

Sustainability Journey

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Foreword

Looking ahead to 2019 and beyond, we have been reviewing our current performance and initiating actions for improvements. A number of assessments conducted in 2018 have enabled the identification of key areas for improvement:

- Sustainability assessments by consultants Environmental Resources Management (ERM) identified gaps to assist with full implementation of our Sustainability Policy. Our third assessment by ERM is scheduled next year and we have appointed leading environmental consultants Daemeter to further assist with the implementation of Traceability, Responsible Sourcing and Grievance procedures.
- Our first assessment against the indicators of the Sustainability Policy Transparency Toolkit (SPOTT) by the Zoological Society London (ZSL) resulted in a score of 67.2%, placing the Group in the top 25. We have developed a Transparency Improvement Plan based on current SPOTT indicators, implementation of which will allow us to improve our score to > 75%.
- Programs on HCV/HCS/biodiversity conservation in partnership with various partners, including Aidenvironment, PILI and Swaraowa in three focus concession areas in Kota Waringin Timur, Central Kalimantan, Ketapang, West Kalimantan and Nabire, Papua.
- Third party audits and internal assessments conducted at plantation sites identified the requirements to be met in order to maintain on track with our certification plans.

An important aspect of our focus will continue to be promoting the implementation of new RSPO Principles:

1. Behave ethically and transparently
2. Operate legally and respect rights
3. Optimize productivity, efficiency, positive impacts and resilience
4. Respect community and human rights and deliver benefits
5. Support smallholder inclusion
6. Respect workers' rights and conditions
7. Protect, conserve and enhance ecosystems and the environment

In mark of Human Rights Day, which was observed on 10th December –this year marking the 70th anniversary of the Universal Declaration of Human Rights – our focus to date has been on communicating the Human Rights aspects of the Principles and Criteria both internally and to stakeholders.

Employee Engagement and Employment Regulations

Effective management and capacity building by our Human Resources (HR) Departments is critical to fulfil our commitment to protect and respect human rights and to promote employee health, safety and wellbeing. On 6th December 2018, our Sustainability Management Team worked together and convene a full-day workshop with HR Management to explain new requirements (RSPO P&C 2018), to identify the most pending compliance issues, and to discuss actions for ensuring full compliance.

Presentations were delivered on the following key topics:

1. RSPO P&C 2018 with focus on those applicable to HR Departments
2. Management and monitoring requirements for compliance
3. Common audit findings, particularly on gaps on HR-related matters and needed corrective actions
4. Management plan for improving safety culture throughout the group, particularly mills and estates.

The resulting action points discussed incorporated key components of management plans:

Policies, Code of Conduct, SOPs and Agreements

To define the rights and duties between employers and workers, to keep workers safe and make sure they are treated fairly, and to ensure that policy commitments are incorporated in agreements with suppliers and contractors.

Training and Capacity Building

For orientation, skills development, workplace safety, management requirements / standards and leadership training. A new induction program for employees will be rolled out with annual reviews.

Monitoring and Evaluation

Improved systems are in development to better monitor and evaluate key indicators, including working hours, enforcement of safety standards, employee performance and training impacts. This includes alignment of sustainability and safety performance as core key performance indicators of the whole organization entities.

Reward and Recognition

An extended employee performance award program will begin next year, expanding on the model of our 'Best Emplacement' program at PT Agro Bukit, Central Kalimantan. There will be regular awards presented to encourage continuous improvement in standards. The Reward and Recognition (R&R) program will be launched in January 2019 (for Central and East Kalimantan sites) and in April 2019 (for West Kalimantan and Papua sites).



Management planning meeting between Sustainability Team and Human Resources Department. Attended by the Heads of Human Resources from plantation sites Agro Indomas, Agro Bukit, Agro Wana Lestari, Nabire Baru, and Sintang region. 6th December 2018.



Training on cleanliness awareness and SOPs for Assistant Managers at estates. PT Agro Indomas. 10th and 12th December 2018.



