 villages in fire-fighting efforts in 2019
5 No planting on peatland and continue maintaining peat water levels	Since 2013, no new planting on peatlands and water levels maintained in all peatlands under our control
6 Compliance with our policy of no deforestation and zero HCV loss	Full compliance



*Turnera subulata*, also known as the white buttercup, helps control pests naturally and reduces reliance on pesticides

PROTECTING OUR ENVIRONMENT

**Forest Protection**

**WE RECORDED ZERO PRIMARY FOREST CLEARANCE AND DEGRADATION OF HCV AREAS IN 2019.**

All operations are guided by our Sustainable Agriculture Policy. We are strongly committed to the preservation of areas of High Conservation Value (HCV) and High Carbon Stock (HCS) in all our operations.

The HCS Approach Toolkit guides us in identifying areas suitable for planting or to be set aside for conservation. Through our internal and third-party accredited assessments, we have identified 23,279 hectares of HCV areas which include riparian areas, indigenous land, and habitats for endangered species.

We also have HCV Management Plans at all our plantations. These plans have been assessed and accredited by licensed assessors. To deliver on our HCV Management Plans, 100% of our sites have HCV Rehabilitation Plans delivering results. We are committed to the rehabilitation of HCV areas and to deliver enriched biodiversity through reforestation especially in riparian areas. Since 2016, we have planted more than 182,000 trees in over 783 hectares of HCV areas.

Prior to any new planting, HCV and HCS assessments are required. During new planting and replanting in 2019, no primary forest or HCV land was affected.

Regular training on HCV Monitoring and Rehabilitation is conducted for employees in our estates. This training aims to ensure that knowledge on HCV management and implementation of best-practices is fresh and relevant.

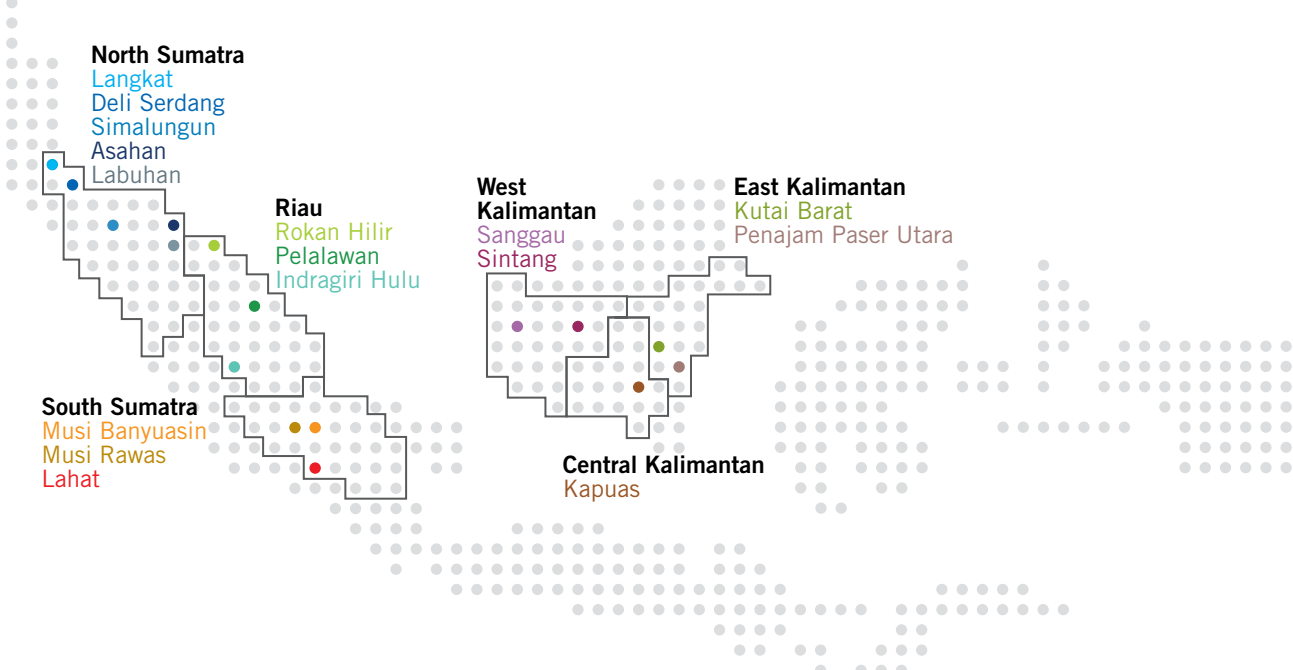
Please see the map below for our concession areas with HCV Rehabilitation Plans. We maintain an inventory of satellite images of land cover, and we conduct regular field checks to verify the results of our remote analysis. Each of the HCV areas is surrounded with boundary pits to prevent encroachment. Signs are erected at HCV sites to prohibit hunting, logging, or burning in the HCV area.

Through our HCV assessments, we have identified protected species in our concessions and surrounding areas. To protect the rich biodiversity in Indonesia's rainforest, we operate a strict zero tolerance policy towards hunting, destroying, logging, or burning of protected species and wildlife.



HCV signage in one of our HCV areas at North Sumatra estate

**INDOAGRI CONCESSIONS WITH HCV REHABILITATION PLANS**



For the full list of protected species on our estates which are under the IUCN Red List or other national conservation list, please see <http://www.indofoodagri.com/environmental-performance.html>



## PROTECTING OUR ENVIRONMENT

## Peatland Conservation

**SINCE 2013: NO NEW PLANTING ON PEATLANDS AND WATER LEVELS MAINTAINED IN ALL PEATLANDS UNDER OUR CONTROL.**

Peatlands store a third of the world's soil carbon. If drained or burned, peatlands are a major source of carbon dioxide, the major greenhouse gas driving climate change. IndoAgri prohibits development on peat regardless of depth and complies with related regulations of the Government of Indonesia. All nucleus planting programmes must be approved at the IndoAgri Executive Board level.

Our HCV management approach described in the previous section also applies to peatland. Additionally, we maintain a minimum water table depth for our existing cultivated peatland and we work closely with the Government and peat experts to ensure compliance.

Our initiatives include monitoring of water levels on estates using peat subsidence measurement, GIS remote sensing, and 3D flood risk modelling. We apply canal engineering techniques to ensure sufficient water distribution during dry seasons.

## Fire Prevention

The impacts of forest fires can be catastrophic – loss of life, loss of biodiversity, and adverse impacts on the health of surrounding communities. Fires also incur long-term commercial, reputational, and financial costs to businesses. All operations and suppliers must comply with our zero-burning requirement as set out in our Policy. All land-clearing – for example, of non-productive oil palms – must be done mechanically, and good practices are shared with the communities.

IndoAgri takes a strident approach to monitoring hotspots and engaging stakeholders on fire prevention. Our ERM team sets out our strategy in responding to fire risks and scenarios. Satellite images from the National Oceanic and Atmospheric Administration (NOAA) and the National Aeronautics and Space Administration (NASA) are monitored daily and compared with IndoAgri's concession maps to identify hotspots. On-the-ground checks are conducted by our estate managers and specialist fire teams to verify any potential hotspots. A swift and decisive response is crucial in managing fire risks: the ERM team, estate and area managers, and specialist fire teams are in constant contact.



One of our many fire trainings in 2019



Fire brigade on one of our Riau estates



Sharing of best practices with the local communities in West Kalimantan province

## PROTECTING OUR ENVIRONMENT

We have trained fire control teams and fire specialists across all our plantations. Our estates are equipped with vehicles and equipment for firefighting. Our fire specialists are regularly trained in fire prevention and firefighting. Training is done in collaboration with the Ministry of Environment and Forestry, the military, police, and the local government. IndoAgri delivered 39 fire control training days in 2019.

As of 2019, we have a total of 194 fire towers across all our estates. We continued with the implementation of our community collaboration programmes to build local capacity and knowledge to prevent fires. Since the launch of the programme in 2016, we have engaged 38 local villages, and in 2019, assisted in fire-fighting efforts at 26 villages.

### Agricultural Inputs

While oil palm is, per hectare of land used, the most efficient oilseed crop in the world<sup>4</sup>, we at IndoAgri are constantly seeking ways to maximise and increase the palm oil yield in our operations. Our research teams work to improve soil fertility while minimising its degradation. Other focus areas include integrated pest and disease management, water conservation, fertiliser management, and recycling of mill by-products. A key objective of our research is to reduce pressure to convert or clear restricted or protected land for oil palm cultivation.

### R&D on protection against Ganoderma disease



*Ganoderma-resistant seeds produced by Bah Lias Research Station*

Despite being identified more than 50 years ago, the lethal Ganoderma disease remains incurable. The disease usually affects mature plants and is more prevalent in plantations which have been replanted. If felled oil palm stumps are left to rot in the field, Ganoderma thrives and is likely to affect the next generation of palm trees.

We began testing Ganoderma-resistant material in the field in 2000, followed by other trials to test the resistance of breeding material. In 2016, we released two seed types with good resistance to Ganoderma infection in the field, so allowing potentially higher FFB production levels. In 2019, our R&D teams went even further and produced an improved seed type for high oil content and improved resistance. Through a collaboration with researchers from the Jenderal Soedirman University, Indonesia, we have also achieved promising in vitro results to mitigate the growth of Ganoderma as well as to control certain pests of oil palm and cocoa trees. We are currently conducting further trials in our nursery and fields to verify our approach.

### Best Tapping Practices in Rubber Operations



*Our rubber plantation in South Sulawesi*

We have implemented best practices in rubber tapping to maximise latex yield while maintaining the health and extending the useful life of the tree.

For example, we use spot marking to predict when trees are mature and ready for tapping. We monitor the trees' growth rates and girth, and conduct spot marking in the last few months before the tree reaches the optimum size for tapping.

Tapping is also done at certain heights, based on each tree's characteristics. Tapping panels, or the areas where a cut has been made into the bark, are rotated according to the condition of the panel and the tree. This enables latex yield maximisation.

We undertake good nursery and planting practices to increase uniformity in rubber tree growth and characteristics, so as to achieve good plantings with uniformity of girth.

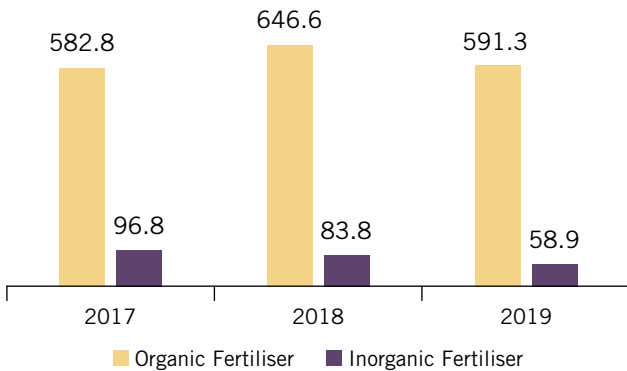
### FERTILISER CONSUMPTION

We are committed to the use of organic fertilisers in order to minimise the use of chemicals. We are scaling up soil and water improvement technologies using a blend of precise fertiliser dosage, slow-release dosing, and natural improvements.

The use of fertilisers is tailored based on soil productivity and the age of trees in each plantation block. Whilst we administer fertiliser during planting and replanting, we also use leguminous cover crops to manage atmospheric nitrogen and improve the soil. We also recycle Empty Fruit Bunches (EFBs) and Palm Oil Mill Effluent (POME) for usage as a soil improver and compost. In our estates, we ensure appropriate interval between fertiliser applications and avoid applying fertilisers during heavy rain.

PROTECTING OUR ENVIRONMENT

FERTILISER CONSUMPTION ('000 TONNES)



Note: Scope data is 53 oil palm estates (ISPO certified/audited estates) and 8 rubber estates.

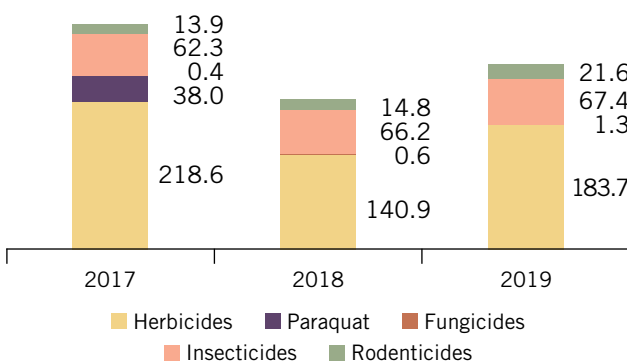
INTEGRATED PEST MANAGEMENT (IPM)

We apply IPM techniques to achieve a variety of benefits such as cost savings, lower risk to human health, and richer biodiversity. Natural, biological, and mechanical controls are preferred over chemical controls. Chemical pesticides are only deployed when our other controls have failed. We eliminated Paraquat from all our operations in March 2018.

Some examples of controls from our IPM are:

- barn owls to control rat populations in our estates,
- leguminous cover crops to suppress weeds,
- encouraging natural habitats for predators and parasites of leaf-eating insects, and
- use of pathogens i.e. virus and fungi to control leaf-eating insects.

PESTICIDE CONSUMPTION ('000 LITRES)



Note: Scope data is 53 oil palm estates (ISPO certified/audited estates) and 8 rubber estates. Data covers only chemical pesticides. Pesticide consumption for 2017 and 2018 were restated to exclude natural fungicides.

Improving Energy Efficiency, Reducing GHG Emissions

**98%** of fuel used in mills is from renewable products

**94%** of fuel used in rubber factories is from renewable products



**23** energy managers and **9** energy auditors across all facilities



Our Sustainable Agriculture Policy commits us to improving our processes to improve our energy use efficiency and reduce our greenhouse gas (GHG) emissions. Besides mitigating climate change, improving our process efficiency also leads to lower costs. Our sustainability team continues working with colleagues from Indofood Group to focus on best management practices.

We have 23 energy managers and 9 energy auditors across IndoAgri's facilities. As 98% of fuel used in mills is already from renewable products, we focus our initiatives on increasing the percentage of renewable fuel used in refineries. Since the beginning of 2018, the boilers in our Lubuk Pakam Refinery, North Sumatra have switched from coal to palm shell entirely. We are also in the process of switching the fuel used in our Surabaya and Bitung refineries.

From the success stories and achievements of our palm oil operations, we adopted these best practices in our other crop operations. We are pleased to report that two rubber factories, two sugar factories, one tea factory, and one cocoa factory are using renewable energy from palm shells and sugarcane bagasse.

