

## Disclosure of Management Approach

### Responsible Sourcing

2024



## I. Introduction

Goodhope has adopted a policy of No Deforestation, No Peat and No Exploitation (NDPE) since May 2017. All the palm-based materials the Company buys, including fresh fruit bunch, crude palm oil, palm kernel, palm kernel oil and derivatives must come from suppliers that uphold the principles of NDPE.

**No Deforestation:** refers to no deforestation when developing land and requires growers to identify and protect High Conservation Value (HCV) areas and High Carbon Stock (HCS) areas.

**No Peat:** refers to no new developments on peatland and encourages the use of Best Management Practices on existing plantations on peat.

**No Exploitation:** refers to respecting the rights of workers, local communities and small-scale growers in the production of palm oil.

To achieve a fully compliant supply chain, appropriate systems need to be in place for the mapping and assessment of suppliers and the effective management of third-party supplier relationships. In this disclosure of management approach, we provide information on the systems that the Group implements for the responsible procurement of palm-based materials.

### Summary of Goodhope management units, sourcing profiles and responsible sourcing priorities:

#### Upstream

Our palm oil mills are all located in Indonesia and source Fresh Fruit Bunches (FFB) from our own estates, associated smallholders under a plasma scheme, and third-party suppliers in Indonesia. Goodhope owns six palm oil mills that source partially from third party suppliers. Most external fruit is delivered indirectly through FFB dealers that source from independent smallholders and outgrowers. Priorities for our upstream operations are:

1. To trace the supply of FFB coming to our palm oil mills back to the oil palm production area.
2. To promote sustainable production among suppliers.

#### Kernel Crushing Plants

Our two Kernel Crushing Plants (KCPs), namely Sungai Binti and Nabire Matoa KCP are located in Indonesia and source Palm Kernel (PK) from supplying mills in Indonesia.

#### Downstream

Our downstream refining and processing facility is located in Malaysia and sources Palm Kernel (PK) and refined palm oil from suppliers in Malaysia to produce a wide range of refined and fractionated oils and fats. As part of responsible sourcing commitments, we continue to work on the following priorities:

1. To trace the supply of palm-based materials back to the plantation.
2. To evaluate the risk of existing and prospective suppliers.
3. To identify and manage cases of supplier's NDPE non-compliance.

## II. Components of our Responsible Sourcing Program

To deliver our responsible sourcing commitments, we have in place a comprehensive system consisting of policy, guidelines, procedures and tools for both our upstream and downstream operations.

Table 1. Components of our responsible sourcing program

PROGRAM COMPONENT	UPSTREAM (Palm Oil Mills)	DOWNSTREAM (Refinery and Manufacturing)
<b>POLICY</b>	<ul style="list-style-type: none"> <li>Responsible Sourcing and Supply Chain Management Policy</li> <li>Group Sustainability Policy</li> </ul>	
<b>GUIDELINES</b>	<ul style="list-style-type: none"> <li>FFB Supply Chain and Traceability Manual</li> </ul>	<ul style="list-style-type: none"> <li>Responsible Sourcing Guidelines</li> </ul>
<b>PROCEDURES</b>	<ul style="list-style-type: none"> <li>FFB Responsible Sourcing SOP</li> <li>Smallholder Data Collection and Mapping SOP</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Engagement SOP</li> <li>Traceability SOP</li> </ul>
	<ul style="list-style-type: none"> <li>Group Grievance Approach Implementation SOP</li> <li>Managing Grievances Against Third Party Suppliers</li> </ul>	
<b>TOOLS</b>	<ul style="list-style-type: none"> <li>New Supplier Due Diligence Assessment</li> <li>Supplier Application and Profile Form</li> <li>NDPE Socialization/ Commitment Form</li> <li>Sustainable Plantation Management Questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>New Supplier Due Diligence Assessment</li> <li>TTP Excel Declaration Template</li> <li>Supplier Code of Conduct</li> <li>Self-Assessment Tool</li> </ul>

### III. Responsible Sourcing and Traceability Roadmap

Our Responsible Sourcing and Traceability Roadmap outlines the key objectives and targets as we aim to ensure that NDPE compliance is extended throughout our entire supply chain.

