

Sustainability Journey

In this issue:

Traceability and Responsible Sourcing Framework
2

Landscape Systems to Support Responsible Supply Chain Management
3

Smallholder Mapping
4

Peer Collaborations to Support Contributions to Sustainable Development
5

Sustainable Palm Oil Production in Practice: Promoting a Practical Understanding for RSPO Representatives
6

Community Health and Safety: Fire Safety Training
7

World Oral Health Day Campaign
8

Sustainability at Schools
8

Update on the Precautionary Approach (Stop Work Order) and New Planting Procedure (NPP) Processes
9



Foreword

Goodhope is working in collaboration with peers, consultants, researchers, NGOs, standards organizations, local government authorities and other stakeholders to develop the capacity and systems that will enable us to collectively work towards goals of demonstrating responsible palm oil supply chain free from deforestation and exploitation.

In our Sustainability Policy May 2017, we set the ambitious target of demonstrating full traceability for all commodities to the mill and plantation, including from all subsidiaries, associates and third party suppliers before 4th May 2019. Towards fulfilling our commitment, we have made considerable progress in establishing, verifying and maintaining lists of suppliers, and in conducting supplier engagement programs. At the same time, these efforts have revealed the complexity of the task.

In expecting suppliers to be fully compliant with our policy by 4th May 2019, we have been conducting engagement activities and developing procedures and systems to ensure that we do not source from suppliers who are not committed to comply with our Sustainability Policy. Ultimately, we aim to achieve net effectiveness in the implementation of commitments such that avoided non-compliance in our own supply chain is not displaced to other actors or regions.

De-linking the associations between palm oil, deforestation and exploitation inevitably is a formidable task that requires support and collaboration from multiple sectors. Strengthened standards and policies serve as groundings for the implementation of the actions needed to meet sustainability goals. The drive for positive change is well underway. Now we seek the increased adoption of better systems to support and sustain more effective mechanisms of implementation. To help build this capacity we continue to reach out to develop and participate in multi-stakeholder partnerships that support the coexistence of forest conservation and sustainable palm oil production.



Socialization of RSPO Supply Chain Certification Standards (SCCS) and RSPO P&C 2018. Pt Agro Bukit, Central Kalimantan, 23rd March 2019.

Traceability and Responsible Sourcing Framework

To advance our Traceability and Responsible Sourcing Framework, we have been working on strengthening operational processes for the systematic monitoring and evaluation of traceability and supplier compliance, and have been introducing further improvements to our Grievance Mechanism.

Increased implementation of improved traceability systems will be used to monitor FFB sourcing with the aim to create fully traceable supply chains from both our own mills and from our third-party mills. We have gathered information on the mills that supply Crude Palm Oil (CPO) and Palm Kernel (PK) to our downstream refinery (Premium Vegetable Oils in Johor, Malaysia) and are now beginning to focus on extending our supplier engagement efforts to promote best management practices and full traceability to plantation for all our third-party supplier mills. Systematic supplier evaluations will be completed to assess commitments and compliance against the requirements of our Sustainability Policy.

For our own mills, we began to implement our Supplier Engagement Plan From February 2018 with the aim to improve awareness of the requirements of our Sustainability Policy. We have since been working with Daemeter Consulting to improve traceability down to the level of the plantation. Through supplier engagement and mapping by survey teams, we have attained considerably improved understanding of the complex network of farmers and intermediaries that are involved in supplying FFB to our mills. We are now making steady progress in the process of smallholder mapping (see page 4). We will be continuing to work on developing responsible sourcing solutions through the processes of engagement, evaluation and intervention to address the sourcing of FFB and to advocate the implementation of sustainable business practices by our suppliers in line with our sustainability commitments.

We have reviewed our FFB supplier agreement and have been assisted by Daemeter to introduce further improvements to our Grievance handling procedures, including a standardized mechanism for third party suppliers, to resolve complaints and conflicts in relation to our Sustainability Policy.