Employee Training at Goodhope Academy for Management Excellence (GAME) - Training Center of PT Agro Indomas Central Kalimantan. Above: Leadership Programme (13th-15th August 2018). Below: Employee Relations training for Estate Managers and Mill Managers (14th-15th September 2018).



Improving Safety Culture

We implement a continuous adaptive management approach aimed at improving safety culture so that employees and other stakeholders at our plantation sites can be safer and healthier.

Safety performance is monitored and evaluated to assess occupational hazards in the workplace, to determine the root cause of any incidents, to understand the current safety culture, and to identify areas of opportunity for improvement. Accordingly, we are able to develop objectives and targets and assign roles and responsibilities.



Management Meetings are regularly held at our regional office and at every plantation site to evaluate safety performance and to identify and convey information on the steps to improve the management of health and safety.

It is our aim to involve all key stakeholders to ensure an effective improvement in safety culture. As such, Goodhope has developed a set of Safety rules applicable to all employees with general requirements, including the need to:

1. Complete risk assessments
2. Exercise safe driving practices
3. Ensure correct use of Personal Protective Equipment
4. Maintain clean and tidy work environment
5. Report all accidents and near misses
6. Attend safety trainings and briefings
7. Attain valid work permits when required.



To create a strong safety culture we need to adopt a change management in the organization. Strengthening the safety culture has to be in tandem with the change management approach in a very practical way. We continue to communicate the importance of safety through campaigns and training to all employees, including contractors. Safety briefings to in-field employees are held daily to prevent and control of occupational hazards towards ensuring zero accidents.



Continued and accurate safety performance analysis and ongoing feedback will be critical to safety program success and will be enabled by consistent monitoring and reporting.

How best to promote improved safety culture?

The Safety Improvement Plan was presented to Heads of HR Departments at meeting on 6th Dec 2018. Key issues and action points, esp. operational change management were discussed.



Vehicle Maintenance training for Heavy Equipment Operators, Light Vehicle Drivers & Mechanic. Was conducted at plantations in Central and East Kalimantan over the period 6th October - 1st November 2018.

Responsibility to Respect and Protect Children's Rights

As part of our commitments to maximize welfare and wellbeing, Goodhope is making active efforts to create and maintain healthy and safe environment and provide equal opportunities for the children of employees and the children in neighboring communities. Since 2017, Goodhope has participated in the Children's Rights and Business Principles (CRBP) palm oil program. The CRBP study on oil palm plantation companies has been conducted as a collaborative project between UNICEF, Lingkar Komunitas Sawit (LINKS), RSPO and participating companies. Outcomes of the program to date include an overview of best practices observed to address the key areas of impact on children's rights on oil palm plantations: Maternity and breastfeeding rights; Childcare; Nutrition and health services; Housing conditions, water, sanitation, and cleanliness; Access to education; Child protection; Child labor and young workers.

Goodhope is acting on the results of the study to mitigate risks and promote positive impacts at our own plantation sites. Furthermore, to assist in the wider implementation of CRBP, Goodhope has joined the Business and Children's Rights Working Group, a learning platform supported by UNICEF, the UN Global Compact and Save the Children (the three organizations that developed the principles). The Group serves as a learning platform for business to understand and implement the CRBP with the aim to identify priorities and work towards developing and implementing business sector workplans.



Children's Rights in Indonesia 4.0 multi-stakeholder dialogue to launch the working group. Opened by the Steering Group of the Business and Children's Rights Working Group. 10th December 2018, Jakarta.

School Education System

Goodhope's foundation for education (the Agro Harapan Foundation) was established in 2008 to independently manage general education programs and school operational activities in order to provide access to good quality education in and around Goodhope's concessions. The Foundation directly manages its own schools within concessions and furthermore supports schools in neighboring villages. Key objectives of our education program include: i) Ensuring all infrastructure to provide decent education opportunities; ii) Raising awareness of the importance of education and encouraging parents to send their children to schools.

