

Sustainability Journey

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Foreword

In June 2019 Goodhope reached another milestone in its sustainability journey with the lifting of the RSPO precautionary approach 'Stop Work Order' for PT Sinar Sawit Andalan and PT Sumber Hasil Prima. The decision comes in recognition that the conditions set by the RSPO Complaints Panel have been adequately met and that non-conformances will be resolved by investment in a conservation project in accordance with RSPO remediation and compensation mechanism.

Three subsidiaries remain under stop work order until final compensation liabilities can be agreed. Anticipating full closure of the complaint by August 2019, we are looking ahead, re-evaluating progress and risks and re-assigning priorities.

Goodhope's Sustainability Team at PT Agro Harapan Lestari (Regional Office) has been conducting a thorough internal review of policy implementation and re-structuring and revision of sustainability policies and procedures.

In this the 26th issue of Goodhope's Sustainability Journey, we provide an overview of Sustainability Policy implementation and touch upon a few key areas of current and future focus: strengthening capacity for supply chain management; monitoring and evaluation of grievance procedures; and monitored training programs.

Indeed an underlying issue identified in our review processes has been the need to improve monitoring, evaluation and reporting by the strengthening of systems and procedures. We need improved tools to maintain records across different departments, companies regions and countries. This will better allow us to demonstrate measurable improvements in our practices and both quantitative and qualitative progress towards our sustainability goals.

Since May 2017, we have reported activities each month in 'Sustainability Journey', providing largely qualitative updates on complaint resolution and as well as activities relating to sustainability policy implementation and progress towards meeting our commitments. We are now seeking to build on and further improve this reporting framework by providing performance reports and by making better use of our website as a channel for reporting. To commit the necessary resources towards these efforts, we propose a restructuring of our monitoring and reporting processes, publishing 'Sustainability Journey' on a quarterly basis.

Overview of Sustainability Policy Implementation



Field visit to PT ABCK to survey peat soil and management processes.



Capacity building for best management practices on peat soil at Sungai Wami Estate, PT NB.



Annual Fire safety training for employees at PT PVO, May 2019.



2019 PROPER Certification Blue PT AIEK. Indonesia's program for pollution control, evaluation, and rating

Commitment	Summary of Activities
Safeguarding HCV and HCS	<ul style="list-style-type: none"> • Socialization and training to employees, contractors, schools and local communities relating to HCS forest and HCVs. • Engagement with the local communities and local government for HCV/HCS conservation management and monitoring. • Identification and deliniation of HCV/HCS area. • Installation and maintenance of HCV/HCS area signboards and poles. • Identification of threats to conservation of HCS forest and HCVs. • Periodic patrols and species monitoring. • Landcover/deforestation monitoring using satellite imagery and use of Global Forest Watch Online Platform.
Protection of Peatland	<ul style="list-style-type: none"> • Study of existing plantations on peat and improvement plan to better maintain water levels. • Installation of additional monitoring tools. • Participation in a series of workshops, meetings and seminars related to peat management. • Engagement with consultant in peat mapping. • Consultation with the Ministry of Environment and Forestry (KLHK) in relation to our commitment to develop roadmaps for peatland restoration. • Revision of Agronomy procedures. • Best practice sharing and training on best management practices for oil palm on peat soil. • Periodic monitoring of peat / water management.
Fire Mitigation	<ul style="list-style-type: none"> • Inspection of fire equipment conducted regularly at all premises on monthly basis. • Training on fire awareness and emergency response drills conducted at workplaces. • Annual Community fire awareness training. • Hotspot monitoring and reporting during the dry season.
Reducing Our Environmental Impact	<ul style="list-style-type: none"> • GHG emissions monitoring. • LUCA and GHG assessments completed in all immature units by third parties. • Remediation plan of immature sites. • Regular monitoring on AMDAL indicators and regular reporting to local government. • Encouraged improved implementation of waste bank programs at PT AICK and PT AWL.

PT NB: Nabire Baru, PT ABCK: Agro Bukit Central Kalimantan; PT AICK: Agro Indomas Central Kalimantan; PT AWL: Agro Wana Lestari; PT AIEK: Agro Indomas East Kalimantan; PT PVO: Premium Vegetable Oils.



Stakeholder meetings at PT AICK.