Table 2. Responsible Sourcing and Traceability Roadmap

#### (A) Upstream- Palm Oil Mills

Objective	Target	Status as of Y2024
<b>Engagement with First Tier Suppliers</b>		
<ul style="list-style-type: none"> <li>Socialise NDPE commitments</li> <li>Supplier survey and mapping</li> </ul>	100% traceable to First Tier Suppliers by end of 2021.	Achieved
<b>Engagement with Second Tier Suppliers</b>		
<ul style="list-style-type: none"> <li>Socialise NDPE commitments</li> <li>Survey and mapping of independent smallholders</li> </ul>	100% traceable to plantations by end of 2022.	Achieved
<b>Supplier Risk Assessment</b>		
<ul style="list-style-type: none"> <li>Supply base spatial risk assessment</li> <li>Data analysis and prioritisation of suppliers for further engagement and monitoring</li> </ul>	Complete spatial risk assessment for all FFB suppliers.	Completed
<b>Data Maintenance and Priority Supplier Engagement</b>		Ongoing

#### (B) Downstream - Refinery and Manufacturing

Objective	Target	Status as of Y2024
<b>Engagement with First Tier Suppliers</b>		
<ul style="list-style-type: none"> <li>Conduct supplier webinar</li> <li>Traceability data collection from existing suppliers</li> <li>Supplier Self-Assessment Tool (SAT)</li> </ul>	<ul style="list-style-type: none"> <li>100% traceable to mills by end of 2023.</li> <li>100% traceable to plantations for direct supplying mills by end of 2025.</li> </ul>	On track; <b>H2-2024</b> 100% traceable to mills; 91% traceable to plantation
<b>Supplier Risk Assessment</b>		
<ul style="list-style-type: none"> <li>Risk assessment and prioritisation of suppliers for further engagement and monitoring</li> </ul>	Risk and priority determined for all direct suppliers from 2022 onwards.	Completed
<b>Monitoring and Verification</b>		
<ul style="list-style-type: none"> <li>Implementation Reporting Framework (IRF)</li> <li>Deforestation monitoring</li> <li>Third party verification of data</li> </ul>	Verification of supply chain data by July 2023.	Conducted in 2023 and 2024

## IV. Key Elements of our Approach

### **NDPE Awareness and Traceability**

We conduct supplier engagement programs to promote awareness of NDPE policy commitments among our suppliers, to encourage compliance with these principles, and to collect the necessary data to fulfill our traceability commitments.

In order for our products and materials to be considered traceable, we require the following minimum information:

<b>Palm Oil Mill</b>	<ul style="list-style-type: none"> <li>▪ Group name</li> <li>▪ Mill name</li> <li>▪ Mill GPS coordinates</li> <li>▪ Product supplied</li> </ul>
<b>Company-owned Plantation, Direct 3<sup>rd</sup> Party Plantation, Scheme Smallholder, Direct Independent Smallholder</b>	<ul style="list-style-type: none"> <li>▪ Plantation/ smallholder name</li> <li>▪ GPS coordinates</li> <li>▪ Planted area hectareage</li> <li>▪ Volume supplied to the mill</li> </ul>
<b>Dealer/ Collection Centre</b>	<ul style="list-style-type: none"> <li>▪ Dealer/ collection centre name</li> <li>▪ GPS coordinates of dealer/ collection centre</li> <li>▪ Volume supplied to the mill</li> <li>▪ Name of sourcing sub-district/ village</li> </ul>

### **Goodhope's own mills:**

For our own mills, we have been working with Daemeter Consulting to trace FFB supply to source. Adopting improved procedures developed in collaboration with consultants, we conduct supplier engagement and mapping by survey teams, as well as NDPE awareness and traceability workshops to third party FFB suppliers.

Our survey and mapping process utilizes a comprehensive in-house data management platform. Digital data collection forms are used to collect supplier data using GPS-enabled smartphones during surveys. The data collection and mapping process involves visiting each individual smallholder to gather information on the smallholders and the oil palm production area that they own, including geolocation.

**Table 3. Names and Locations of Third-Party Suppliers**

<b>Palm Oil Mill</b>	<b>Supplier Name</b>	<b>GPS Location</b>
Sungai Purun POM	Dinaya M. -s/d Borneo P.	(-2.546880, 112.381190) s/d (-2.481380, 112.975700)
Terawan POM	Kaisa S. -s/d Antasari	(-2.488790, 112.134420) s/d (-2.453890, 112.983330)
Sungai Binti POM	Palm M.S. -s/d Lancar M. B.	(-2.474130, 112.446490) s/d (-2.118440, 112.953540)
Bukit Santuai POM	Watu Agung -s/d Bintang S.	(-2.450050, 111.837490) s/d (-2.524820, 112.959340)
Bumi Jaya POM	Sinar M.S. -s/d Abdul M.	(-0.904180, 116.764900) s/d (-1.243590, 116.644110)
Batu Mas Sejahtera POM	Bintang B. -s/d Madeli	(-0.972250, 110.512950) s/d (-1.840890, 109.982970)
Sumber Hasil Prima POM	No third-party supplier	
Nabire Matoa POM	No third-party supplier	

### Third party supplying mills:

We have gathered information on the mills that supply palm products to our kernel crushing plant and downstream refinery Premium Vegetable Oils (PVO), as well as socialize Group Sustainability Policy and promote traceability to plantations to them. As of December 2024, 90% of our supplying mills completed the Self-Assessment Tool. All our suppliers will have been engaged on NDPE requirements via workshops, trainings, self-assessment tools or site visit by the end of 2026.