Accreditation Achievements

Our flagship school SMP Tunas Agro at PT Agro Indomas Central Kalimantan (Junior High School) has achieved the top level of national accreditation "A-grade" since 2010. Having used the SMP Tunas Agro as a model for performance management, top grade national school accreditation has now been achieved for two of our internal elementary schools:

- SDS Tunas Agro 2 at PT Agro Wana Lestari (AWL): Score of 98 / A grade.
- SD Tunas Agro 1 at PT Agro Indomas (AICK) score of 91 / A grade

Recommendations for accreditation were announced on 2nd December through National Accreditation Agency website.



SDS Tunas Agro 2

Promoting Digital Learning

Our Junior High School at PT Agro Indomas (SMP Tunas Agro) is involved in educational research project by Monash University to promote and support the integration of digital learning to support teaching. In this case study, three teachers at SMP Tunas Agro have been selected to be involved as key participants. The project will provide important feedback in order to make positive use of the digital revolution and to provide innovative learning opportunities.

Development of Scheme Smallholder Programs

Goodhope implements smallholder support programs to enable communities to benefit from inclusion in our supply chain and commits to supporting the government initiative to empower local communities through the development of scheme smallholders (Plasma) program. The plasma program provides local communities with a productive plantation area, which will be managed by the company as a reliable approach to maintain high yields.

This month we are pleased to be able to report the realization of the establishment of Community Cooperatives for Plasma management in five villages neighboring PT Agro Bukit, Central Kalimantan: Penyang Village, Pasir Putih Village, Rongkang Village, Bangkuang Makmur Village, and Bagendang Tengah Village. These are the outcomes of extensive public consultations, dialogues with concerned stakeholders and obtaining government's supports, the five Cooperatives are established.

Collaborative activities have been carried out since April 2017, to develop the program with support from village officials, the Kotawaringin Timur Regional Government and the local communities. Final stages of the process to be completed in 2019 included:

1. Formal establishment of legal management deeds for Plasma/ Community Cooperatives by notary at district offices.
2. Signing up a Cooperative Agreement with PT Agro Bukit on the management of the scheme smallholders plantations.
3. Empowerment of Plasma Cooperative management team and members to enable them to manage the organization in professional fashion.

The plasma program is an effective way to support sustainable development among the local in line with the SDGs.



Socialization of plasma programs to village communities at Bagendang Tengah and Bangkuang Makmur.



Public consultations regarding the establishment of Community Cooperatives for Plasma management and the planned Cooperative Agreement with PT Agro Bukit held at the villages of Penyang, Bagendang Tengah, Bangkuang Makmur and Rongkang, Kotawaringin Timur.



Formal establishment of legal management deeds for community cooperatives by notary at district offices in Sampit, Kotawaringin Timur.



Kick-off meeting between Goodhope and Daemeter, 21st November 2018.

In the year 2017/18, Goodhope's five operating mills processed more than a million tonnes of fresh fruit bunches (FFB) sourced from both the group-owned estates and outgrowers. More than 80% of FFB processed was traceable to the level of plantation.

Assessments regarding traceability and supply chain risks at sites in Central Kalimantan have been conducted by independent parties to:

1. Improve understanding of the risks.
2. Identify gaps/areas for improvement.
3. Develop plans to close gaps.

Efforts to ensure full traceability to plantation are now commenced in cooperation with Daemeter, a leading independent consulting firm.

Traceability and Responsible Sourcing

Goodhope has sought third party expertise from Daemeter to improve implementation of commitments to ensure responsible sourcing and supply chain traceability down to the level of plantation and inclusive of the smallholders.

Consultancy teams will work in collaboration with Goodhope staff at Kalimantan locations to:

1. Thoroughly review and determine Goodhope's FFB traceability system needs and preferences.
2. Develop robust responsible sourcing procedures and manuals for FFB.
3. Test FFB supply chain traceability management systems and procedures.
4. Map smallholder suppliers and assess smallholder needs and sustainability risks.
5. Design suitable smallholder programs addressing priority needs and sustainability risks, including consultations with smallholders and local stakeholders.
6. Conduct smallholder capacity building programs.
7. Train Goodhope staff to facilitate the internalization and implementation of the program at other sites.