Our efforts to ensure full compliance with RSPO Supply Chain Certification Standards (SCCS) and RSPO P&C further support our Traceability and Responsible Sourcing Framework. We continue to conduct capacity building to ensure that the standards of RSPO and our Sustainability Policy are well understood by stakeholders.



Science for Nature and People Partnership (SNAPP) 'No Deforestation Landscapes' Working Group Meeting on 6th-7th April 2019.



The 4th Open Science Meeting by the Global Land Program (24th-26th April 2019). Theme: "Transforming Land Systems for People and Nature."



Goodhope's Director Sustainability was invited to share views and perspectives on how Goodhope and Indonesian palm oil industry embrace zero deforestation commitments at the 4th Open Science Meeting, Global Land Programme (25th April 2019). He explained how the implementation of sustainability commitments has been gradually advancing and how the determination to adopt and advocate zero deforestation commitments in supply chains has been boosted with the increasing adoption of traceability systems, with stakeholders from multiple sectors playing roles in driving and supporting continued improvements to reduce deforestation.

Landscape Systems to Support Responsible Supply Chain Management

Goodhope supports landscape-level conservation and land use planning as an important approach for achieving the conservation of natural resources in combination with sustainable production to meet needs. Recognizing the High Carbon Stock approach (HCSA) as the primary method for the identification of forests, Goodhope has joined the Science for Nature and People Partnership (SNAPP) 'No Deforestation Landscapes' Working Group to support the use of landscape-scale remote sensing technologies for the identification of HCS forest and the development of solutions to support zero deforestation commitments.

SNAPP is a collaboration between three founding partners: The Nature Conservancy (TNC), Wildlife Conservation Society (WCS) and National Center for Ecological Analysis and Synthesis (NCEAS) at the University of California, Santa Barbara. Its overall aims are to deliver solutions to protect and promote nature in concert with sustainable development and improved human wellbeing under the notion that Everyone's Prosperity Relies on Nature.

Our hope is that an approach for landscape-level mapping of HCS forest will enable the rapid and low-cost identification of areas forests for protection under zero-deforestation commitments, and that this will serve as a basis for the initiation of collaborative conservation management and monitoring. Key issues, challenges, and potential implementation mechanisms were discussed at the SNAPP 'No Deforestation Landscapes' Working Group Meeting on 6th-7th April 2019, incorporating perspectives from researchers, consultants, NGOs, smallholders and companies. It is intended that the outcomes of the collaboration will encourage the development of systems and solutions to help overcome existing problems and better enable forest conservation and responsible sourcing for the production of sustainable palm oil.

The importance of engagement and collaboration between the scientific community, government and the private sector was further emphasized at the Global Land Program 4th Open Science Meeting (24th-26th April 2019). Dialogues on topics that included forest governance, land-use dynamics and deforestation, corporate policy, government legislation, sustainability standards and supply chain management, highlighted the important role of properly linked and directed to research in helping to guide the better implementation of sustainable land-use management approaches.



Training Cadasta 2.0. For representatives from Goodhope and Daemeter. 13th-15th March, 2019.



Training and Practice Cadasta 2.0 at AIEK.



Smallholder Mapping utilizing Cadasta 2.0 Data Management Platform.

Smallholder Mapping

Goodhope is utilizing a Data Management Platform for Smallholder Mapping provided by Cadasta organization. The Cadasta 2.0 platform is being used as a tool for data collection and mapping of suppliers. Digital data collection forms are used to collect supplier data using GPS-enabled smartphones for field visits.

Training on the use of Cadasta 2.0 platform was delivered by Kattie Picket from Cadasta on 13th-15th March, 2019. Participants from both Goodhope and Daemeter attended the training. The material presented included the introduction of Cadasta platforms and Geographic Information System (GIS), Survey123, survey creation, data collection, thematic mapping, and data visualization (dashboards).

Training and practice on the use of the Cadasta 2.0 tool in the field was conducted at PT Agro Indomas, East Kalimantan (AIEK) on 27th-29th March 2019. Survey Teams are now working on collecting data using the platform.