In 2019, energy consumption per tonne of FFB processed at our mills remained stable from 2018 levels at 2.24 GJ/tonne.

Energy consumption per tonne of material produced at our refineries decreased by 4% from 1.00 GJ/tonne in 2018 to 0.96 GJ/tonne in 2019. This decrease was a result of energy efficiency programmes implemented in the refineries, which included LED light installation and transitioning from diesel to electricity from the grid.

Energy consumption per tonne of rubber produced in our rubber factories decreased by 5% from 25.95 GJ/tonne in 2018 to 24.77 GJ/tonne in 2019.

## PROTECTING OUR ENVIRONMENT

## MILLS ENERGY CONSUMPTION

	2017		2018		2019	
	GJ ('000)	%	GJ ('000)	%	GJ ('000)	%
<b>Energy Consumption</b>						
Fibre	5,099	65	5,611	64	5,274	65
Palm Shell	2,663	34	3,040	35	2,683	33
<b>Total from Renewable Fuel</b>	<b>7,762</b>	<b>98</b>	<b>8,651</b>	<b>99</b>	<b>7,957</b>	<b>98</b>
Diesel	135	2	135	1	124	2
Electricity from Grid	-	-	-	-	13	0
<b>Total from Non Renewable Fuel</b>	<b>135</b>	<b>2</b>	<b>135</b>	<b>1</b>	<b>137</b>	<b>2</b>
<b>Total Energy Consumption</b>	<b>7,897</b>	<b>100</b>	<b>8,786</b>	<b>100</b>	<b>8,094</b>	<b>100</b>
<b>GJ/Tonne of FFB Processed</b>	<b>2.17</b>		<b>2.25</b>		<b>2.24</b>	

Note: Our intensity figures refer to the energy types listed for mills as shown and are based on energy consumed within the organisation. Data are not currently available on the overall breakdown of electrical, heating, cooling, and steam energy consumed: we are reviewing the data on these. No energy is sold off site. Restatement of energy consumption data from previous years (2017 and 2018) is due to the standardisation of calculation methods across IndoAgri Group. Data from ISPO and PROPER certified/audited palm oil mills (22 out of 27 mills).

## REFINERIES ENERGY CONSUMPTION

	2017		2018		2019	
	GJ ('000)	%	GJ ('000)	%	GJ ('000)	%
<b>Energy Consumption</b>						
Palm Shell	103	1	143	2	143	2
Palm Olein	-	-	8	0	29	0
<b>Total from Renewable Fuel</b>	<b>103</b>	<b>1</b>	<b>150</b>	<b>2</b>	<b>173</b>	<b>2</b>
Diesel*	111	1	94	1	43	1
Coal	497	6	478	6	472	6
Gas**	7,513	90	7,225	90	7,434	91
Electricity from Grid	90	1	89	1	90	1
<b>Total from Non Renewable Fuel</b>	<b>8,211</b>	<b>99</b>	<b>7,885</b>	<b>98</b>	<b>8,039</b>	<b>98</b>
<b>Total Energy Consumption</b>	<b>8,313</b>	<b>100</b>	<b>8,036</b>	<b>100</b>	<b>8,212</b>	<b>100</b>
<b>GJ/Tonne of Material Produced</b>	<b>1.14</b>		<b>1.00</b>		<b>0.96</b>	

\* Diesel including High Speed Diesel Oil and Marine Fuel Oil

\*\* Gas including Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG)

Note: Data from four refineries (out of five) are based on consumption per tonne of material produced, in six processes: (i) tank yard (ii) refining CPO (iii) fractionation (iv) margarine (v) cooking oil filling and (vi) finished goods warehousing. Data are not currently available on the breakdown of electrical, heating, cooling and steam energy consumed. Restatement of energy consumption data from previous years (2017 and 2018) is due to the standardisation of calculation methods across IndoAgri Group.

## RUBBER FACTORIES ENERGY CONSUMPTION

	2017		2018		2019	
	GJ ('000)	%	GJ ('000)	%	GJ ('000)	%
<b>Energy Consumption</b>						
Palm Shell	18	8	19	8	16	8
Rubber Wood	200	85	207	86	176	86
<b>Total from Renewable Fuel</b>	<b>218</b>	<b>93</b>	<b>226</b>	<b>94</b>	<b>192</b>	<b>94</b>
Diesel	13	5	10	4	8	4
Electricity from Grid	5	2	5	2	4	2
<b>Total from Non Renewable Fuel</b>	<b>17</b>	<b>7</b>	<b>14</b>	<b>6</b>	<b>12</b>	<b>6</b>
<b>Total Energy Consumption</b>	<b>235</b>	<b>100</b>	<b>240</b>	<b>100</b>	<b>204</b>	<b>100</b>
<b>GJ/Tonne of Rubber Produced</b>	<b>24.29</b>		<b>25.95</b>		<b>24.77</b>	

Note: Data from 3 factories with 3 crumb rubber and 3 sheet rubber processing line.

## PROTECTING OUR ENVIRONMENT

## GREENHOUSE GAS EMISSIONS

Our primary GHG emissions (69.6%) are from peat emissions. These emissions are not a result of the disturbance of peat, but from its naturally occurring, low-level methane emissions. As most of the estates included in our scope are planted mostly in peat, peat accounts for the majority of our GHG emissions.

In addition to land conversion, which accounted for 10.6% of our emissions, other sources of GHG emissions are methane from Palm Oil Mill Effluent (POME), fuel usage in our mills and in the transport of FFB, chemical usage in mills and plantations, and nitrous oxide emission from fertilisers.

Total emissions from mills and estate operations decreased by 3% from 1,850,180 tonnes of CO<sub>2</sub>e in 2018 to 1,798,661 tonnes of CO<sub>2</sub>e in 2019. Total emissions in 2019 for each tonne of palm product were 2.13 tonnes of CO<sub>2</sub>e, a 7% increase from 1.99 tonnes of CO<sub>2</sub>e per tonne of palm product in 2018. This increase was due to a lower CPO and PK production in 2019 compared to 2018.

Emission related to transport of CPO to four refineries were 0.05 tonnes CO<sub>2</sub>e per tonne of CPO transported (2018: 0.06 tonnes CO<sub>2</sub>e per tonne of CPO transported).

Our three aerated bunker composters continue to reduce methane emissions by 30%-70% compared with standard composting.

## GHG EMISSIONS

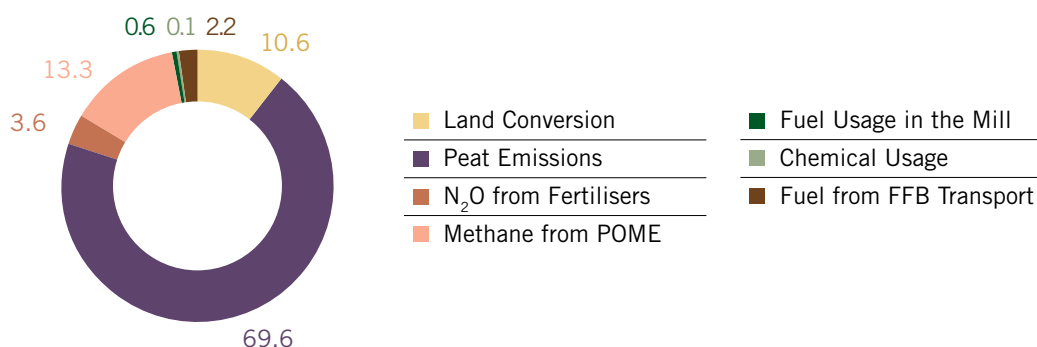
Emission Sources	Description	2017		2018		2019	
		tCO <sub>2</sub> e ('000)	tCO <sub>2</sub> e/tonnes	tCO <sub>2</sub> e ('000)	tCO <sub>2</sub> e/tonnes	tCO <sub>2</sub> e ('000)	tCO <sub>2</sub> e/tonnes
Direct Emission Estate	Land Conversion	189	0.21	188	0.20	191	0.23
Direct Emission Estate	Peat Emissions	1,190	1.33	1,243	1.34	1,251	1.48
Direct Emission Estate	N <sub>2</sub> O from Fertiliser	93	0.10	108	0.12	65	0.08
Direct Emission Mill	Methane from POME	258	0.29	264	0.28	240	0.28
Direct Emission Mill	Fuel Usage in the Mills	12	0.01	12	0.01	10	0.01
Direct Emission Estate and Mill	Chemical Usage in the Mills and Plantations	3	0.00	2	0.00	2	0.00
Transportation Emission (Scope 3)	Fuel Usage from Transport of FFB	37	0.04	34	0.04	39	0.05
<b>Total Emissions from Mills and Estate Operations</b>		<b>1,782</b>		<b>1,850</b>		<b>1,799</b>	
<b>Emission per Tonne of Palm Product</b>			<b>1.99</b>		<b>1.99</b>		<b>2.13</b>

Note 1: Gases included in the calculations are carbon dioxide, nitrous oxide and methane.

Note 2: Calculations are based on site-specific data and published defaults (emissions factors and GWPs) using the ISPO GHG calculation method, which does not include carbon credits or carbon sinks. Peat emissions include only CO<sub>2</sub> emissions and are calculated following international guidelines. The calculation relates only to plantations and mill sites under our operational and financial control.

Note 3: The GHG emission data are based on 18 mills and 52 estates. Data for 2017 and 2018 have been restated due to changes in scope and in calculation methodology across the Group to align with ISPO. Scope of data for 2017 and 2018 now cover 18 mills and 52 estates, up from 11 mills and 30 estates when previously reported in Sustainability Report 2018.

## GHG EMISSION SOURCES (%)



PROTECTING OUR ENVIRONMENT

### Water Use Efficiency

Water is a critical resource for our operations and the local communities living around our operations. With the changing climate, global water availability risk is an increasingly important issue, even in tropical and subtropical regions.

Water consumption is managed carefully at our oil palm and rubber operational sites.

- Our rubber and oil palm estates in tropical Indonesia are entirely watered by seasonal rainfall.
- 88% of mill water is from rivers. The rest is from groundwater and rain-harvest.
- 85% of water used in our refineries is from municipal sources while groundwater is 15%.
- 91% of water used in our rubber factories is from rivers, the rest is from groundwater.
- Water used in our offices and site accommodation in our plantations are from groundwater and rain-harvest.

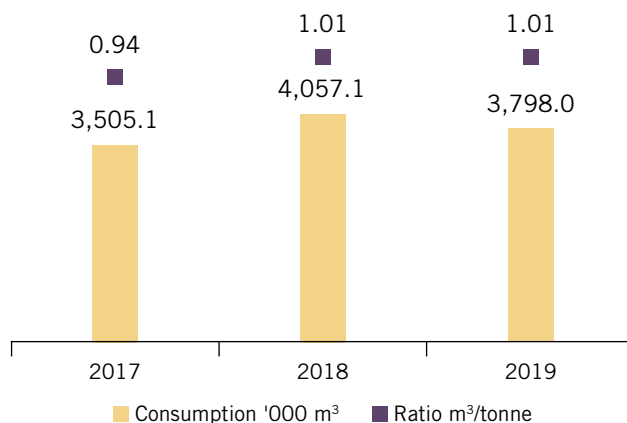
All our sites passed the compulsory Environmental Impact Assessments (locally known as 'Analisis Dampak Lingkungan' or 'AMDAL') during their development. Water sources that are important to sustain local biodiversity and surrounding communities were identified under the HCV assessments (please refer to page 22 for more information). In 2019, we recorded no incidences of non-compliance in water use and wastewater management.

- At our mills: water consumption in 2019 remained stable from 2018 levels, at 1.01 m<sup>3</sup> of water per tonne of FFB processed.
- At our refineries: we used 0.07 m<sup>3</sup> per tonne of material produced, a decrease of 6% compared to 2018 levels.
- At our rubber sites: we used 43.5 m<sup>3</sup> of water per tonne of rubber processed.



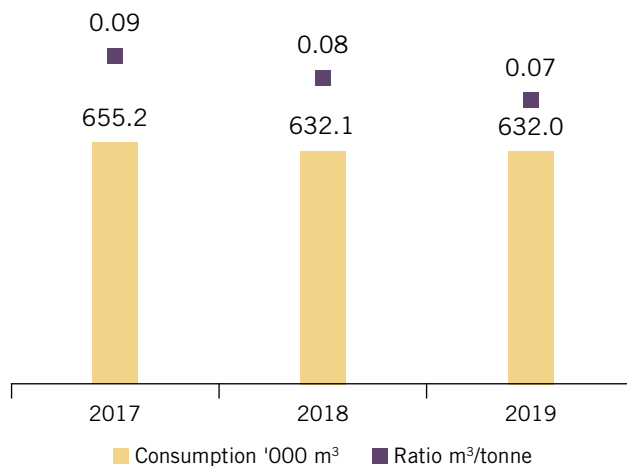
One of our palm oil mills in South Sumatra

### WATER CONSUMPTION IN PALM OIL MILLS ('000 m<sup>3</sup>)



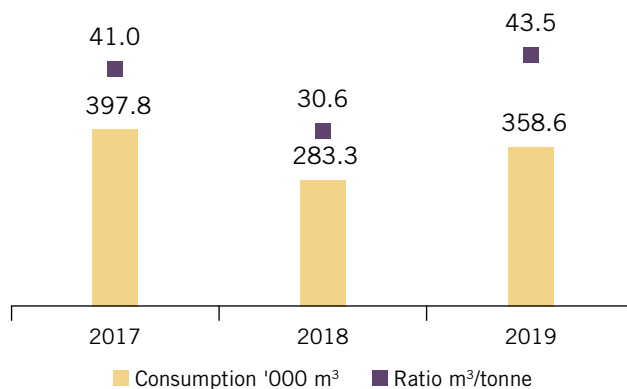
Note: Data from ISPO- and PROPER certified/audited palm oil mills (22 out of 27 mills). Water consumption ratio covers industrial usage in each mill. Ratio is based on average consumption in m<sup>3</sup> per tonne of FFB processed.

### WATER CONSUMPTION IN REFINERIES ('000 m<sup>3</sup>)



Note: Data from four refineries based on water consumption per tonne of material produced, in six processes: (i) tank yard (ii) refining CPO (iii) fractionation (iv) margarine (v) cooking oil filling and (vi) finished goods warehousing. Calculations are based on metered volumes. Water content of product is excluded.