The intended outcome will be an implemented and functioning traceability system and the ability to report transparently on third party sourcing at all Goodhope's mills.

Handling of Grievances

Consultants from Daemeter will also provide technical advice on the handling of grievances. Goodhope has a piloted and agreed functioning mechanism for the resolution of any incoming grievances.

1. Functions and duties of the Grievance handling (management) unit and grievance panel (committee) to be reviewed and further defined in SOP.
2. Preparation of improved standard grievance handling processes for dealing with complaints against company or supplier: Draft flow charts available.
3. Improving the system for employees to submit complaints: how to channel an employee's complaint to the company without unintended repercussion of backlash to the complainee.
4. Improved monitoring system needed and efficient maintenance of grievance database for both internal employees and external stakeholders, particularly local community.
5. Improved transparency in complaint handling: Avenues to lodge a complaint and summary of grievances/progress in resolution.

Indonesia's Land Conflict Management and Resolution

Goodhope's Director Sustainability Mr. Edi Suhardi was honored to be invited as one of the main speaker of an important meeting and discussion about Indonesia's Land Conflict Management and Resolution.

The event was organized by IBCSD (Indonesian Business Council For Sustainable Development, CRU (Conflict Resolution Unit), and supported by UK Aid and KADIN Indonesia (Indonesian Chamber of Commerce and Industry). It was held in Jakarta on 29th November 2018 with speakers including Indonesian Minister of Agrarian Affairs and Spatial Planning/National Land Agency, and the United Kingdom Ambassador to Indonesia.

In the Land Conflict Management discussion session Mr. Edi Suhardi, as one of the main speaker shared his corporate perspective and experiences on the conflict mediation process as an effective approach to create an agreed resolution/settlement whereby the interests of affected parties are equally accommodated.

He explained how the private sector needs to be socially sensitive and responsible, and how commitment, tolerance and good will is required from all involved parties during what can be a time consuming process. The stakeholders need to retain optimism that the issues can be resolved while considering the conditions in Indonesia, the uncertainty of law, cases of bad governance, overlapping permissions and conflicting regulations.

Goodhope worked with CRU under the auspices of the RSPO Dispute Settlement Facility (DSF) as part of efforts to resolve complaints against PT Nabire Baru lodged to RSPO by a group of Yerisiam Gua villagers, a local indigenous community in Papua.

The CRU facilitated a preliminary mediation process in Sima Village, Nabire, ranging from public consultation to get endorsement from the company and the complainee, selection of assessor and pre-assessment of the complaints against. During the pre-assessment process, the assessor was able to convince the complainee to amicably address the complaints. Without further due mediation process, the complainee decided to withdraw the complaints and inform all relevant parties, including RSPO to discontinue the mediation process and conclusively close the complaint case.



United Kingdom Ambassador to Indonesia.



Mr. Edi Suhardi (Left) shared his thoughts and success story in the discussion.



Minister of Agrarian Affairs and Spatial Planning /National Land Agency.



Speakers representing the CRU/IBCSD, business, government agencies, and academics.

Towards the Resolution of RSPO Complaints

Case 1: Allegations Against PT Nabire Baru Complainant: Yayasan Pusaka
[RSPO Case Tracker: PT Nabire Baru](#) Date filed: 19th April 2016

| Complaint Matter | Update |
|---|--|
| Development without a collective decision-making process or consent given by local communities; land disputes; destruction of Sago groves; violence by state security forces; deforestation implicated with flooding. | On 23 rd July 2018, community representatives submitted a letter to RSPO expressing their aspirations to withdraw complaints under defined terms to be met by the company. The Dispute Resolution Agreement has been signed and agreed by representatives from the company and local communities at a stakeholder meeting and was notarized by Nabire Regency government officials on 9 th August 2018. RSPO awaits decision of Complaints Panel regarding the closure of complaint. |
| Development without a completed Environmental Impact Assessment (AMDAL) | To conclusively address the comments and feedback on the outcome of the first legal review completed by Aidenvironment in September 2017, Goodhope agreed for a second legal review to be conducted by an Environmental Law Firm endorsed by RSPO. The second legal review was completed in August 2018. |