Risk assessments relating to FFB sourcing by our mills in Kalimantan (Bumi Jaya, Bukit Santuai Mill, Sungai Purun Mill, Terawan Mill and Sungai Binti Mill) have been completed and will enable the prioritization of our efforts, focusing on parts of our supply chain which pose the greatest risk, and where improvements will make the most impact.

Survey teams have been collecting data by engaging with suppliers (farmers and intermediaries). The mapping and data collection process involves visiting each individual smallholder, gathering information on the smallholders and plantation, including the coordinates / polygons of the supplier's plantation. The Cadasta 2.0 platform is being used to serve as a database to store supplier information.

In order to demonstrate full traceability to the plantation, we aim to identify all the plantations from which FFB is sourced, including ownership details and exact geographic location (coordinates or polygon).

During engagement with smallholders we aim to promote the benefits of sustainable land management, provide support for certification, and capacity for livelihood improvement programs. Furthermore, through the continuation of smallholder support programs, we aim to help smallholder farmers to improve crop quantity and quality through the provision of technical support, promoting the long-term productive potential of plantations and improve yields, while encouraging the reduced and responsible use of chemical fertilizer and pesticides.



A team from Apical team visited the plantation and mill of PT Agro Indomas, East Kalimantan (PT AIEK) to obtain feedback on the use of the Responsible Supply Manual (RSM) developed by Apical and CORE (Consortium Resource of Experts consisting of Proforest and Daemeter).



Sustainable Development Goals Pilot Project Kick off meeting on 24th April 2019.

Peer Collaborations to Support Contributions to Sustainable Development

As a supplier, Goodhope is working together with Apical (processor and trader of palm oil) to fulfil responsible sourcing commitments. A Responsible Supply Manual (RSM) developed by Apical and CORE (Consortium Resource of Experts consisting of Proforest and Daemeter) serves as a guide for suppliers.

A team from Apical team visited the plantation and mill of PT Agro Indomas, East Kalimantan (PT AIEK) to obtain feedback from users of the RSM. The process of collecting information for the purpose of RSM evaluation included:

- Interviews with AIEK management and PT Agro Harapan Lestari Sustainability Team representatives;
- Risk assessment at Bumi Jaya Mill;
- Interviews with suppliers;
- Plantation visit and HCV area observations;
- Completion of questionnaire relating to the use and understanding of the RSM.

We hope that the input provided regarding the use of the RSM will help to promote improved implementation.

As part of a pilot project developed by Apical and facilitated by Daemeter, Goodhope is participating in a collaborative project to evaluate contributions to the United Nations Sustainable Development Goals (UNSDGs). Following introductory meetings to introduce the concept and proposal, a kick off meeting was held on 24th April 2019 to inform about further details of the project prior to field visit and data collection. The data collected will be used to evaluate the contribution of palm oil companies to the UN SDGs.

The project will compliment Goodhope's own efforts to identify correlations between the implementation of its sustainability programs and progress towards the UN SDGs. The monitoring and analysis of data according to set indicators will provide the means to assess the effectiveness of various sustainability initiatives to help identify actions for further improvements and to provide rationale for choosing certain approaches.

In Indonesia the palm oil industry has been identified as key to achieving the SDGs. By acting to evaluate the industry's contributions, and by making advancements in operational processes to enhance performance, we can progressively reduce the negative impacts and increase the positive impacts to effectively contribute to the global efforts towards attaining the UN SDGs.



Sustainable Palm Oil Production in Practice: Promoting a Practical Understanding for RSPO Representatives



Supporting the RSPO capacity building initiatives, we were pleased to welcome RSPO Chief Executive Officer, and representatives from RSPO Indonesia, Kuala Lumpur, USA, Europe and Latin America to our plantation PT Agro Indomas, Central Kalimantan (PT AICK).



The visit on 9th April 2019 allowed representatives from RSPO to see first hand the palm oil production process and gain a practical understanding of the implementation of practices for the production of certified sustainable palm oil.