New school bus at PT Rim Capital, Central Kalimantan.

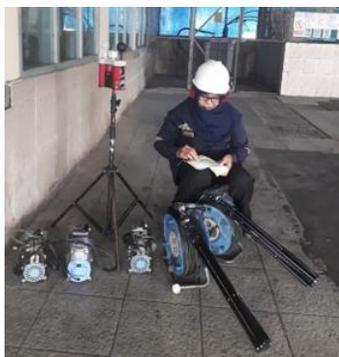


Graduation of students from TK Tunas Agro 1 school in Teluk Ulin Estate. Academic Year 2018/2019.



Monthly Meeting of Plasma Cooperative Managers with Company Management PT AICK and Rim Capital.

Commitment	Summary of Activities
Respecting Community Rights	<ul style="list-style-type: none"> • Potential impacts on human rights have been identified in social impact assessments. • Improved communication log book to record all correspondencies with community. • Plasma partnerships are operating based on signed Plasma partnership agreements. • We continue to seek solutions to resolve issues relating to plasma obligations in areas identified as HCV or HCS area. • Regular participant in UN Global Compact workshops. • Contributor to Children's Rights and Business Principles Study in collaboration with Unicef and RSPO.
Handling of Complaints, Grievances and Conflict Resolution	<ul style="list-style-type: none"> • Reviewed and revised grievance mechanism with stakeholder feedback by closely working with Daemeter Consulting. • Improved recording and monitoring of grievances and resolutions processes is to be facilitated by a database. • External Independent Grievance Committee Unit established to provide advise on conflict resolution.
Promoting Community Empowerment	<ul style="list-style-type: none"> • Managed education systems, including ensuring adequate teaching capacity tion advisor. • Provision of school buses and infrastructure improvement for the daily school activities. • Accreditation of schools. • Events and activities to promotes sustainability, conservation, and safety at schools. • Cooperation with communities on waste bank projects and clean water projects. • Support of road improvements across the nearest villages to our site. • Maintenance of clinics in concessions and collaborations with local community health centers. • Free health services and dental workshops to the communities. • Collaboration with educational institutions and NGOs, such as Perbanas University and Swara Owa to encourage entrepreneurship and alternatives livelihood options among local communities.
Smallholder Support	<ul style="list-style-type: none"> • Smallholder Training on Agronomy best Practice • Administration Training for Plasma Cooperatives • PT ABCK smallholder agreements completed. • Currently identifying potential smallholder areas for RSPO certification. • Field School program for the smallholders is being prepared covering Good Agriculture Practices and touching upon NDPE in manner appropriate for the smallholders.



Industrial odor and hygiene monitoring conducted in combination with employee health monitoring (spirometry and audiometry test).



Regular briefings for workers.

Commitment	Summary of Activities
Supporting Worker Rights, Health and Well-Being	<ul style="list-style-type: none"> • Integrated induction for new workers in plantation units including Environment, Health and Safety aspects. • Safety monitoring and evaluation, including calculation of accident frequency rates, severity rates and safety index. • Regular safety briefings, safety inspections and near miss reporting.
Supply Chain Traceability	<ul style="list-style-type: none"> • Revision of procedure for the acceptance and monitoring of Fresh Fruit Bunches (FFB). • Training on the use of Cadasta 2.0 platform and use of the Cadasta platform for mapping smallholders. • Independent smallholders identification is still in progress, this activity is involving dealers/agents and head of village to conduct the smallholders mapping. • PVO refinery has conducted traceability to all its suppliers. The traceability to mill is currently 96%. • List of all suppliers has been renewed, according to the data of suppliers listed in FFB procurement.
Transparency and Continuous Improvement in Sustainability Performance	<ul style="list-style-type: none"> • Revised the procedures and the job description of each functions to clearly state the roles and responsibilities. • Annual Management review meetings. • Maintenance of records to be improved according to revised procedure (control of records). • Supplier monitoring is being facilitated through the use of Cadasta 2.0 platform. • Intention to expand monitoring and evaluation of training programs by widespread use of training database. • Integrated monitoring system for conservation is to be established. • Daemeter to assist in evaluation and identification of suitable database system for the management and monitoring of grievances. • Third party assessments on sustainability policy implementation completed by ERM.