Case 2: Precautionary Approach: 'Stop Work Order' Complainant: RSPO Secretariat
[RSPO Case Tracker: Goodhope Asia Holdings Ltd.](#) Date filed: 19th April 2017

| Requirements | Papua PT NB and PT SAP | Ketapang PT AJB, PT BMS and PT SMS | Sintang PT SHP and PT SSA |
|--|--|--|---|
| High Conservation Value (HCV) assessment | HCV assessments have been completed by ALS-licensed assessors and passed HCVRN Quality Panel Review process with satisfactory status. The report for PT NB was declared satisfactory on 10 th July 2018 and the report for PT SAP passed the Quality Panel Review process on 6 th June 2018. | HCV assessment has been completed by ALS-licensed assessors and has passed HCVRN Quality Panel Review process with satisfactory status. The report was declared satisfactory having passed the Quality Panel Review process on 20 th September 2018. | HCV assessment has been completed by ALS-licensed assessors and is under Quality Panel Review. |
| Land Use Change Analysis (LUCA) | The LUCA report for the two subsidiaries was submitted to RSPO at the end of July 2017 in line with the deadline set by the RSPO Complaints Panel (CP). LUCA documents were finally approved on 28 November 2018. | LUCA for PT AJB was submitted to RSPO on 31 st July 2017 (on the deadline set by the CP). LUCA reports for PT BMS and SMS were submitted to RSPO on 29 th August 2017 (well ahead of the deadline set by the CP). Awaiting RSPO's final review and approval of LUCA. | LUCA reports for PT SSA and SHP were submitted to RSPO on 28 th December 2017 (one-month ahead of the deadline set by the CP). |

Acknowledgements

We greatly appreciate the ongoing support from Consultants and Partner Organizations for contributions towards achieving our sustainability targets.

- **Aidenvironment:** Landscape conservation and land-use project in Ketapang Region, West Kalimantan.
- **Al-Azhar Foundation:** Community development program at PT Agro Indomas and PT Rim Capital.
- **Ata-Marie:** HCS assessments for Goodhope subsidiaries in Papua; Ketapang Region; and for PT Agro Wana Lestari in Central Kalimantan.
- **Conflict Resolution Unit (CRU) of the Indonesian Business Council for Sustainable Development (IBCSD):** Facilitation of conflict resolution under Dispute Settlement Facility of the RSPO.
- **Daemeter:** Collaboration to support Sustainability Policy implementation with particular focus on the creation of fully traceable and transparent FFB supply chains from plantations to mills.
- **Environmental Leadership Training Initiative (ELTI):** Capacity building for forest restoration and rehabilitation programs.
- **Ekologika:** Completion of HCV assessments and Social Impact Assessments for Goodhope subsidiaries in Papua.
- **Environmental Resources Management (ERM):** Assessment of sustainability performance.
- **Perbanas Institute:** Research and capacity building to enhance the sustainability and reach of CSR programs.
- **Pusat Informasi Lingkungan Indonesia (PILI):** Proposal for capacity building and monitoring programs to support biodiversity conservation.
- **Re.Mark Asia:** HCV assessments and Social Impact Assessments for Goodhope subsidiaries in Ketapang and Sintang Regions.
- **Swarawa:** Support for primate monitoring and cultural-based conservation project promoting sustainable livelihoods.
- **UNICEF and Lingkar Komunitas Sawit (LINKS):** Collaborative project addressing issues affecting children in the Palm Oil sector.

We look forward to continued communications and collaboration.

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