Topics included:

- Goodhope's Oil Palm Field Operation (OPFO) system
- HCV Management and Monitoring
- Integrated Pest Management
- Systems for waste management and nutrient recycling
- Smallholder programs
- FFB processing at the palm oil mill
- Facilities and services provided for communities living and working in the concession.



Participants visited areas of PT AICK plantation and Sungai Purun Palm Oil Mill to see the production process. Visits to smallholder plantations provided participants with the opportunity to talk to independent and scheme small holders about their livelihood prospects. The day also included visits to health, education and housing facilities at the concession.



We hope that the visit succeeded in providing the expected insight for the RSPO team.

Left hand side: photos from the visit to PT Agro Indomas, Central Kalimantan, attended by RSPO Chief Executive Officer and representatives from RSPO Indonesia, Kuala Lumpur, USA, Europe and Latin America. 9th April 2019.

Community Health and Safety: Fire Safety Training

Goodhope aims to ensure that all community settings in our concessions (including homes, schools, public spaces, and work sites) sufficiently support health, safety and wellbeing. As part of our commitments, we are responsible for providing the necessary fire safety devices and training for fire prevention and response in workplaces, schools and other public areas within our concessions.

Fire safety training is conducted to provide individuals living and working in concession areas with sufficient knowledge regarding fire prevention and safe fire response procedures. Our aim is to promote sufficient awareness and understanding regarding fire safety measures and how to avoid accidents in the home or school, as well as in the workplace.

In April 2019, fire safety training was delivered for families living in on-site housing complexes in the concessions of PT AICK and AIEK. Training focused on precautionary measures and the proper use of fire extinguishers and blankets to put out a fire.

PT Agro Bukit Central Kalimantan through its EHS (Environment, Health and Safety) Department has conducted early education of the basic understanding on fire prevention and safe fire response procedures internal infant school students and teachers (held at two locations, Tunas Agro Kindergarten 4 and 5). The safety training and awareness activities were conducted on 25th and 29th March 2019 to promote understanding of how to deal with possible emergency situations at school and how to mitigate the risks.

Regular fire drills and exercises are conducted to ensure the preparedness of employees in case of fire and training programs are implemented to establish and maintain fully trained emergency fire fighter response teams in all plantation sites. As part of our ongoing program, employee fire safety training sessions were conducted in April 2019 at PT AICK and at our concessions in Ketapang region, West Kalimantan. Such regular training activities are critical to ensure the capacity and preparedness to respond to the outbreak of any land fires in and around our concessions. This is a current priority for our concessions in Kalimantan with the imminent expected transition from rainy season to dry season.



Fire safety training for emplacements at PT AICK Central Kalimantan.



Fire safety training for emplacements at PT AICK Central Kalimantan.



Learning about how to reduce the risk of fire and how to act in case of a fire. Training for Kindergarten school students and teachers. PT Agro Bukit Central Kalimantan.



Employee fire fighter training. Ketapang.



World Oral Health Day campaign by PT Agro Bukit in collaboration with Trisakti University Dentistry Faculty. Tanah Putih elementary school, 9th-11th April 2019.



SMP Tunas Agro - School at PT Agro Indomas, Central Kalimantan.



Guest speaker, Michael Eggen, presenting to students at SMP Tunas Agro. 13th April 2019.

World Oral Health Day Campaign

PT. Agro Bukit Central Kalimantan commemorated World Oral Health Day with a campaign at Tanah Putih elementary school (SDN 4), Penyang Village. World Oral Health Day is celebrated globally every year on 20th March to empower individuals to maintain a healthy mouth and to highlight the importance of good dental hygiene for overall health and wellbeing.

The campaign by PT Agro Bukit was conducted from 9th-11th April 2019 in collaboration with Trisakti University Dentistry Faculty. Students were motivated to look after their own oral health, eat a healthy diet to prevent dental problems, and the importance of regular dental check-ups was highlighted. Dental nurses checked the dental health condition of 401 students and prescribed further dental health treatment and examination. We hope that the campaign will help to encourage better protection of oral health and to reduce the prevalence of oral disease and prevent associated health complications.