### WATER CONSUMPTION IN RUBBER FACTORIES ('000 m<sup>3</sup>)



Note: Data from 3 factories with 3 crumb rubber and 3 sheet rubber processing line. Water consumption ratio covers industrial usage in each factory. Ratio is based on consumption in m<sup>3</sup> per tonne of rubber produced.

## PROTECTING OUR ENVIRONMENT

## Waste and Effluent Management

A systematic process for managing waste and effluents is important for efficiency and cost control. All sites have waste management systems guided by PROPER and ISO 14001. Our systems are also in compliance with the Indonesian regulations.

- At our mills: we produced an average of 1.39 tonnes of hazardous waste in 2019 (2018: 1.85 tonnes).
- At our refineries: we produced a total of 28,900 tonnes of hazardous waste in 2019 (2018: 26,882 tonnes), 78% of which was spent earth. We also produced a total of 2,170 tonnes of non-hazardous waste in 2019 (2018: 1,643 tonnes), 58% of this waste was sent for recycling while the other 42% was sent to the landfill.
- At our rubber factories: we produced an average of 2.08 tonnes of hazardous waste in 2019.

Our estates and mills reuse 100% of milling waste. Milling waste is solid non-hazardous waste consisting of EFB, fibre, and shells, which we use as organic fertiliser or fuel for our boilers. The total weight of milling waste produced in 2019 was 1,472,586 tonnes (2018: 1,574,181 tonnes).

Effluent from milling, POME, is generated during the processing of FFB into CPO. Our solid waste and POME are managed in compliance with regulatory controls. Mill wastewater, such as POME, is treated on site. An aerated bunker composting system is in place at three mills sites.

- Mill effluent volume: we produced 2,079,788 m<sup>3</sup> of wastewater from our 22 certified/audited mills, a decrease of 2% from 2018 levels (2018: 2,128,552 m<sup>3</sup>).

- Mill effluent quality: the median Biological Oxygen Demand (BOD) was 2,149 mg/l at the 22 mills (2018: 2,590 mg/l) while the median Chemical Oxygen Demand (COD) was 5,951 mg/l at the 22 mills (2018: 6,594 mg/l).

Effluents from our refineries increased from 2018 levels. The quality remains in compliance with regulatory controls. All effluents are sent to wastewater treatment plants prior to release into water courses or municipal sewers.

- Refinery effluent volume: we produced 325,796 m<sup>3</sup> of wastewater (2018: 245,759 m<sup>3</sup>).
- Refinery effluent quality: the median Biological Oxygen Demand (BOD) was 18 mg/l (2018: 12 mg/l) while the median Chemical Oxygen Demand (COD) was 54 mg/l (2018: 41 mg/l).

All effluents in our rubber factories are sent to wastewater treatment plants prior to release into water courses or municipal sewers.

- Rubber factories effluent quality: the median Biological Oxygen Demand (BOD) was 34 mg/l (2018: 26 mg/l) while the median Chemical Oxygen Demand (COD) was 79 mg/l (2018: 63 mg/l).

No spills of effluent, CPO, or diesel were recorded in 2019 during harvesting, processing or transportation. No fines or sanctions related to environmental regulations were imposed on IndoAgri in 2019. No significant environmental-related complaints were received from our stakeholders in 2019.

100% of hazardous waste is disposed and managed according to national regulations and transported by an accredited third-party.



Handling of hazardous waste in the temporary storage of hazardous waste

PROTECTING OUR ENVIRONMENT

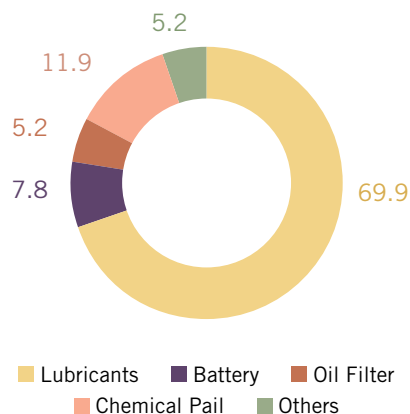
MILL BOD EFFLUENTS (MG/L)



MILL COD EFFLUENTS (MG/L)



HAZARDOUS WASTE FROM MILLS (%)



Note: Data from ISPO and/or PROPER audited and certified mills (22 units). "Others" comprise rags, electric lamps, paint cans, clinical and laboratory waste, used cartridges, and contaminated goods.

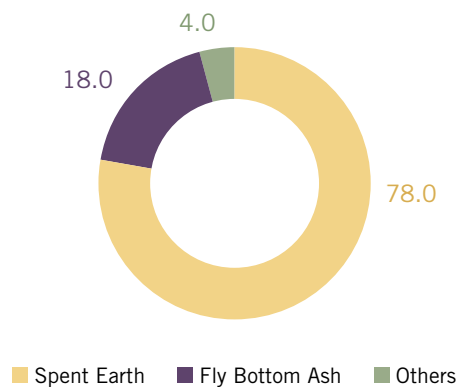
REFINERY BOD EFFLUENTS (MG/L)



REFINERY COD EFFLUENTS (MG/L)



HAZARDOUS WASTE FROM REFINERIES (%)



Note: Data from 4 refineries. "Others" consist of batteries, filter oil, lubricants, electric lamps, rags, clinical waste, carbon waste, sludge waste, used nickel catalysts, contaminated packaging and gloves, and used print cartridges.

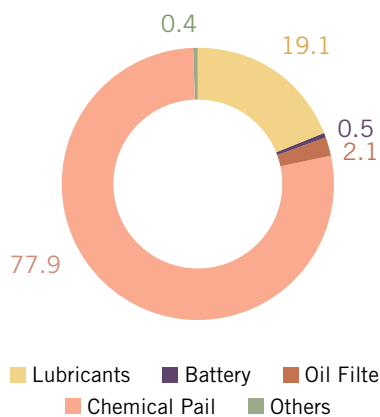
RUBBER FACTORIES BOD EFFLUENTS (MG/L)



RUBBER FACTORIES COD EFFLUENTS (MG/L)



HAZARDOUS WASTE FROM RUBBER FACTORIES (%)



Note: Data from 3 rubber factories. "Others" comprise used turpentine, rags, electric lamps, paint cans, clinical and laboratory waste, used cartridges, and contaminated goods.

■ Median BOD (mg/L)  
 ■ Maximum limit on government regulation (mg/L)



## PROTECTING OUR ENVIRONMENT

## PROPER evaluation and ISO 14001 certification status

## PROPER THE INDONESIAN GOVERNMENT'S ENVIRONMENTAL MANAGEMENT EVALUATION AND ISO 14001 ENERGY MANAGEMENT SYSTEM

Region	Type	Site Name	PROPER	ISO 14001 certification
Riau	Mill	Kayangan	●	Certified
Riau	Mill	Balam	●	Certified
Riau	Mill	Sungai Dua	●	Certified
Riau	Mill	Napal	●	Certified
Riau	Mill	Lubuk Raja	●	Certified
Riau	Mill	Sungai Bangko	●**	
North Sumatra	Mill	Turangie	●	Certified
North Sumatra	Mill	Begerpang	–	Certified
North Sumatra	Mill	Dolok	–	Certified
North Sumatra	Mill	Gunung Malayu	–	Certified
South Sumatra	Mill	Sei Lakitan	●	Certified
South Sumatra	Mill	Tirta Agung	–	Certified
South Sumatra	Mill	Gunung Bais	–	Certified
South Sumatra	Mill	Terawas Indah	–	Certified
South Sumatra	Mill	Kencana Sari	–	Certified
South Sumatra	Mill	Belani Elok	–	Certified
West Kalimantan	Mill	Bengkayang	●	
West Kalimantan	Mill	Nanga Silat	●	
East Kalimantan	Mill	Mariango	●*	
East Kalimantan	Mill	Ampanas	●*	
East Kalimantan	Mill	Cipta Graha	●*	
East Kalimantan	Mill	Pahu Makmur	●*	Certified
Jakarta	Refinery	Tanjung Priok	●*	Certified
Jakarta	Refinery	Pluit	●**	
East Java	Refinery	Surabaya	●	Certified
North Sumatra	Refinery	Lubuk Pakam	●	
North Sulawesi	Refinery	Bitung	●	
North Sumatra	Rubber Factory	Sei Rumbiya	●	
South Sulawesi	Rubber Factory	Palangisang	●**	

\* The audit was performed by the provincial government.

\*\* We aim to achieve minimum a blue rating in PROPER audit year 2020.

– Yet to be appointed by the Ministry of Environment and Forestry for participation in PROPER assessment.

Note: Participation in the PROPER audit is subject to approval by the Indonesian Ministry of Environment and Forestry.

- Environmental management procedures are above the expected compliance level
- Environmental management procedures are in compliance with national regulatory standards
- Environmental management efforts are in place but do not fully comply with national regulatory standards



STORAGE TANK  
1

*A palm oil mill in Riau*

# RESPONSIBLE SOURCING

## Priorities



A traceable  
and responsible  
supply chain



Meet the sustainability  
requirements of our  
customers and other  
stakeholders



R&D for  
yield improvement  
and operational  
innovation



Engaging smallholders  
to achieve sustainable  
rural development

# RESPONSIBLE SOURCING


**INTRODUCTION** Our commitment to a traceable and responsible supply chain requires us to work with our suppliers to ensure that they operate in line with our Policy. In this section, we report on our work with our estates and independent suppliers to comply with our Policy.



ALIGNED WITH SDGs



## SCOPE OF SECTION

 Palm Oil operations only

## PROGRESS IN 2019

### Product Traceability



**100%**  
of FFB processed in  
our owned mills is  
traceable to estates



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

### Sustainable Sourcing



**71%** of nucleus  
CPO production is  
ISPO-certified

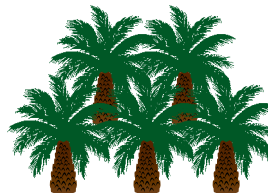


**100%** internal  
mills audited to Policy  
requirements

### Smallholder Engagement



Supported **10** KUDs  
in South Sumatra in ISPO  
certification audits process



**CERTIFICATION ACHIEVEMENT AND POLICY DELIVERY**

Goal/target	Progress
1 By end 2023: ISPO certification for all estates	Achieved 80% of targeted hectareage*
2 By end 2023: ISPO certification for all mills	On track; achieved 24 out of 26 mills*
3 By 2020: 100% of CPO we refine is sourced in accordance with Policy	On track; supplier guidelines enhanced in 2017

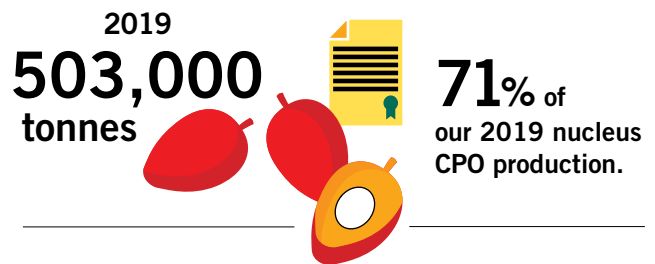
\* Figures cover hectareage or number of mills that are already certified or have completed ISPO first stage audit. The certificate release date is subject to the accreditation period of the certifying body. Hectareage data are based on planted areas on 31 December 2019. One mill ceased operations in 2017 but remains as a non-operational asset, and one new mill was commissioned in September 2019, thus we have a total of 26 operational mills.

**ISPO Certification**

Developed by the Indonesian Government, the Indonesian Sustainable Palm Oil certification system (ISPO) is a mandatory certification for all oil palm growers in the country. ISPO aims to cultivate a sustainable plantation industry, and in the process contribute to the Indonesian Government's commitments to reduce GHG. Independent smallholders are currently exempt from ISPO, but the Government plans to make participation mandatory in the future.

To register for ISPO certification, palm oil companies have to first pass a Plantation Business Assessment, *Penilaian Usaha Perkebunan* (PUP) administered by the Regional Plantation Estates Office to ensure that the company's operations have implemented ISPO requirements. The ISPO audit is conducted by a government approved certification body in two stages; the first stage is a compliance audit of plantation licenses and required business documentation, and the second stage is plantation audit and assessments.

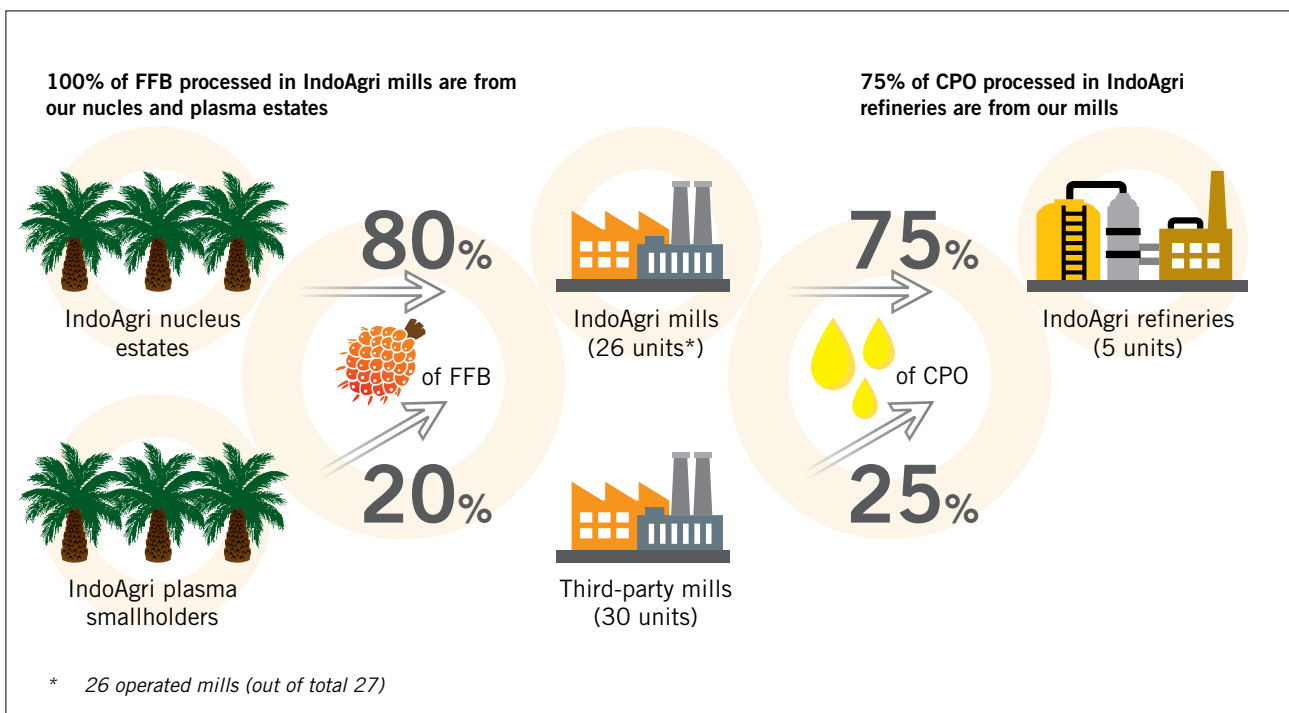
**OUR ISPO-CERTIFIED PRODUCTION**



IndoAgri's ISPO-certified production in 2019 was 503,000 tonnes, representing 71% of our nucleus CPO production.