Monitoring and Evaluation of Policy Implementation

Goodhope commits to set and review objectives, targets and programs for full implementation of our sustainability policy and will monitor, evaluate and report our performance regularly in a transparent manner.

Biannual Third Party Sustainability Assessments are completed by the consultancy firm Environmental Resources Management (ERM) providing an external evaluation of Goodhope's performance relating to the implementation of sustainability commitments. Three assessments have already been completed with the 4th assessment report due in September 2019.

Our own internal annual review of policy implementation (period May 2018/19) is currently still ongoing as we are working on incorporating the strengthened requirements adopted in RSPO P&C and are undergoing re-structuring and revision of policies and procedures related with this. Our updated Sustainability Policy Implementation Report will be available to stakeholders in July 2019.

Strengthening Capacity for Supply Chain Management

Capacity building to strengthen the abilities of individuals and departments within the Group in order to meet the challenges in supply chain management.

As a part of our sustainability drive, Managers, Executives and Internal Auditors at Premium Vegetable Oils (PVO) completed training on Supply Chain Certification Standards and Internal Audit training. Participants learnt about the requirements of both standards, and completed both a pre-test and a post-test were also to gauge the effectiveness on the training.

Through the training review we hope to ensure full preparedness for future audits in line with our plan to achieve certification for MSPO SCCS within this year and to retain certification for RSPO SCCS. Certification will demonstrate implementation of verified systems for control of certified palm oil products using effective management to provide supply chain integrity and to prevent the overselling and mixing of palm oil with conventional (or non-sustainable) oil palm products.

Palm Kernel supply at our refineries is sourced from a supply base of 51 palm oil mills. Current traceability to mill is 96% with the expectation to reach 100% upon receiving updated information to confirm the name of one of the mills after there was a process of acquisition. We require the following minimum information in order to declare supply traceable to mill:

- Parent company name
- Company name
- Mill name
- Mill address
- Mill coordinate
- Volume supplied
- Certification information

We will use risk assessment tools such as spatial data and remote sensing information to determine the risk of each third-party palm oil mill in our supply chain and shall establish priorities and strategies to ensure that appropriate monitoring and evaluation activities are carried out to assess and verify compliance.

All existing and prospective suppliers are expected to provide documentation to demonstrate compliance to allow for verification of their working practices and their own supply chain.



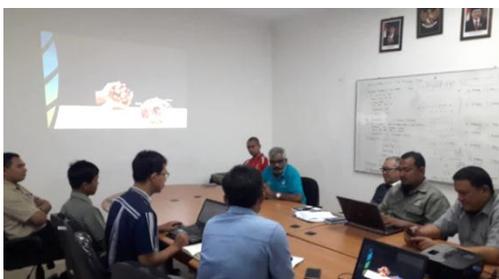
Training on MSPO and RSPO SCCS, PT PVO, April 2019.



Training on MSPO and RSPO SCCS, PT PVO, April 2019.



Socialization of RSPO standards to finance, mill, plantation, logistic and EHS management, PT ABCK, June 2019.



RSPO Supply Chain audit for PT ABCK Kernel Crusher Plant, April 2019.



Stakeholder engagement on the Handling of Complaints, Grievances and Conflict Resolution, PT AICK, June 2019.

Goodhope has had a grievance mechanism established since 2010 (procedure No. SOP.CSR-08) with major revisions to the procedure occurring in 2018. A new procedure was developed in 2018, incorporating revisions in responsibilities and the incorporation of an external grievance panel. At the end of 2018, Goodhope engaged with Daemeter to assist in refining the grievance mechanism with further stakeholder feedback and to help integrate the process to ensure its implementation.



Regular briefings for workers.



Annual Fire safety training for employees at PT PVO, May 2019.

Monitoring and Evaluation of Grievance Procedures

With support from Daemeter, Goodhope has been conducting further review of its procedures for handling grievances. The review and revision process has been ongoing since January 2019, resulting in a new draft procedure developed by Daemeter and PT Agro Harapan Lestari.

In June 2019, Goodhope engaged key stakeholders (including management, community representatives and plasma cooperative members) at Goodhope's management units in Central Kalimantan on the topic of grievance handling. The interactive discussions provided opportunities for stakeholders to share information on the practices that have been implemented so far in handling grievances; to give input into the draft procedure; and to provide recommendations for improvements.