Sustainability at Schools

Among the objectives of our Sustainability Policy Implementation Plan is to 'educate for sustainability' by working with teachers and relevant organisations to embed sustainability into the teaching curriculum and to promote sustainability initiatives in schools. We aim to build awareness and knowledge on environmental, economic, and social components of sustainability, providing motivation to take action and encouraging values such as critical thinking and innovation, thereby empowering students to contribute to solutions for more sustainable ways of living.

As part of our Sustainability Education Program, a series of guest speakers were invited to our school (SMP Tunas Agro) at PT Agro Indomas, Central Kalimantan:

- Nur Aoliya from Swaraowa gave a presentation about Orangutan Conservation (28th March 2019).
- Waskito Kukuh from Birdpacker Indonesia presented information on avian conservation (28th March 2019).
- Hastin Ambarwati a herpetologist, delivered a presentation about frogs, reptiles, and snakes (28th March 2019).
- Michael Eggen from University of California Santa Barbara engaged students on topics of geography, mapping and conservation (13th April 2019).

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

The stop work order remains for our five subsidiaries in West Kalimantan until LUCA reviews have been completed and Final Compensation Liabilities determined according to the outcomes of the LUCA Reports and respective LUCA Review Reports.

The stop work order for PT Nabire Baru (NB) and PT Sariwana Adi Perkasa (SAP) has been lifted in recognition that the conditions defined by the precautionary measure have been satisfactorily met. The RSPO Complaint's Panel (CP) decision on lifting the stop work order for PT NB and PT SAP was conveyed to Goodhope by letter dated 27th December 2018.

The Final Compensation Liability for PT NB and PT SAP (decision 28th November 2018) was determined according to the outcomes of the LUCA Reports and respective LUCA Review Reports and a Compensation Concept Note for proposed conservation compensation activities has been approved by RSPO. We are now working with consultants on developing a full compensation plan.

Expansion of the mill at PT NB (from 15MT/hr up to a capacity of 45MT/hr) is permitted according to the decision of RSPO CP (letter dated 4th February 2019). No further land clearing is required for the expansion of mill capacity.

Requirements of the precautionary approach (Stop Work Order)

Company	HCV Assessment	LUCA
PT NB	<ul style="list-style-type: none"> First submitted: 31st October 2017. HCV Assessment Report Quality Panel Review completed (satisfactory outcome): 10th July 2018. 	<ul style="list-style-type: none"> First submitted: 31st July 2017. Second LUCA Review completed: 20th July 2018. Final Compensation Liability determined: 28th November 2018.
PT SAP	<ul style="list-style-type: none"> First submitted: 6th November 2017. Review completed (satisfactory outcome): 6th June 2018. 	<ul style="list-style-type: none"> Concept note for compensation plan endorsed by RSPO: 26th March 2019.
PT AJB	<ul style="list-style-type: none"> First submitted: 31st October 2017. HCV Assessment Report Quality Panel Review completed (satisfactory outcome): 20th September 2018. 	<ul style="list-style-type: none"> First submitted: 31st July 2017. Second LUCA Review completed: 25th Jan 2019.
PT BMS		<ul style="list-style-type: none"> First submitted: 29th Aug 2017. Second LUCA Review completed: 15th February 2019.
PT SMS		<ul style="list-style-type: none"> First submitted: 29th Aug 2017 Second LUCA Review completed: 21st March 2019.
PT SSA	<ul style="list-style-type: none"> First submitted: 28th December 2017. HCV Assessment Report Quality Panel Review completed (satisfactory outcome): 28th January 2019. 	<ul style="list-style-type: none"> First submitted: 28th Nov 2017. LUCA Review is underway.
PT SHP		<ul style="list-style-type: none"> First submitted: 28th Nov 2017. LUCA Review is underway.

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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