All of our plantations have been registered for ISPO certification, out of which 80% have been certified and audited. We extended the deadline of our target to achieve 100% ISPO certification to 2023 due to new areas under development.

**Traceability**



## RESPONSIBLE SOURCING

### ESTATES TO MILLS

FFB arriving at IndoAgri mills are sourced from our plantations, of which 20% are from our plasma smallholders. 100% of FFB processed at mills we control, can be traced back to a plantation of origin.

Our Sustainable Agriculture Policy commits us to traceable palm oil that ensures:

- no deforestation,
- preservation of HCV areas and HCS forests,
- no planting on peat regardless of depth,
- no burning,
- respect for labour and human rights,
- Free Prior and Informed Consent (FPIC).

We conduct annual audits on our plantations, including our plasma smallholders, to ensure 100% compliance with our Policy.

### MILLS TO REFINERIES

75% of CPO processed in our refineries is from IndoAgri mills, while the other 25% is from third-party mills.

All IndoAgri and third-party CPO suppliers must formally accept our Sustainable Agriculture Policy and Supplier

Guidelines. We regularly assess risk levels of all our own mills on an annual basis as part of our risk management and audit process.

For our third-party suppliers, we track their names, parent company, ownership structure, scale of operations, and location coordinates. We also regularly engage with them to ensure compliance with our Policy. Major findings and recommendations will be communicated and followed-up. We will cease supplies from uncooperative and non-complying third-party mills. In 2019, we ceased sourcing from one supplier due to non-compliance with our Policy.

In 2019, 75% of CPO volume from suppliers complied with our Sustainable Agriculture Policy. By 2020, all our CPO suppliers must operate in accordance with our Policy.

### Supplier Engagement and Assessment

At IndoAgri, we understand that sustainable supply chains and procurement practices have the most positive environmental, social, and economic impacts across the entire production lifecycle. Our Sustainable Agriculture Policy and commitment to ISPO aligns with sustainable procurement practices that promote accountability, transparency, and fair opportunity.



CPO Refinery at Tanjung Priok

## RESPONSIBLE SOURCING

The scope of our Policy includes our nucleus and plasma estates, our mills, and all our third-party CPO suppliers.

As more than 75% of our CPO supply is from our own mills, we focus our Policy compliance audit on our internal supply chains. In 2019, we conducted 191 visits, workshops, and audits on 100% of our mills and their supplying estates. Besides compliance to our Policy, our assessments also focus on:

- agronomy (good agricultural practices, yield, soil health, crop protection),
- responsible operations (safety, biodiversity, peatland, fire risk, human rights, community engagement, FPIC),
- efficiency of operations (energy and water consumption, GHG emissions, waste production), and
- compliance with government regulations and ISPO certifications.

While all IndoAgri suppliers must meet regulatory and commercial conditions, our procurement team treats all suppliers equally, with respect to price, quality, and capacity.

To achieve a resilient supply chain, we implement initiatives to improve the agricultural productivity and sustainability certification of our smallholders (see page 38). We also run various community projects which aim to improve local socio-economic development and micro-enterprise opportunities (see page 53).

#### HUMAN RIGHTS ASSESSMENT IN OUR SUPPLY CHAIN

IndoAgri's human rights assessments are based on our Sustainable Agriculture Policy, the ISPO certification, and the Indonesian Government regulations. There were zero human rights related breaches reported through our whistle-blowing mechanism.

We report our human rights assessments based on our ISPO certification achievements. As such, 80% of our operational units have been formally assessed for human rights risk as of 2019.

All ISPO audits include criteria for assessing human rights risks for new suppliers. The competence developed through the ISPO certification process also informs and guides other IndoAgri sites which are preparing for ISPO certification.

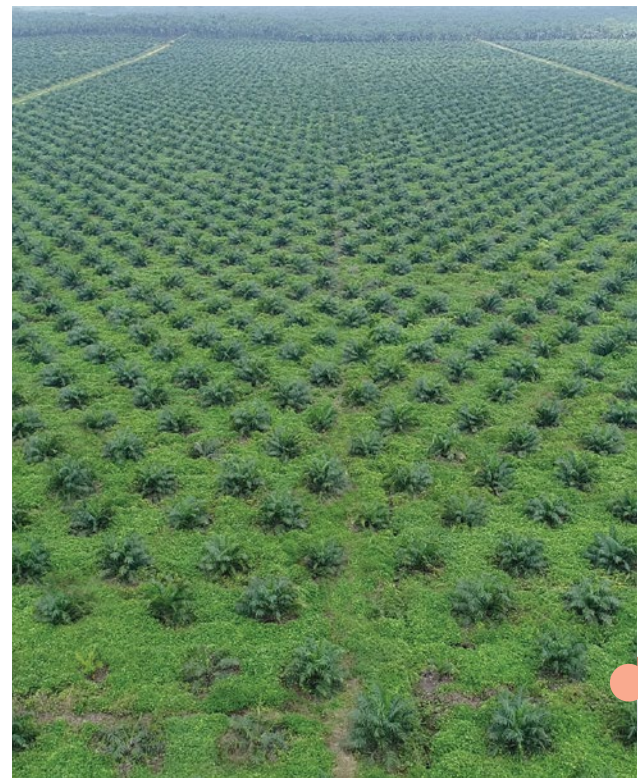
Please refer to page 44 for more information on our commitment to respecting human rights.

#### Yield Improvement

As described in the environmental performance section above, improving our yields and those of our smallholders is vitally important as it brings higher revenues, and helps to reduce the pressure for additional conversion of land for agricultural purposes. Oil palm seeds from our Bah Lias Research Station and SAIN Research Stations, which are both certified to quality management system ISO 9001, can potentially produce 34 tonnes of FFB per hectare. We use the seeds in our own plantations, but a large proportion is sold to external parties.

Palm oil yield is affected by various conditions, such as age of palm trees, seed quality, soil and weather conditions, plantation management, and the timely harvesting and processing of FFB. Our agronomy research teams are continuously experimenting and implementing techniques for improvement. Some achievements by our team include advanced planting materials with improved resilience against the Ganoderma disease, shorter duration to maturity for harvest, and higher oil content.

#### *Block-based Management for Effective Palm Tree Management*



*Oil palm trees in block-based plantations from replanting activities at Riau*

We apply the 'block-based management' approach in the performance monitoring of palm trees in our plantations. Palm trees are classified into individual blocks of around 30-hectares each. The quality and yield achievements of our trees are then monitored on a 'per block' basis. By looking at individual blocks, the estate managers and field assistants can compare the performance of trees within a block with the other blocks. This allows us to effectively identify issues affecting the trees in a certain block and hence efficiently address them.

Our smallholders are also expected to meet the same FFB quality criteria as our nucleus plantations. Please see the next section on Smallholder Engagement for details on the support we provide to improve our plasma smallholders' agronomy practices and certification to ISPO.

## RESPONSIBLE SOURCING

## Smallholder Engagement

In 2019 **20%** of FFB

arriving at our mills  
is from OUR PLASMA  
SMALLHOLDERS

In Indonesia, smallholders represent more than 40% of all oil palm cultivation. Oil palm cultivation has lifted millions of rural households out of poverty, and reduced inequalities between urban and rural populations. As the palm oil industry is critical in Indonesia's rural economy, it is crucial to include smallholder farmers in sustainable palm oil production approaches.

We encourage – and provide training to – our smallholders on good agronomic practices and materials management. As a result, we hope that our smallholders can improve their techniques for better yields and achieve higher income which will in turn reduce socio-economic pressure to clear new

### Progress on the Smallholder Certification Partner Project



Smallholders sharing experience that was held at Palembang, South Sumatra in December 2019

Our Smallholder Programme aims to increase ISPO certification for plasma and independent smallholders. The smallholders in this programme understand that the ISPO certification will improve their agricultural practices, labour practices, and access to markets.

In 2019, we assisted ten KUDs in the first and second stage ISPO audits. One of the ten KUD is awaiting certificate issuance in 2020.

We provide further assistance to KUDs as and when necessary. For example, we helped KUD Teratai Biru establish a new business unit to achieve greater financial independence. As KUD Teratai Biru was still receiving funding support from IndoAgri for its certification process

as of 2019, it planned to create another business unit and use the profits generated to finance the certification process. With the help of IndoAgri, KUD Teratai Biru acquired assistance from SNV, an international non-profit organization, to train new staff to manage the new business unit.

The training was conducted at KUD Teratai Biru's office over two days and was attended by 15 staff members. SNV introduced basic components in a business model using the Business Model Canvas. After the training, KUD Teratai Biru established its new business unit with the help of SNV and IndoAgri. SNV also provided mentoring assistance in the initial months of establishment, from August to December 2019.



## RESPONSIBLE SOURCING

land for farming, and thus reduce environmental impact. We understand that smallholders are vulnerable to volatile market conditions, so training is provided at zero cost. And when our plasma smallholders are replanting, we support them by ensuring that the costs of essential resources such as seed stocks and fertilisers are affordable.

We also provide financial plans to encourage smallholders to cultivate larger areas, and to use better equipment, seeds, and materials. Plasma farmers can then eventually become a viable and independent business: once they fully repay their financial loans from IndoAgri, they obtain management control and land title deeds.

The Indonesian government plans to make ISPO mandatory for smallholder farmers. Despite the challenges from high certification costs, we aim to support and assist our smallholders achieve ISPO certification once it is mandated.



## OPPORTUNITIES FROM SMALLHOLDER CERTIFICATION



**Pairan**  
Chairperson of KUD Teratai Biru,  
South Sumatra



Guided by The Sustainable Trade Initiative (IDH) and IndoAgri, *KUD Teratai Biru will be the first of the ten co-operatives to achieve the ISPO certification in 2020.*

Here, we report the experience of an independent smallholder, Pairan. He started as a palm plantation worker in South Sumatra before becoming a smallholder business owner. He now owns an oil palm plantation and is the Chairperson of KUD Teratai Biru, composed of 157 farmers managing a total area of 318.62 hectares.

*“My first seven years at KUD Teratai Biru were challenging. Our cooperative of smallholder farmers lacked crucial resources such as good agronomy knowledge and administrative systems to run the cooperative effectively. Then, in 2015, IndoAgri welcomed us to the Smallholder Certification Partner Project. The programme taught us field management and harvesting skills and equipped us with financial and administrative knowledge to run the cooperative. We have greatly benefitted from the programme and as a result, can run our independent business effectively. The programme also introduced us to the ISPO certifications. This has provided us with access to stronger markets, subsidies, grants, and greater financial returns.”*



Our employees in the distribution centre at Tanjung Priok refinery



# OUR PEOPLE

## Priorities



Safe operations,  
healthy workforce



People feel valued  
and respected



Supporting the  
aspirations of our  
employees



An engaged  
workforce that is  
committed to success

# OUR PEOPLE

**INTRODUCTION** The agricultural industry is critical for rural economic growth in Indonesia. IndoAgri provides employment to more than 62,000 people and 47,000 plasma smallholders in Indonesia. As an employer of thousands, we take our responsibility to provide a safe and healthy workplace very seriously. We are committed to ensuring that everyone goes home safe. In this section, we report on our initiatives and progress in improving labour conditions and ensuring the safety and wellbeing of our workforce.



**SCOPE OF SECTION**

All IndoAgri operations

## PROGRESS IN 2019

### Human Rights and Employee Welfare



**Comply** with minimum wage regulations



**No forced** labour or child labour

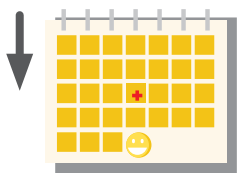


**All workers free** to participate in labour union of choice



**Full compliance** with government labour law

### Safe operations



**9%** decrease in ASR



**4%** decrease in AFR

### Training and Development



**121,800** hours of employee training (approximately 15,225 man-days)

**ZERO HARM, PRODUCTIVE WORKFORCE**

Goal/target	Progress
1 Zero fatalities (across total workforce)	We regret to report two fatalities in our palm oil operations
2 Reduce group accident frequency rate (AFR) by 10% between 2018-2020	4% reduction in group AFR compared to 2018
3 SMK3 certification for 25 palm oil mills and 3 refineries by 2020	Received certifications for 2 mills in 2019. Our total certified sites as of end 2019 are 14 mills and 3 refineries
4 Comply with all Indonesian laws and regulations on human rights and labour rights	Full compliance with regulations across all operations

**Health and Safety**

We take our responsibility in providing a healthy and safe working environment very seriously. The main objective of our health and safety management system is to ensure that everyone goes home safe. We regret to report that there were two fatalities in 2019, both from our palm oil operations. Senior managers visited the bereaved families, who receive compensation from IndoAgri. We also assisted the families in obtaining compensation from the Badan Penyelenggara Jaminan Sosial (BPJS), an Indonesian backed social security system that provides coverage and protection for the victims. We will conduct formal investigations into each accident, review the causes, and implement a series of corrective actions to prevent future accidents of the same sort from taking places.

OHS experts are available in each of IndoAgri's operational sites. These OHS experts conduct periodic reviews in our operational sites to ensure that all sites comply with IndoAgri's health and safety management system. We also ensure the upkeep of our facilities and conduct regular health and safety training for our workers. Daily safety briefings are held for workers in our estates, mills, refineries, and factories to ensure protection from hazards via proper use of their personal protective equipment as well as to inculcate a safety mindset among our people.