Stakeholder feedback highlighted the need for improved documentation while the community emphasized that every complaint submitted must be followed up by a written response from the company.

We will now work on optimizing the procedure taking into consideration the feedback provided. An evaluation of potential databases will be conducted to identify a suitable management system that will assist administration so that the implementation of procedures becomes easier, systematic and monitored well according to the guidelines in the procedure. Goodhope will also seek further assistance from the Daemeter to communicate the complaints mechanism widely to stakeholders.

Monitored Training Programs

Effective training is core to our success, with a wide range of training topics contributing to our progress towards sustainable development, e.g. topics on Occupational and Environmental Health and Safety, Certification Standards, Human Rights, Social Requirements, Agronomy, Local Laws and Regulations, Conservation and more.

Training programs are implemented across all our departments and operations with a central training center based at PT AICK, Central Kalimantan. In order to more effectively monitor and evaluate the training, we are looking to implement an improved system for the maintenance of training records. This will allow us to better evaluate trainings and identify training needs.

Update on the Precautionary Approach (Stop Work Order) and New Planting Procedure (NPP) Processes

The Stop Work Order for PT Sinar Sawit Andalan (SSA) and PT Sumber Hasil Prima (SHP) was lifted in June 2019 in recognition that the conditions set out by the RSPO Complaints Panel have now been met.

The conditions set by the Complaints Panel were as follows:

- To submit full Land Use Change Analysis for PT SSA and SHP by end-January 2018.
- On the basis of the LUCA, to re-do its HCV Assessments for PT SSA and SHP by end-April 2018.
- To contract a full licensed HCV assessor from the Assessor Licensing Scheme (ALS) registered with HCVRN and pass the HCVRN Quality Control with satisfactory status.

Our three subsidiaries in Ketapang Region remain under stop work order pending completion of the process of appeal for Final Compensation Liabilities. The outcome is expected by the end of July 2019. We therefore expect that the complaint 'Goodhope Asia Holdings – Stop Work Order' will be resolved and the case closed by August 2019.

Our next issue of 'Sustainability Journey' will be available at the beginning of October 2019 according to our proposal to begin Quarterly updates on sustainability activities. Updates relating to the status of this complaint will be made available on Goodhope's website and any further information can be attained by contacting Goodhope's Director Sustainability, Edi Suhardi edi.suhardi@goodhope.co

Key Milestones

Apr 2017	Stop Work Order
Jul 2017	Submission of LUCA for PT NB, SAP and AJB.
Aug 2017	Submission of LUCA for PT BMS and SMS.
Oct 2017	Submission of HCV Assessment for PT NB, PT AJB, BMS and SMS.
Nov 2017	Submission of PT SAP HCV Assessment and LUCA for PT SSA and SHP.
Dec 2017	Submission of HCV Assessment for PT SSA and SHP.
Jun 2018	PT SAP HCV Assessment Report Quality Panel Review completed (satisfactory outcome).
Jul 2018	PT NB HCV Assessment Report Quality Panel Review completed (satisfactory outcome).
Sep 2018	PT AJB, BMS and SMS HCV Assessment Report Quality Panel Review completed (satisfactory outcome).
Nov 2018	Final Compensation Liability for PT NB and SAP determined and agreed.
Dec 2018	Lifting of the stop work order for PT NB and SAP.
Jan 2019	PT SSA and SHP HCV Assessment Report Quality Panel Review completed (satisfactory outcome).
Feb 2019	Expansion of the mill at PT NB (from 15MT/hr up to a capacity of 45MT/hr) permitted according to the decision of RSPO CP.
Mar 2019	Concept note for PT NB and SAP compensation plan endorsed by RSPO.
May 2019	The Compensation Panel provided the calculation for Final Conservation Liability.
June 2019	Lifting of the stop work order for PT SSA and SHP.

PT NB: Nabire Baru, PT SAP: Sariwana Adi Perkasa, PT AJB: Agrajaya Baktitama, PT BMS: Batu Mas Sejahtera, PT SMS: Sawit Makmur Sejahtera, PT SSA: Sinar Sawit Andalan and PT SHP: Sumber Hasil Prima.

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