### Assessment of Risks within the Supply Chain

We conduct sustainability due diligence evaluation for existing and prospective suppliers and a desktop spatial risk analysis to assess the risk of deforestation and peatland development within our supply chain. Procedures are in place to assess all own and third-party suppliers for risk level. We utilize valid maps from official databases to perform our spatial risk analysis, for instance the maps of Forest Zone Area, Peat Moratorium, Peat Ecological Function, Hotspots and World Database Protected Area.

Risk profiling of our supplying mills are conducted annually. Based on the traceability-related data received to date and subsequent analysis, we have classified our supplying mills into three categories: low priority, medium priority and high priority. This allows us to focus our efforts on those suppliers that are classified as high priority. As of December 2024, 3% of our suppliers are classified as high priority for engagement.

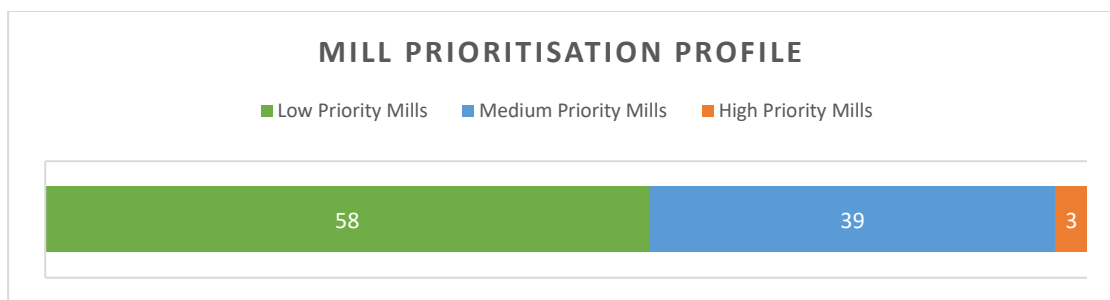


Figure 1. Profile of supplying mill priority

In 2023, we have embarked on priority supplier engagement program, where we aim to engage the identified high-risk mills annually to better understand their challenges and assist them in identifying gaps for improvement. Through our engagement with four mill suppliers in 2023 and another four mill suppliers in 2024, we provided guidance and new insights into their sustainability practices, with the objectives to enhance their awareness and understanding on our NDPE commitments as well as the importance of traceability and GHG emissions accounting. After the engagement, we continue maintain a proactive relationship with our suppliers and provide further assistance where required.

### Deforestation Risk Monitoring, Review & Field Verification

To monitor deforestation risk in our existing and prospective supply base areas, we have started to analyse the risk periodically using publicly available Radar Alerts for Detecting Deforestation (RADD) forest disturbance alerts. This monitoring process begins with the usage of RADD as baseline data and overlay it with geolocation data collected during traceability exercise as well as integrated conservation area. When an alert is identified, we will conduct image verification using Planet Imagery data provided by Global Forest Watch platform. Should there is any land cover change detected, our team will investigate by conducting field verification, and where necessary, we will engage with our suppliers to enquire on the status of investigation and relevant evidence pertaining to the alert received. Any confirmed violation by existing suppliers will be



addressed by our grievance mechanism. Currently, we are strengthening our capacity to increasingly utilize the publicly available deforestation monitoring system provided by GFW. Training and technical support is being provided by World Resources Indonesia (WRI).

No non-compliant deforestation or conversion has been detected in our own operations since the cut-off date (the inception of our Sustainability Policy). For our supplier operations, the hectareage of illegal/ non-compliant deforestation is recorded in our Palm Oil Grievance List.

### **Self-Assessment Tool (SAT)**

Self-Assessment Tool (SAT) is a set of questionnaires used to assess supplier's operation performance towards relevant NDPE commitments. All suppliers are expected to fill up and submit the SAT annually. The SAT consists of 5 sections, namely NDPE policy, environmental aspects, social aspects, company-owned plantation and third-party supply related.

### **NDPE Implementation Reporting Framework**

Our supplying mills are assessed for compliance to NDPE requirement via self-assessment tool (SAT) and NDPE Implementation Reporting Framework (IRF) annually. Questions in the NDPE IRF profile template developed under the Palm Oil Collaboration Group (POCG) are integrated in the SAT. The NDPE IRF is a monitoring and reporting tool designed to help companies along the supply chain to report on progress in delivering NDPE commitments. By using the IRF profiles, it allows us to track the progress and demonstrate the percentage of volumes within our supply chain that are 100% delivering on NDPE commitments.