We also identify employees who operate in high-risk environments and have developed SOPs to safeguard their wellbeing. Examples of high-risk employees include our chemical sprayers and operators of generators in estates, welders and operators of boilers in mills, and security officers across our operations. The SOPs for our high-risk employees are in accordance with national regulations and are reviewed regularly.

All our sites in Indonesia are operating according to the SMK3 (Sistem Manajemen Keselamatan dan Kesehatan Kerja), Indonesia's national OHS standard. 51 sites (43 in palm oil, 4 in rubber, and 4 in other crop operations) also achieved SMK3 Gold certification. SMK3 refresher training are conducted across all our sites every year. This is to ensure day-to-day SMK3 compliance of all our workers at their respective sites.

**Commitment to the safety of our people**

*Our certified sprayer worker is equipped with Personal Protective Equipment (PPE)*

While we apply Integrated Pest Management and have eliminated the use of Paraquat in all our operations, the use of synthetic pesticides, alongside natural approaches, is still necessary to improve agricultural productivity. We are particularly committed to the safety of our people carrying out chemical spraying tasks. They must complete special training and strictly follow IndoAgri's SOPs on the handling and management of chemicals, for example:

- Pesticides to be mixed by government-certified employees only
- Pesticide mixing must be done in a bright and well-ventilated location
- Before work commences, food is provided to all chemical sprayers during the morning briefing
- The estate manager and foreman must ensure that staff wear the required PPE
- A foreman is to oversee the task until completion
- Upon completion of spraying, sprayers must shower in designated areas and their laundry segregated into dedicated washing machines
- Staff are not allowed to do spraying tasks for more than five hours per day
- No spraying work is allowed under wet or windy conditions.

Besides strict compliance with the above SOPs, we conduct biannual medical checks for our chemical sprayers and provide them with access to their test results.

## OUR PEOPLE

As our rubber products are exported internationally, all our rubber operations are certified to the international OHSAS 18001:2007 standard, which provides a framework to identify, control, and decrease health and safety risks in the workplace.

HEALTH AND SAFETY DATA<sup>5</sup>

	2018	2019
Fatality	4	2
AFR <sup>6</sup>	1.7	1.6
ASR <sup>7</sup>	243.2	220.2

## AFR IN 2019

Male Employees

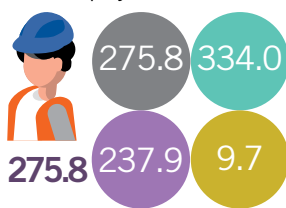


Female Employees



## ASR IN 2019

Male Employees



Female Employees



■ All Regions ■ Sumatra ■ Kalimantan ■ Others

## Labour Rights and Human Rights

**NO OPERATIONS OR SUPPLIERS WERE IDENTIFIED AS HAVING SIGNIFICANT RISK RELATING TO COLLECTIVE BARGAINING, FORCED LABOUR, OR CHILD LABOUR IN 2019.**

IndoAgri is committed to ensuring that the rights of all people working in our operations are respected and represented. We adhere to all national and local laws, including laws on employees' freedom of association and collective bargaining, decent pay and working hours, non-discrimination and equal opportunities, and the elimination of forced and child labour.

## SEASONAL CONTRACT WORKERS

We hire seasonal contract workers for peak season tasks. Our contract workers are usually from the local communities and related to our full-time employees. Contract employment in seasonal agricultural work remains attractive in rural Indonesia as the job flexibility allows workers to tend to other activities such as juggling a variety of household jobs, or in other income-generating activities such as cultivating their own crops and running small businesses.

The hiring of contract workers complies with government regulation, our Code of Conduct, our Policy, and the Principles and Criteria of ISPO. Each seasonal worker's contract respects government regulations, and we ensure that they understand their rights and responsibilities. As non-registered persons are banned from working on our sites, all seasonal workers are registered by our Human Resource Department and logged on to the fingerprint recognition system. The attendance of contract workers and their completed volume of work is maintained on a daily register as well as an online system.

IndoAgri complies with and applies the formula prescribed in the Government Regulation No. 78 of 2015 which regulates the calculation of wages for contract workers. Depending on skills and job availability, our seasonal workers can be promoted as permanent workers. Job vacancies are announced during the daily morning briefings and on the announcement boards of our estates, mills, and the relevant village head's (kepala desa) office.

Having considered their skills and duration of service, IndoAgri has hired 992 contract workers (including seasonal contract workers) as permanent workers in 2019.

## CHILD LABOUR

**IN ACCORDANCE WITH INDONESIAN LAWS, WE STRICTLY DISALLOW THOSE BELOW AGE 18 FROM WORKING AT OUR SITES. BASED ON OUR EMPLOYEE DATABASE, NO REGISTERED INDOAGRI WORKER IS UNDER 18 YEARS OF AGE.**

IndoAgri takes proactive measures to prevent child labour from arising. As education is critical in drawing children from fields, we provide free education and day care facilities to the children of our employees in estates. This approach also ensures a safe place for our workers' children whilst their parents work, hence eliminating the likelihood of workers bringing their children to work.

We are very strict in preventing all forms of child labour in our operations. Our Human Resource department verifies the identification card of all applicants to ensure that we do not employ anyone below the age of 18. Employment contracts

<sup>5</sup> Our health and safety data relate to all IndoAgri group assets, not solely palm oil and rubber operations. There is no change in scope or methodology for our health and safety indicators.

<sup>6</sup> Accident frequency rate (AFR) is calculated as follows: No. of Workplace Accidents x 1,000,000 divided by Total Hours Worked (number of employees x 40 hours x 50 weeks).

<sup>7</sup> Accident severity rate (ASR) is calculated as follows: No. of Workdays Lost x 1,000,000 divided by Total Hours Worked. ASR gives an average of the number of lost days per recordable incident. It is recorded when an employee is referred to a clinic due to a workplace accident and given leave of absence. In accordance with regulations, we track the accident if the lost day is more than one day.



Sign posts stating "Unregistered workers and child labour are forbidden"

for all workers include a clause on disallowing children to help with agricultural production work. Signs and posters reminding workers not to bring children are placed in all our plantation sites. Disciplinary actions will be taken against those who do not comply.

## DIVERSITY

### **IN 2019, THERE WERE NO INCIDENTS OF DISCRIMINATION OR HARASSMENT REPORTED VIA OUR WHISTLE-BLOWING FACILITY, OR TO OUR GENDER COMMITTEES.**

We are committed to upholding the principle of equal opportunities and supporting the inclusion of women across our operations including addressing barriers faced. We have zero tolerance for sexual harassment and conduct regular socialisation initiatives to ensure all our workers adhere to our gender policies.

Gender Committees are in place in our work units to foster clear understanding of gender equality and to promote the participation of women in the workforce. These committees also manage the harassment complaint services. Our Gender Committees play an important role in maintaining and enhancing the role of women in estates, mills and households.

In accordance to the Indonesian labour law, all permanent workers are entitled to maternity and menstrual leave. Jobs of new mothers are reserved while they are on maternity leave. In 2019, 308 women took maternity leave (2018: 359), 86% or 264 women returned to the same job position (80% in 2018). The rest remained on leave or chose to leave the company. All benefits and allowances paid out to our female employees also complies with Indonesian labour laws and respects local cultural norms.

## FREEDOM OF ASSOCIATION

Freedom of association and participation in labour unions is implemented via the Indonesian Law No. 21 of 2000. We fully comply with this regulation and believe there are no sites where the right to freedom of association is at significant risk. All our workers are free to register themselves directly with their preferred labour union and bargain collectively. As at end 2019, 61% (2018: 62%) of our operational employees were registered with a union. The remainder are covered by a company regulation known as Peraturan Perusahaan.

We engage regularly with the labour unions of our workers through bipartite meetings to discuss issues such as agreement on wages and daily harvesting quotas to ensure appropriate and achievable workload for our harvesters.

## OUR PEOPLE

## Employee Welfare

Our Work and Estate Living programme provides essential medical support, facilities, and infrastructure for the people living on our estates. Our projects focus on household hygiene, healthy living, and free access to medical facilities. Please refer to page 53 for our section on Investing in Communities and page 55 for more information on healthcare and education facilities which employees and their dependents enjoy free of charge.

### FAIR WAGES AND ACCESS TO BENEFITS

We ensure that all IndoAgri employees are adequately compensated for their work. Our Human Resource department ensures that all workers receive a wage that is equal to or above the minimum wage set by their respective regional governments.



Work and Estate Living programme provides essential medical support

We are committed to improve the benefits and incentives for all our employees and workers to improve job satisfaction. Besides competitive remuneration, we provide housing, sports facilities, places of worship, educational institutions such as schools, and medical facilities.

IndoAgri employees also benefit from a government pension scheme, additional contributions from the company, and retirement packages (aligned with the Indonesian government BPJS insurance scheme).

## Legal Review Confirms Our Compliance with Indonesian Labour Laws

At IndoAgri, all complaints and grievances are taken very seriously. In June 2016, three NGOs submitted a formal complaint to the Roundtable on Sustainable Palm Oil (RSPO) alleging instances of labour law violations at one of our subsidiaries.

Following more than twenty rounds of RSPO-accredited audits over a period of two years between 2016 and 2018, the RSPO issued a verification report in November 2018. The report was based on findings from the final audit conducted in June 2018 and was inconsistent with the findings from the 23 previous RSPO-accredited audits, which we passed as RSPO compliant. Despite our efforts to engage with the RSPO Complaints Panel and RSPO auditor, we were denied the opportunity to meet the Complaints Panel or to present our evidence. RSPO also failed to address the inconsistencies in the findings of the June 2018 audit.

After 15 years of commitment and working diligently to comply with the RSPO, we made the difficult decision to withdraw from the RSPO in February 2019. In view of the decision by RSPO, we engaged a legal firm, Hiswara Bunjamin and Tandjung (HBT) in association with Herbert Smith Freehills, to conduct a legal review at our disputed locations in North Sumatra. Based on the review conducted in September 2019, HBT concluded that the allegations were unfounded and that we fully complied with the labour laws of the Government of Indonesia.

The full report including the methodology and analysis by HBT is available on our website.



### LOWEST MONTHLY REMUNERATION AND MINIMUM LEGAL WAGE

Region <sup>8</sup>	Minimum legal wage (IDR) <sup>9</sup>	IndoAgri lowest monthly remuneration (IDR) <sup>10</sup>	IndoAgri's lowest monthly remuneration as a percentage of minimum legal wage
Java	1,716,000 - 3,940,473	2,791,400 - 3,941,000	100% - 163%
Sumatra	2,820,000 - 2,941,269	2,994,000 - 3,091,400	105% - 110%
Kalimantan	2,318,000 - 2,868,082	2,613,500 - 3,057,500	107% - 113%
Sulawesi	2,123,040 - 3,051,076	2,236,000 - 3,254,300	102% - 107%

<sup>8</sup> Each region consists of a number of provinces.

<sup>9</sup> This refers to the lowest legal minimum wage in the region, which differs based on the province, sector, and collective labour agreement in that region.

<sup>10</sup> Remuneration figures above include wages and cash benefits for rice allowance. The rice allowance is calculated on the basis that the worker is unmarried, with married workers receiving additional rice allowance for dependents. Only operative workers in the plantations and factories (excluding refineries) are eligible to receive rice allowance.



## OUR PEOPLE

## Training and Development

Our people are our most important asset. We are constantly exploring ways to better manage our human capital. We have a specific budget allocated to training programmes every year. Guided by the Total Quality Management principles, our modules and initiatives seek to improve the career development, job satisfaction, and welfare of our employees.

Programmes such as Managerial Development and Administrative Development for aspiring estates, mills, and refineries managers are available for employees who are interested in assuming leadership roles and advancing their career path. In 2019, we offered a list of training topics for our employees, ranging from environmental sustainability and technical agricultural skills to non-technical skills, such as effective decision-making and self-awareness.

We report a 10% permanent employee turnover in 2019, compared to 6% in 2018. See figures on training, turnover, and new hires data on pages 48-49.

All employees from staff-level and above complete an annual performance and career development review. This appraisal process is an important milestone in our employees' career as their performances, strengths and areas of improvement are evaluated objectively. This allows IndoAgri to reward and retain high performance with a competitive rewards package. It also helps implement the Balanced Scorecard

for individual employees, which tracks their performance against individual targets. The scorecard focuses on quality, cost, regulatory, and social practices, as well as culture change and learning.



A training session for field assistant



### EQUIPPED THROUGH A STRUCTURED TRAINING PROGRAMMES



**Ronny Ardiansyah,**  
Field Assistant at the Kayangan estate, Riau



"I joined IndoAgri as an Agro-technology graduate from the University of Riau, Indonesia.

*IndoAgri's structured training programme for Field Assistants has been immensely useful for my learning and development.*

The six-month programme includes both classroom and on-the-job training, and has equipped me with the theoretical and practical skills on plantation management and the cultivation of oil palm trees. We were also exposed to the development of digitisation and application of technology in IndoAgri, which is critical in improving the productivity of our operations. Besides that, the programme has also prepared me with the necessary leadership and interpersonal skills to work effectively with my colleagues. I am extremely grateful for the opportunity to be part of the programme."

## OUR PEOPLE

## Data Summary

## EMPLOYEE STATISTICS

	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
<b>Education</b>										
Academy and University (Strata 1, 2 and 3)	170	75	992	373	559	154	493	109	2,214	711
Diploma (D1-D4)	47	25	383	189	185	117	118	57	733	388
Senior High School	1,618	163	6,041	527	4,436	393	2,639	216	14,734	1,299
Junior High School	487	32	2,889	259	2,809	399	1,389	197	7,574	887
Primary School	782	50	4,164	458	4,261	1,077	2,207	667	11,414	2,252
<b>Total</b>	<b>3,104</b>	<b>345</b>	<b>14,469</b>	<b>1,806</b>	<b>12,250</b>	<b>2,140</b>	<b>6,846</b>	<b>1,246</b>	<b>36,669</b>	<b>5,537</b>
<b>Level</b>										
Manager and Senior Manager	0	0	46	17	161	16	318	37	525	70
Supervisor	1	1	94	45	105	19	101	20	301	85
Staff	164	46	773	131	336	44	306	46	1,579	267
Administrative/Operational	2,939	298	13,556	1,613	11,648	2,061	6,121	1,143	34,264	5,115
<b>Total</b>	<b>3,104</b>	<b>345</b>	<b>14,469</b>	<b>1,806</b>	<b>12,250</b>	<b>2,140</b>	<b>6,846</b>	<b>1,246</b>	<b>36,669</b>	<b>5,537</b>
<b>Region</b>										
Sumatra	1,953	121	9,628	966	8,178	1,408	4,511	888	24,270	3,383
Kalimantan	873	149	3,577	578	2,428	483	1,014	168	7,892	1,378
Others	278	75	1,264	262	1,644	249	1,321	190	4,507	776
<b>Total</b>	<b>3,104</b>	<b>345</b>	<b>14,469</b>	<b>1,806</b>	<b>12,250</b>	<b>2,140</b>	<b>6,846</b>	<b>1,246</b>	<b>36,669</b>	<b>5,537</b>
<b>Status</b>										
Permanent Employee	1,924	226	12,573	1,470	11,418	1,931	6,524	1,202	32,439	4,829
Non Permanent Employee	1,180	119	1,896	336	832	209	322	44	4,230	708
Seasonal Workers	2,521	688	4,717	2,723	3,286	2,542	2,310	1,374	12,834	7,327
<b>Total</b>	<b>5,625</b>	<b>1,033</b>	<b>19,186</b>	<b>4,529</b>	<b>15,536</b>	<b>4,682</b>	<b>9,156</b>	<b>2,620</b>	<b>49,503</b>	<b>12,864</b>

## NEW HIRE

	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
<b>Region</b>										
Sumatra	125	1	128	4	21	1	3	1	277	7
Kalimantan	361	54	513	53	364	24	181	24	1,419	155
Others	70	11	58	8	9	3	4	0	141	22
<b>Total</b>	<b>556</b>	<b>66</b>	<b>699</b>	<b>65</b>	<b>394</b>	<b>28</b>	<b>188</b>	<b>25</b>	<b>1,837</b>	<b>184</b>

## OUR PEOPLE

## TURNOVER

	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years	
	Male	Female	Male	Female	Male	Female	Male	Female
<b>Region</b>								
Sumatra	5%	6%	4%	6%	5%	5%	16%	21%
Kalimantan	18%	25%	15%	14%	15%	9%	20%	13%
Others	27%	36%	10%	19%	5%	3%	15%	17%

## TRAINING

	Training Hours		
	Male	Female	Male
<b>Level</b>			
Manager and Senior Manager	3,860	167	4,027
Supervisor	4,872	295	5,167
Staff	68,693	1,198	69,891
Administrative/Operational	33,834	8,881	42,715
<b>Total</b>	<b>111,259</b>	<b>10,541</b>	<b>121,800</b>



One of our employees at Refinery Tanjung Priok, Jakarta



*Elementary students at our school in North Sumatra estate*

# COMMUNITY RELATIONS

## Priorities



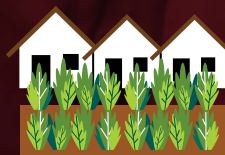
Empowering  
our local  
communities



Giving our  
local  
stakeholders  
a voice



Respecting  
land rights of  
indigenous  
people



Inclusive  
growth for rural  
communities in  
Indonesia



Ensuring the  
safety, health and  
well-being of our  
communities

# COMMUNITY RELATIONS

**INTRODUCTION** 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.



ALIGNED WITH SDGs



**SCOPE OF SECTION**

All IndoAgri operations

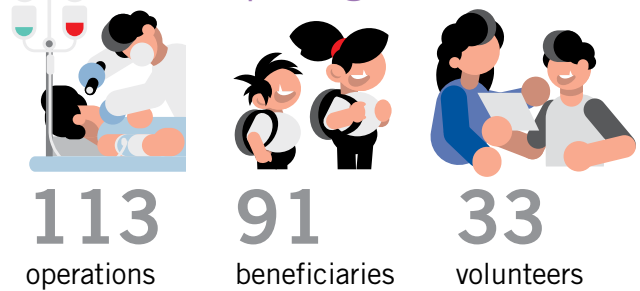
## PROGRESS IN 2019

### Land Rights

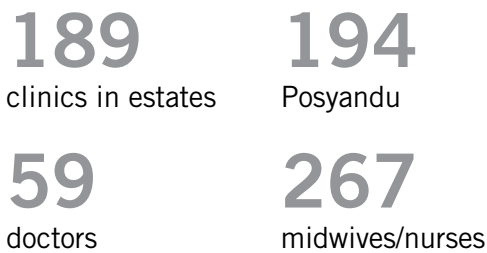
**Full compliance** with all Indonesian regulations on land rights and land management



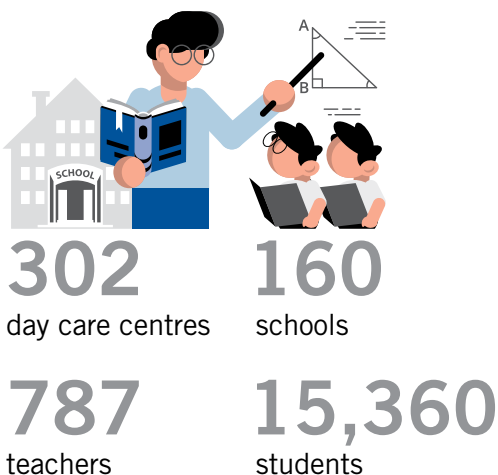
### Cleft Lip Programme



### Health facilities and services



### Education Facilities



### Community Projects



## LAND RIGHTS

Goal/target	Progress
1 Comply with all Indonesian laws and regulations on land rights and land management	Full compliance with regulations

### Land Rights

Despite the complex land tenure systems in rural Indonesia, we remain steadfast in respecting the rights of indigenous people through our commitment to the principles of FPIC.

Every land transaction that we are involved in complies with Indonesian law and company policy. Prior to the development of every estate, we conduct an Environmental Impact Assessment (AMDAL) and Social Impact Assessment (SIA), which enables us to identify baseline conditions and likely social impacts of development. 100% of our operations have undergone AMDAL and SIA, in accordance with Indonesian law. The assessment results and our land development plans are shared with the local village government and community to obtain their input and approval. For cases involving land compensation, we have established certification and confirmation processes for proof of ownership, to ensure that the right person is compensated, with the village head present as witness. Our company policies and processes are designed to promote working with communities and governments on land tenure and rights with open negotiations, inclusive decision-making, and clear agreements.

We go beyond regulatory compliance to support the livelihoods of our farmers, suppliers, and their families living in our development areas; 100% of our estates have community development and engagement programmes. Additionally, we allocate 20% of new plantation land developed from 2007 onwards for plasma smallholders.

In the event of complaints on land rights, local communities can file these complaints with IndoAgri or with the Indonesian government. Complaints addressed to IndoAgri have to follow a grievance mechanism system in which supporting documents are required to be submitted as proof. Complaints addressed to the government usually involve the local government office or land agency office (BPN). In 2019, there were no recorded incidents of FPIC violations, violations of the rights of indigenous peoples, or land rights issues involving IndoAgri.

Beyond land rights complaints, operational, social and environmental-related complaints from the community are also processed through our grievance mechanism, where the relevant company representatives verify, follow up and mediate to resolve the issues. There is also room for whistle-blowing through IndoAgri's usual engagement with the community, such as during fire training days and regular stakeholder meetings.

### Investing in Communities

As an agribusiness in rural Indonesia, we recognise the crucial role we play in the wellbeing of the communities we operate in. We aim to contribute to the socio-economic development of our suppliers, their families, and the communities living in the vicinity of our operations. Beyond providing employment to thousands living in remote areas, we contribute to the holistic development of communities through a range of initiatives

in education, health, infrastructure, microenterprise, farmer training, culture, and humanitarian support.

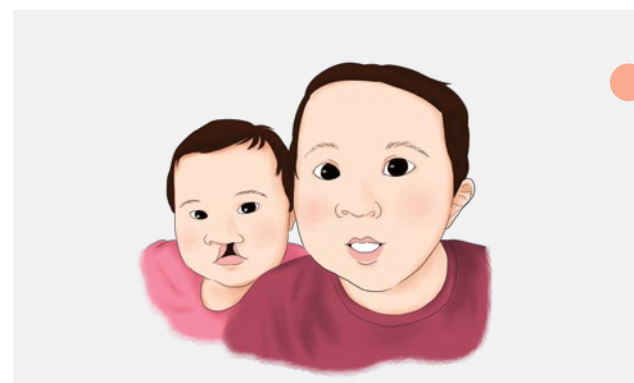
### ACCESS TO HEALTHCARE

We continue to ensure access to healthcare for the communities at each of our operating sites. In each estate, we have set up clinics and first aid posts for workers and their families. On a wider community level, we operate Posyandu which provide monthly health check-ups, immunisation, food and nutritional supplements, and counselling. Posyandu are also equipped with additional infrastructure to promote maternal and infant healthcare.

One of the challenges we face is in getting mothers and their children to visit the Posyandu regularly for check-ups. Hence, we try our best to communicate to mothers the importance of regular check-ups. Other efforts to maintain good quality healthcare service include the replacement of faulty equipment at all our Posyandu. This project was conducted in collaboration with our parent company, Indofood, and was completed this year.

In 2019, we have 189 medical clinics in our estates, and 194 Posyandu, supported by 267 midwives/nurses and 59 doctors. Moving forward, we are considering conducting training programmes for new village health workers as part of our succession planning in maintaining the Posyandu.

### Cleft Lip Surgery Programme



This year, we continued to conduct our Cleft Lip Surgery Programme for children born with a cleft lip or cleft palate. Through this programme, we collaborate with hospitals and non-profit organisations to search for cases, counsel families, provide examinations, the surgery, as well as postoperative care and speech therapy.

In 2019, the team together with 33 volunteers delivered 113 successful surgeries for 91 beneficiaries, bringing the total number of surgeries and beneficiaries since 2014 to 500 and 435 respectively.

## COMMUNITY RELATIONS

## COMMUNITY RESILIENCE AND FOOD SECURITY

Our PROKLIM projects are part of a national programme to increase community resilience and food security, as well as promote local climate change mitigation and adaptation action in agriculture, waste and energy. Through our PROKLIM projects, we help to strengthen community resilience, contribute to national GHG emission targets, improve local-level coordination to deliver climate change policies, and provide opportunities for local villages to adopt low-carbon technologies. Examples of initiatives that have benefitted local communities include diversification of crops that lead to additional income and strengthened food security, as well as energy reduction efforts and composting that lead to cost savings. We have received 7 awards from the Ministry for Environment and Forestry this year, and 13 awards in total since the programme first began in 2016.

Receiving these awards has motivated us to continue raising awareness on environmental issues and contribute to the reduction of GHG emissions of local communities. We will continue to support more IndoAgri units in implementing PROKLIM programmes.

Our plans for the future are represented in the new IndoAgri Care & Ownership programme, which aims to protect the environment and encourage sustainable behaviour among IndoAgri employees and their families. This programme covers the entire IndoAgri operating area, from plantations to factories and offices. The focus areas are reduction of paper and plastic use, waste management, and water and energy-saving behaviour. Our hope is that the initiatives from this programme will go beyond the workplace to be implemented in employees' daily lives and families. At the plantation level, these initiatives are being spearheaded by wives of our employees. In the longer term, we hope to promote these initiatives digitally, thus overcoming larger distances to increase our community outreach.

## Empowering Women



Products by women groups in Riau that were presented in the Agriculture Day event in Malang, East Java on November 2019

At some of our estates in Riau, the PROKLIM programme provided support for women from our employees' families. The programme has given them the access to create products using resources from their surroundings, to supplement and diversify their household income. Such products include moringa tea, moringa soap, and citronella essential oil. The raw materials used in these products are from plants in their backyards.

The women were able to distribute and sell their products through Rumah Pintar, which provided assistance for their business plans, product development and diversification, packaging design, marketing, and distribution.

In 2019, these women were recognised for their innovative spirits and were invited by the local government to present their product at the event in Malang, East Java. In 2020, they will expand and diversify their product offerings and collaborate with the local government to train other women's groups in neighbouring communities.



## TESTIMONY OF A VOLUNTEER



Elyda Sari Harahap, from Posyandu in Riau



"I have been a volunteer since 2014. At that time, our Posyandu only offered weighing and immunisation services. Now however, *we have a more complete range of facilities and equipment that enable us to provide higher quality healthcare services.* In 2016, we received training at the Rambung Sialang Training Centre in South Sumatra from professionals, that increased our understanding of the benefits of Posyandu. Now, we actively promote our Posyandu and the importance of healthcare to the community.

*I want to thank IndoAgri for increasing our capacity to benefit the community."*



**WELFARE (MEDICAL AND EDUCATION FACILITIES)****Medical Facilities on Our Plantations 2019**

Medical Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Division Clinic	42	31	17	38	2	1	131
Central Clinic	11	24	15	4	2	2	58
Ambulances	2	14	12	5	1	0	34
Doctors	1	2	1	2	0	0	6
Visiting Doctors	18	22	10	0	2	1	53
Midwife/Nurses	61	70	43	82	5	6	267
Posyandu	55	32	39	42	24	2	194

**EDUCATION FACILITIES****Education Facilities on Our Plantations 2019**

School Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Day Care Centres	12	28	55	44	1	162	302
Kindergarten	27	29	5	33	3	4	101
Primary Schools	10	17	1	17	1	1	47
Secondary Schools	2	2	0	4	0	0	8
High Schools	1	0	0	3	0	0	4
Teachers	101	191	28	437	17	13	787
Rumah Pintar	4	6	5	4	0	1	20

**TESTIMONY OF A MOTHER**

Widyawati, mother of a toddler who brought her child to the Posyandu in Riau



“The Posyandu has become very important to us. Previously we only came if we wanted to immunise children, but now we come regularly to receive healthcare information, extra food for our toddlers, as well as vitamin A supplements and anti-parasitic medication for our children.