### **Support for Independent Smallholders**

Goodhope is working with several thousand independent smallholders as an important part of the supply chain. To support their livelihoods, we are working on developing and implementing a program that comprises the following objectives:

1. To understand current practices, needs and opportunities for future improvement based on the information collected from surveys.
2. To continue Farmer Field School (FFS) to provide advise and support our smallholders on the use of best management practices to enhance crop productivity and reduce application of chemicals.
3. To expand FFS curriculums and select and train Farmer Facilitators for long-term continuation of training to strengthen the capacity of farmer groups.
4. To disseminate the importance of Sustainability policy and traceability commitments, via the FFB agent or directly with the farmers.
5. To develop partnerships and systems to support agricultural inputs (e.g. fertilizer) and infrastructure needs.
6. To encourage and facilitate ISPO/RSPO certification.

### NDPE Implementation Reporting Framework

Premium Vegetable Oils/ Premium Fats Sdn. Bhd.

Reporting Period: January to December 2024

Premium Vegetable Oils (PVO) and Premium Fats (PF) supplying mills source their FFB either from own plantation, third party supply or mixture of both. Out of our total number of palm kernel supplying mills, 13% source their FFB from own plantation, 65% source from own plantation and third-party supply (mixed), whereas 22% source from third-party supply only.

FFB Source	Estimated Proportion of FFB Supplied to PVO & PF (MT)
Own Plantation	24%
Third-Party Supply	76%

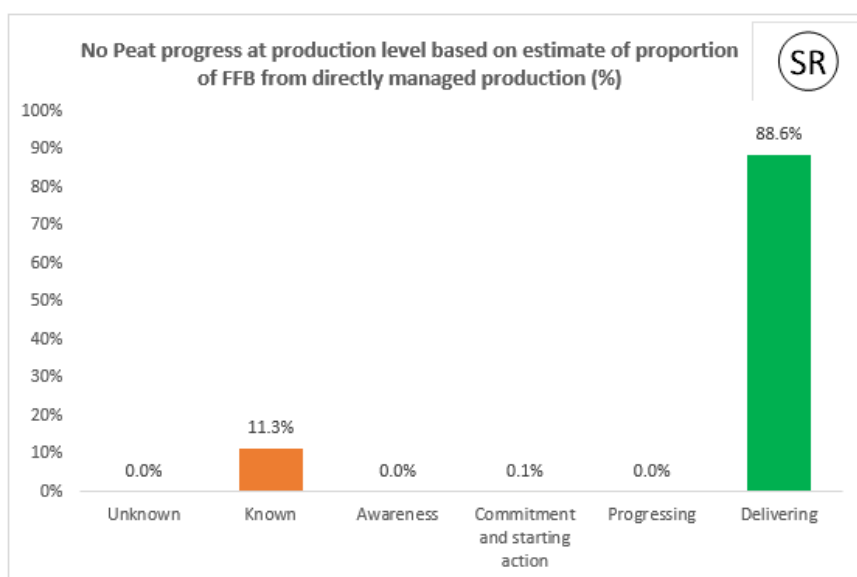
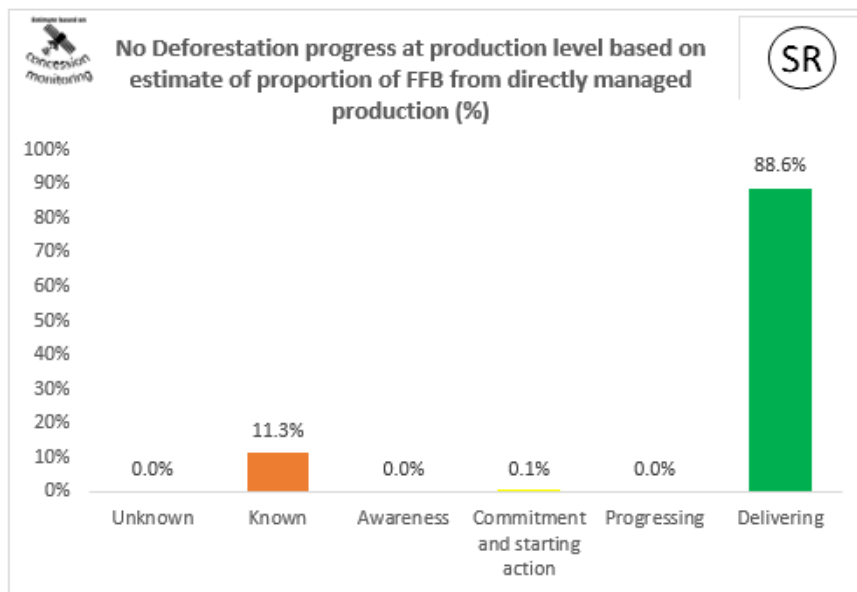


Figure 2. Progress on no deforestation and no development on peat commitments