*Everything is given absolutely free of charge, including our children’s vaccines. I am thankful to IndoAgri for caring for the growth and development of our children.”*



**Bimoli**  
MINYAK GORENG BERMUTU

**Bimoli**  
MINYAK GORENG BERMUTU

**Bimoli**  
MINYAK GORENG BERMUTU

ISI BERMUTU 5L

ISI BERMUTU 5L

Filling of cooking oil into packaging

# PRODUCT INTEGRITY

## Priorities



Maintaining customers' trust: safe, healthy and high-quality products



Responsible labelling and marketing

# PRODUCT INTEGRITY


**INTRODUCTION** We describe IndoAgri’s high standards of hygienic production and food safety, and how our products are recognised for quality and their contribution to consumer health.



ALIGNED WITH SDGs



## SCOPE OF SECTION

 Edible oils and fats (EOF) products only

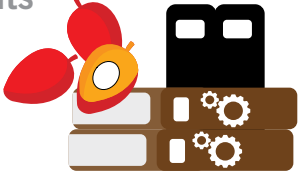
## PROGRESS IN 2019

### Food safety



**Food Safety Management**  
**38%** of EOF Division production volume certified to Food Safety Management Standard FSSC 22000

**Food safety audits completed for**  
**91%** of raw materials suppliers



### Product quality and integrity

**Four** product awards in 2019



All products and refineries are **ISO 9001** and **Halal-certified**



## SAFE PRODUCTS, HEALTHY FOOD

Goal/target	Progress
1 Quality and safety: comply with FSSC 22000 Food safety standard	Full compliance with regulations
2 Quality and safety: Comply with Halal certification system recognised by the World Halal Council	All products are Halal-certified
3 Quality: complete annual audit on quality assurance at refineries	Audit completed for all refineries
4 Quality: complete annual food safety audits for suppliers of raw materials (including CPO) to our refineries	Completed; 91% of supply tonnage to our refineries comes from sources that are audited annually on food safety

PRODUCT INTEGRITY

**FOOD SAFETY**

We are committed to maintaining the trust our consumers have in our safe, high-quality products. Formal management processes ensure that we adhere to high standards of production. To stay updated on the latest food safety standards, our Quality Control teams responsible for product quality assurance undergo regular training on hygiene, safety, and Halal risk and control. Our production sites and suppliers are also audited annually on hygiene, sanitation, and housekeeping.

With a revised version of FSSC 22000 requirements released this year, we undertook initiatives to meet the additional requirements applicable to us as an edible oil producer, such as ensuring all our third party laboratories are accredited, not using the FSSC logo from non-marketing materials, and ensuring the implementation of allergen management, food defense and the prevention of food frauds. As such, we are on track to achieving certification to the latest food management system standard FSSC 22000 Version 5 for our Tanjung Priok Refinery, when it applies beginning January 2020.

Our EOF division produced 974,000 tonnes of CPO in 2019. 38% was manufactured at our FSSC 22000-certified Tanjung Priok Refinery. Additionally, all IndoAgri product

packaging meets the Indonesian National food safety standards.

In 2019, we recorded zero incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of our products. We also experienced zero incidents of product recall.

**NUTRITION**

More than 80% of our edible oils and fats products serve the consumers in the domestic Indonesian market. Our cooking oils are marketed under our *Bimoli*, *Bimoli Spesial*, *Delima* and *Happy* brands, while our margarine and shortening consumer products are packed and sold under our *Royal Palmia*, *Palmia* and *Amanda* brands.

This year, we partially eliminated hydrogenated fat from our products by substituting hardened fat with interesterified (IE) oil. To meet the Indonesian government regulation, effective from 1 January 2020, on the fortification of cooking oil with vitamin A, we successfully secured a supplier who was able to fulfil our required volume. Pipelines and dosing pumps for vitamin A have also been prepared in all factory units.



Please visit our website for more information on key products and markets served <http://www.indofoodagri.com/edible-oils-and-fats-division.html>

**NUTRITION FACTS**

**Our products provide carotenoid (for vitamin A) and tocopherol (for vitamin E) to ensure consumers achieve a balanced diet and to mitigate risk of vitamin deficiency.**

**Our products are fortified with essential vitamins.** These vitamins strengthen the immune system, eyesight and the developing foetus in utero. These vitamins also improve cell development, enzymes and a healthy nervous system.

**Our exported cooking oils to the Philippines are further enriched with vitamin A,** as required by regulations in that market.

**Palm oil contains the right sorts of fat (saturated and unsaturated fatty acids) which promote healthy growth, supple skin and energy storage. Palm oil is free of cholesterol and trans-fat.**

**We take vitamin fortification beyond compliance.** Whilst vitamins A and D are mandated by Indonesian law, as a manufacturer of high-quality food products, we aim to contribute to the healthy diet of Indonesians. For example, we have also added vitamins E, B1, B2, Niacin, Folic Acid and B12 in our table margarine.

**OUR PRODUCTS**

**PHILIPPINES**

**INDONESIA**

PRODUCT INTEGRITY

PRODUCT INFORMATION



**Our edible oil products** meet legal limits relating to saturated fat, trans-fat and sodium



**All information** is subject to regulations

Serving Size	Serving per Container	
Amount per serving	Calories	
		% Daily Value*
Total Fat	9g	18%
Saturated Fat	9g	18%
Cholesterol	9g	18%
Sodium	9g	18%
Total carbohydrate	9g	18%
Dietary Fiber	9g	18%
Sugar	9g	18%
Protein	9g	18%
Vitamin A	9%	18%
Calcium	9%	18%

**Nutritional values** of each branded product are **printed on the packaging**

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**Labels urge consumers** to dispose off used packaging responsibly



**100%** of our products and refineries are **Halal-certified** by a certification body accredited to the World Halal Council





We recognise the **importance of a healthy diet** to a healthy economy

PRODUCT INFORMATION

We comply with all national and export market requirements on marketing and communication of product information. Our product packaging complies with the Indonesian policy on Extended Producer Responsibility. We continue to investigate the technology solutions to replace our packaging materials with fully biodegradable packaging. Our palm oil brand Delima has had its 1-litre pouches modified to a thinner packaging that requires less plastic since January 2018, and trials are ongoing for further modifications to create more eco-friendly packaging. We also encourage environmentally-friendly behaviour by consumers as we do not provide plastic bags at campaign bazaars.

In 2019, we continued our focus on marketing and communication programmes that educate consumers on the benefits of palm oil. Our key marketing programmes include TV commercials, digital and social media, and marketing activities such as cooking classes.

CUSTOMER SATISFACTION

Our products are reputed for their quality, price, and consumer confidence. We recognise that meeting consumer needs are critical in maintaining their confidence in our brands.

We regularly engage consumers to address their concerns, including communicating our sustainability progress and responsible supply chain practices, investigating areas of concern and making improvements based on feedback. We also conduct annual customer satisfaction surveys to obtain feedback on product and service quality. In 2019, we surveyed a total of 101 industrial customers and 79 distributors. We received a score of 83% for industrial customers and 85% for distributors, exceeding our targets of 75% and 72% respectively.

In recognition of our marketing performance, we received an AA+ rating under the Most Valuable Indonesia Brands award for Bimoli this year, an improvement from AA previously.

Our more affordable palm oil brand Delima has seen its market share grow positively. We will continue to capitalize on Delima as 2<sup>nd</sup> brand in the lower-class segment. We believe that there are opportunities in educating consumers about the health benefits and versatility of palm oil.

We will continue to innovate and offer new products at competitive price points, improve customer service and enhance product labelling and packaging.



**Indonesia Living Legend Brands 2019**



**Indonesia WOW Brand 2019 Gold Champion**



**Most Valuable Indonesian Brand**



**Top Halal 2019**

## ABOUT THIS REPORT

This sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. We have chosen the GRI reporting standards and principles to ensure stakeholder inclusiveness, accuracy, clarity, reliability, and comparability of the information presented in this report. The report also complies with requirements of the SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide. IndoAgri has not commissioned any third-party assurance on this report. This report should be read in conjunction with our Annual Report. We welcome your feedback or questions at [sustainability@indofoodagri.com](mailto:sustainability@indofoodagri.com). Previous reports are available online at [www.indofoodagri.com](http://www.indofoodagri.com). Please refer to page 62 of this report for the GRI Content Index.

### Scope and profile

IndoAgri is listed on the Singapore Exchange (SGX) with headquarter in Singapore. IndoAgri and its subsidiaries operate plantation and processing facilities to produce palm oil, rubber, sugar, cocoa and tea. The group also operates research and development, seed breeding, manufacturing and marketing of award-winning edible oils brands.

This report presents our sustainability performance for 2019. The scope of this report covers our most dominant crop, oil palm, which occupies 83% of our total planted

area, and our rubber operations which occupy 6% of our total planted area. We have expanded the scope of this year's sustainability report to include our rubber operations. There is no significant change to the size, structure or ownership of our company compared to the previous report.

Our environmental data includes the following sites in our palm oil and rubber operations:

- ISPO-certified/audited plantations: 53 out of 82 sites (2018: 50 sites)
- ISPO- or PROPER-certified/audited mills: 22 out of 27 sites
- PROPER-certified/audited refineries: 4 out of 5 sites
- Rubber plantations: 8 out of 8 sites
- Rubber factories: 3 out of 4 sites

Financial, employee, community, and health and safety data refer to all operations. Our responsible sourcing and product data include only our palm oil operations.

We report restatements from previous reports relating to energy consumption in mills and refineries (pages 25-26) and the resulting GHG emissions (page 27), arising from alignment of calculation methods across the Group [GRI 102-48]. We have also restated our pesticide consumption data (page 25) from previous reports to standardise the scope of pesticides included.



FFBs harvested in our plantation in South Sumatra

# GRI CONTENT INDEX

## GRI 101: FOUNDATION 2016

### General Standard Disclosures

Disclosure No.	Disclosure Title	Page Number, Direct responses, Reasons for Omission as applicable
<b>ORGANISATIONAL PROFILE</b>		
<b>GRI 102: General Disclosures 2016</b>		
102-1	Name of the organisation	Back cover
102-2	Activities, brands, products, and services	Business Overview pages 14-17, Annual Report Operation and Financial Review pages 22-25
102-3	Location of headquarters	Welcome page, inside front cover Back cover
102-4	Location of operations	Business Overview > Regional Presence pages 14-15
102-5	Ownership and legal form	IndoAgri is 69.5% effectively owned by PT Indofood Sukses Makmur Tbk (PT ISM). IndoAgri is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). Annual Report Corporate Structure page 6, Statistics of Shareholders pages 163-164
102-6	Markets served	Business Overview > Capturing Value Across Our Value Chain, page 16-17 Annual Report Notes to Financial Statements page 159
102-7	Scale of the organisation	Business Overview pages 14-15
102-8	Information on employees and other workers	Business Overview > Workforce Profile page 15 Our People > Labour Rights and Human Rights pages 44-45 Our People > Data Summary page 48 Part-time employment is not used at IndoAgri. Our HR team collate the data using their HR management information system, using standard definitions of terms, in line with regulatory requirements.
102-9	Supply chain	Responsible Sourcing > Traceability pages 35-36
102-10	Significant changes to the organisation and its supply chain	About This Report > Scope and profile page 61
102-11	Precautionary Principle or approach	Our Approach to Sustainability > Governance & Management page 6
102-12	External initiatives	Our Approach to Sustainability > Governance & Management page 6
102-13	Membership of associations	Our Approach to Sustainability > Governance & Management page 6  We are a member of the Indonesia Palm Oil Association (GAPKI). One of our directors, Mr. Tan Agustinus, also serves as a member in the executive board committee.
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	CEO Statement page 1
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behavior	Welcome page, inside front cover
102-17	Mechanisms for advice and concerns about ethics	Sustainability webpage > How We Manage Sustainability > Governance and Risk <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>GOVERNANCE</b>		
102-18	Governance structure	Sustainability webpage > How We Manage Sustainability > Governance and Risk <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	Sustainability webpage > Our Reporting > Engaging With Our Stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
102-41	Collective bargaining agreements	People and Community > Labour Rights and Human Rights page 45
102-42	Identifying and selecting stakeholders	Sustainability webpage > Our Reporting > Engaging With Our Stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
102-43	Approach to stakeholder engagement	Sustainability webpage > Our Reporting > Engaging With Our Stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
102-44	Key topics and concerns raised	Sustainability webpage > Our Reporting > Engaging With Our Stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> Our People > Employee Welfare page 46 Investor Relations webpage > Newsroom > <a href="http://indofoodagri.com/newsroom/independent_legal_review_confirms_PT_Lonsum_in_compliance_with_indonesian_labour_laws.pdf">http://indofoodagri.com/newsroom/independent_legal_review_confirms_PT_Lonsum_in_compliance_with_indonesian_labour_laws.pdf</a>
<b>REPORTING PRACTICE</b>		
102-45	Entities included in the consolidated financial statements	a. Our Annual Report pages 64, 111-125 provides an overview of all entities (subsidiaries, associates, joint venture pages, agriculture assets including palm oil, transport operations, research stations and others pages b. Apart from palm oil operations (82 plantations, 28 subsidiary companies in plantation management, milling and refining) and rubber operations (8 plantations, 3 subsidiary companies in plantation management and milling), all other entities in 102-45a above are excluded
102-46	Defining report content and topic Boundaries	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>



## GRI CONTENT INDEX

## General Standard Disclosures

Disclosure No.	Disclosure Title	Page Number, Direct responses, Reasons for Omission as applicable
<b>REPORTING PRACTICE</b>		
102-47	List of material topics	Our Approach to Sustainability > Focus on key sustainability topics page 7
102-48	Restatements of information	About This Report > Scope and Profile page 61
102-49	Changes in reporting	About This Report > Scope and Profile page 61, Our Approach to Sustainability > Focus on key sustainability topics page 7
102-50	Reporting period	About This Report > Scope and Profile page 61
102-51	Date of most recent report	Sustainability webpage > Our Reporting <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About This Report page 61
102-54	Claims of reporting in accordance with the GRI Standards	About This Report page 61
102-55	GRI content index	GRI Content Index pages 62-71
102-56	External assurance	GRI Content Index pages 61

## Topic Specific Disclosures

Disclosure No.	Disclosure Title	Page Number, Direct responses, Reasons for Omission as applicable
<b>CATEGORY: ECONOMIC</b>		
<b>PROCUREMENT PRACTICES</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> Our Approach to Sustainability > Our approach on key sustainability focus areas > Responsible Sourcing page 8
103-2	The management approach and its components	Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Focus on key sustainability topics page 7, Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Tracking performance, evaluating progress page 11
<b>GRI 204: Procurement Practices 2016</b>		
204-1	Proportion of spending on local suppliers	Not reported; reason for omission is that we use the more meaningful indicators from the GRI Food Processing Sector Disclosures in place of 204-1, see below.
<b>GRI G4 FPSS</b>		
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Responsible Sourcing > Traceability page 36
FP2	Percentage of purchased volume verified as in accordance with responsible production standards (ISPO)	Responsible Sourcing > ISPO Certification page 35
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>MATERIALS</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Protecting our Environment > Agricultural Inputs pages 24-25
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Protecting our Environment > Agricultural Inputs pages 24-25
<b>GRI 301: Materials 2016</b>		
301-1	Materials used by weight or volume	Protecting our Environment > Agricultural Inputs > Fertiliser Consumption pages 24-25

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## Topic Specific Disclosures

Disclosure No.	Disclosure Title	Page Number, Direct responses, Reasons for Omission as applicable
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>ENERGY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Protecting our Environment > Improving Energy Efficiency, Reducing GHG Emissions page 25
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Track performance, evaluating progress > Reducing environmental impacts page 11 Protecting our Environment > Improving Energy Efficiency, Reducing GHG Emissions pages 25-26
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organisation	Environmental Performance > Improving Energy Efficiency, Reducing GHG Emissions pages 25-26
302-3	Energy intensity	Environmental Performance > Improving Energy Efficiency, Reducing GHG Emissions pages 25-26
302-4	Reduction of energy consumption	Environmental Performance > Improving Energy Efficiency, Reducing GHG Emissions pages 25-26
<b>WATER</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Protecting our Environment > Water Use Efficiency page 28
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Track performance, evaluating progress > Reducing environmental impacts page 11 Protecting our Environment > Water Use Efficiency page 28
<b>GRI 303: Water 2016</b>		
303-1	Water withdrawal by source	Protecting our Environment > Water Use Efficiency page 28
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>BIODIVERSITY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Track performance, evaluating progress > Reducing environmental impacts page 11

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## Topic Specific Disclosures

Disclosure No.	Disclosure Title	Page Number, Direct responses, Reasons for Omission as applicable
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>BIODIVERSITY</b>		
<b>GRI 304: Biodiversity 2016</b>		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Sustainability webpage > Environmental Performance <a href="http://www.indofoodagri.com/environmental-performance.html">http://www.indofoodagri.com/environmental-performance.html</a>  The total number of IUCN Red List species and national conservation list species with habitats in areas affected by IndoAgri's operations is 76, as of April 2020.
<b>EMISSIONS</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Protecting our Environment > Improving Energy Efficiency, Reducing GHG Emissions page 27
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Track performance, evaluating progress > Reducing environmental impacts page 11 Protecting our Environment > Improving Energy Efficiency, Reducing GHG Emissions page 27
<b>GRI 305: Emissions 2016</b>		
305-4	GHG emissions intensity	Protecting our Environment > Improving Energy Efficiency, Reducing GHG Emissions page 27
<b>EFFLUENTS AND WASTE</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8, Protecting our Environment > Waste and Effluent Management page 29
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Track performance, evaluating progress > Reducing environmental impacts page 11, Protecting our Environment > Waste and Effluent Management pages 29-31
<b>GRI 306: Effluents and Waste 2016</b>		
306-1	Water discharge by quality and destination	Protecting our Environment > Waste and Effluent Management pages 29-30
306-2	Waste by type and disposal method	Protecting our Environment > Waste and Effluent Management pages 29-30
306-3	Significant spills	Protecting our Environment > Waste and Effluent Management pages 29-30
<b>ENVIRONMENTAL COMPLIANCE</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8

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## Topic Specific Disclosures

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<b>CATEGORY: ENVIRONMENTAL</b>		
<b>ENVIRONMENTAL COMPLIANCE</b>		
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Environmental Protection page 8 Track performance, evaluating progress > Reducing environmental impacts page 11
<b>GRI 307: Environmental Compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	Protecting our Environment > Waste and Effluent Management page 29
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Responsible Sourcing page 8
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Responsible Sourcing page 8 Responsible Sourcing > Supplier Engagement and Assessment pages 36-37
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Responsible Sourcing page 8 Track performance, evaluating progress > Certification Achievement and Policy Delivery page 11
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Responsible Sourcing > Traceability page 36 Responsible Sourcing > Supplier Engagement and Assessment page 37
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>EMPLOYMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	Our People > Data Summary page 49 We opt to report new hire numbers and turnover rates in order to provide meaningful reporting (this is our Reason for Omission of turnover numbers and new hire rates). The key outcome of the reported data is to understand the trends as production and operations change over time.
<b>LABOUR-MANAGEMENT RELATIONS</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9

## Topic Specific Disclosures

Disclosure No.	Disclosure Title	Page Number, Direct responses, Reasons for Omission as applicable
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>LABOUR-MANAGEMENT RELATIONS</b>		
103-3	Evaluation of the management approach	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
<b>GRI 402: Labour-Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	No minimum notice period or specific provisions on consultation/ negotiation are required to be stated in a CLA under Indonesian regulations. If new changes arise eg, a merger, we would follow Indonesia Financial Services Authority (Baepam/OJK) laws. Other changes such as new policies that will impact on our workers are supported by awareness raising or training prior to implementation.
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9, Our People > Health and Safety pages 43-44
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9 Track performance, evaluating progress > Zero harm, productive workforce page 11, Our People > Health and Safety pages 43-44
<b>GRI 403: Occupational Health and Safety 2016</b>		
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities	Our People > Health and Safety pages 43-44
403-3	Workers with high incidence or high risk of diseases related to their occupation	Some tasks such as harvesting and tapping are subject to inherent risk of exposure to some tropical diseases; but the workforce is accustomed to managing the risks, and there are mitigation procedures to manage the risks; so we can state that the risk is not 'high'.
403-4	Health and safety topics covered in formal agreements with trade unions	The Collective Labour Agreement (CLA) covers safety, with reference to proper PPE for field workers, an OHS Trustee Committee, training, and grievance mechanisms (we opt not to express 'coverage' as a percentage). Periodic workplace inspection, safety audit, and accident evaluations are also completed with employee representatives. In line with SMK3, we have Policies for strict compliance on PPE. This is also stated in the CLA.
<b>TRAINING AND EDUCATION</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
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103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Our People > Data Summary page 49 We opt to omit reporting the average hours, our data table shows exact hours by employee type and gender. The reason for the omission is that the use of an average makes the disclosure substantially less meaningful.

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<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>GRI 103: Management Approach 2016</b>		
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103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9 Our People > Labour Rights and Human Rights page 45
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Our People > Data Summary page 48, Annual Report 2019 > Corporate Governance page 33
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
<b>NON-DISCRIMINATION</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
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<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Our People > Labour Rights and Human Rights page 45
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
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<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our People > Labour Rights and Human Rights page 45

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<b>GRI 408: Child Labour 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labour	Our People > Labour Rights and Human Rights pages 44-45
<b>FORCED OR COMPULSORY LABOUR</b>		
<b>GRI 103: Management Approach 2016</b>		
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<b>GRI 409: Forced or Compulsory Labour 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our People > Labour Rights and Human Rights page 44
<b>SECURITY PRACTICES</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
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<b>GRI 410: Security Practices 2016</b>		
410-1	Security personnel trained in human rights policies or procedures	All security guards receive basic human rights training. Security training is also delivered via our training centre for our security guard and in partnership with military commando units for additional focus on strength, discipline, and human rights.

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<b>HUMAN RIGHTS ASSESSMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
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<b>GRI 412: Human Rights Assessment 2016</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	80% of our operational sites have been assessed for human rights transgressions. These assessments are conducted through human rights-related audits under the ISPO process. None of our third-party suppliers have completed a full formal Policy audit.  Our whistle-blower mechanism yielded no alerts of Policy breaches of human rights in 2019.
<b>SUB-CATEGORY: SOCIETY</b>		
<b>LOCAL COMMUNITIES</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Community Relations page 9
103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Community Relations page 9, Community Relations pages 52-55
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Community Relations page 9
<b>GRI 413: Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programmes	Community Relations pages 52-55 We understand the community needs of all sites based on Social Impact Assessment.
<b>SUPPLIER SOCIAL ASSESSMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Responsible Sourcing page 8, Our Approach to Sustainability > Our approach on key sustainability focus areas > People page 9
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<b>SUPPLIER SOCIAL ASSESSMENT</b>		
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	Responsible Sourcing > Progress in 2019 page 34, Responsible Sourcing > Supplier Engagement and Assessment pages 36-37
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>		
<b>CUSTOMER HEALTH AND SAFETY</b>		
<b>GRI 103: Management Approach 2016</b>		
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103-2	The management approach and its components	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Governance & Management page 6, Our Approach to Sustainability > Our approach on key sustainability focus areas > Product Safety, Product Quality page 10
103-3	Evaluation of the management approach	Sustainability webpage > How We Manage Sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Product Safety, Product Quality page 10
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Product Integrity > Food Safety page 59
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Integrity > Food Safety page 59
<b>MARKETING AND LABELING</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage > Our Reporting > Where Material Impacts Occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Our Approach to Sustainability > Our approach on key sustainability focus areas > Product Safety, Product Quality page 10
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<b>GRI 417: Marketing and Labeling 2016</b>		
417-1	Requirements for product and service information and labeling	Product Integrity > Product Information page 60
417-2	Incidents of non-compliance concerning product and service information and labeling	Product Integrity > Product Information page 60 No incidents of non-compliance with regulations and codes on product information and labeling.

## GLOSSARY

### Analisis Dampak Lingkungan (AMDAL)

An environmental impact assessment which companies are required by law to undertake when starting a business or activity that will have an impact on the environment in Indonesia.

### Badan Penyelenggara Jaminan Sosial (BPJS)

An authorised body established by the Indonesian Government to provide medical coverage for Indonesian citizens and residents.

### Biodiversity

The variety of life forms within a particular ecosystem, biome, or habitat.

### Biological Oxygen Demand (BOD)

A measure of the degree of water pollution by the amount of dissolved oxygen needed by aerobic biological organisms in a body of water to break down organic materials.

### Carbon Footprint

A measure of the total amount of greenhouse gases, including carbon dioxide, methane and nitrous oxides, emitted directly or indirectly by an organisation, event, product or person.

### Child Labour

A person under 18 years of age, according to Indonesian law, who is engaged in work that is mentally, physically, socially or morally dangerous and harmful, and that interferes with that person's schooling.

### Crude Palm Oil (CPO)

Oil produced from oil palm fruits in milling process.

### Food Safety System Certification (FSSC) 22000

A food safety certification scheme based on the existing internationally recognised standard ISO 22000 and complemented by other technical standards. This certification aims to provide an effective framework for the development, implementation and continual improvement of a food safety management system (FSMS).

### Forced Labour

A person who is coerced to work under the threat of violence, intimidation, or undue stress of penalty.

### Free Prior Informed Consent (FPIC)

Consent which represents the rights of a community to give or withhold its consent to proposed projects that may affect the lands it customarily owns, occupies or uses.

### Fresh Fruit Bunch (FFB)

The fruit bunch harvested from the oil palm tree.

### Global Reporting Initiative (GRI)

A non-profit organisation that promotes economic sustainability and develops an international standard for sustainability reporting.

### Greenhouse Gas (GHG)

Gases, such as carbon dioxide, methane and nitrous oxide, which trap solar radiation and contribute to climate change and ozone destruction.

### High Carbon Stock (HCS)

An area of land with large amounts of carbon and high biodiversity value.

### High Conservation Value (HCV)

HCV land comprises certain critical ecological or socio-cultural attributes. A key part of HCV management is ensuring activity in forests does not have a negative impact on the critical ecological and socio-cultural attributes, a process that aligns with ISPO's requirements.

### HCV Assessment

Recording ecological or sociocultural attributes is part a process that aligns with ISPO's requirements. HCV assessments use accredited third-party assessors.

### Integrated Pest Management

The use of ecological pest control techniques to reduce pest populations and replace pesticides and other harmful intervention to minimise risks to human health and the ecosystem.

### Indonesian Sustainable Palm Oil (ISPO)

A government effort led by the Ministry of Agriculture to support sustainable palm oil agriculture in Indonesia.

### ISO 14000 series

A family of international standards for addressing environmental management.

### Koperasi Unit Desa (KUD)

Village unit cooperatives to improve the economic and social well-being of rural communities in relation to agricultural activities.

### No Deforestation

No new development on HCV areas within IndoAgri's operations and no primary forest clearance.

### Nucleus

A system developed by the Indonesian Government for estates (nucleus) owned by plantation companies to develop oil palm plots (plasma) near their own plantation for smallholders.

### OHSAS 18001:2007

An international occupational health and safety management system specification.

### Palm Kernel (PK)

Seed of the oil palm fruit, which is processed to extract palm kernel oil and other by-products.

### Panitia Pembina Keselamatan dan Kesehatan Kerja (P2K3)

A health and safety committee responsible for monitoring IndoAgri's compliance to the SMK3 in the estates, mills and refineries.

### Palm Oil Mill Effluent (POME)

Liquid waste or sewage produced from the palm oil milling process or refinery.

### Plasma or Schemed Smallholder

Plasma smallholders are farmers who participated in the Plasma Transmigration Program (Perkebunan Inti Rakyat, also known as PIR-Trans), organised by the Indonesian government in 1987. Under the scheme, villagers from rural parts of Indonesia were relocated to oil palm growing areas and allocated with two hectares of farming land. The plasma farmers were partnered with local companies for initial financing of development and land preparation, planting materials, and technical knowledge. In return for this assistance, smallholders are committed to selling their crops to the company at a price set by the government.

### Programme for Pollution Control, Evaluation and Rating (PROPER)

An Indonesian regulatory mechanism based on public disclosure of pollution records and environmental performance.

### Roundtable on Sustainable Palm Oil (RSPO)

A non-governmental organisation that promotes the growth and use of sustainable oil palm products through international standards and engagement of stakeholders.

### Sistem Keselamatan dan Kesehatan Kerja (SMK3)

Occupational health and safety management system according to Indonesia regulation.

### Social Impact Assessment

A methodology for analysing, monitoring and managing the social consequences of planned interventions and the social change processes arising from these interventions.

### Stakeholders

A person, group, organisation, member or system that affects or can be affected by an organisation's actions.



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