

Sustainability Journey

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Foreword

Seeking to promote ongoing success in our Sustainability Journey, we are working to ensure that key initiatives are well-integrated into the overall strategic business plan of the Group, and that cohesive monitoring, reporting and evaluation processes are implemented to support continuous improvement.

In this issue of our monthly report we provide an overview of key goals that are being incorporating into our Sustainability Strategy:

1. Agricultural Productivity and Product Quality;
2. Equitable Economic Benefits and Opportunities;
3. Healthy Working Environments;
4. Community Health, Education and Welfare;
5. Mitigation of Environmental Impacts;
6. Responsible Sourcing and Verified Compliance with Industry Standards.

A series of targets and indicators under each of these goals set the framework to monitor and evaluate our sustainability performance. Furthermore, alignment with the framework of the United Nations Sustainable Development Goals (SDGs) links our strategy to global targets to enable indication of contributions to several of the Global Goals, namely: No Poverty; Zero Hunger; Decent Work and Economic Growth; Good Health and Wellbeing; Quality Education; Clean water and Sanitation; Responsible Consumption and Production; and Life on Land.

By improving the integration of our sustainability commitments with company principles and values, we intend to mobilize more effective leadership and stakeholder engagement to promote unified progress towards the goals in line with core business values. We welcome stakeholder input in the development of the strategy and will provide regular updates on our performance under this framework.

Sustainability Strategy Snapshot

Business Segments	Plantations	Oil and Fats
Management Company	PT Agro Harapan Lestari	Premium Oils and Fats Sdn Bhd
Operations	<ul style="list-style-type: none"> Oil palm plantations located across four provinces in Indonesia: Central Kalimantan (five subsidiaries), East Kalimantan (one subsidiary), West Kalimantan (five subsidiaries) and Papua (two subsidiaries). Six palm oil mills. One bulking station. One palm kernel processing plant. 	<ul style="list-style-type: none"> Two subsidiaries (Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd) in Pasir Gudang, Malaysia for Palm Kernel Solvent Extraction and the production of specialty oils and fats.

Our Sustainability Management Framework integrates our Sustainability **Policy** and Implementation Plan (which is aligned to RSPO Principles and Criteria) with **Goals** and associated targets and indicators to monitor performance and to indicate contributions to the UN SDGs. **Principles** and **Values** that support sustainable practices promote unified progress towards the goals. The strategy applies to all Goodhope's direct operations and subsidiaries.

Policy

- No Development on High Carbon Stock (HCS) Forests
- No Development on High Conservation Value (HCV) Areas
- No Development on Peat
- Zero Burning and Fire Prevention
- Reducing our environmental impact and protecting biodiversity
- Respect of land tenure rights and the requirement for Free, Prior, and Informed Consent (FPIC)
- Handling of complaints, grievances and conflict resolution
- Community Empowerment through Corporate Social Responsibility (CSR) programs
- Smallholder support and inclusion into our supply chain
- Supporting Worker Rights, Health and Well-Being
- Zero tolerance for child labor, forced labor, or bonded labor
- Creation of a fully transparent and traceable supply chain
- Supplier due diligence and grievance mechanism
- Continuous Improvement
- Monitoring Evaluation and Reporting

Goals

1. Agricultural Productivity and Product Quality
2. Equitable Economic Benefits and Opportunities
3. Healthy Working Environments
4. Community Health, Education and Welfare
5. Mitigation of Environmental Impacts
6. Responsible Sourcing and Verified Compliance with Industry Standards



Principles	Engage	Values	Integrity
	Support		Efficiency
Principles	Respect	Values	Accountability
	Empower		Inclusivity
Principles	Protect	Values	Transparency



Upstream segment: from oil palm plantations to CPO production



Refining facilities of Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd, Pasir Gudang, Malaysia. The plants incorporate the capability for Palm Kernel Solvent Extraction and the production of specialty oils and fats



The Premium Innovation Centre, Food research laboratory, Pasir Gudang, Malaysia. A centre of research and development that enables us to develop innovative and customized product solutions to meet the needs of food manufacturers.

Goal 1: Agricultural Productivity and Product Quality

By continuously improving the technologies and working practices that are adopted we are able to make better use of resources such that outputs increase while inputs remain constant or are reduced. Towards achieving this, we conduct value chain analyses and support innovation across our business operations.

Oil Palm Cultivation

We aim to ensure the long-term productive potential of our plantations and reduce the need to expand planted areas by implementing Best Management Practices for sustainable agriculture and improved yields. Processes incorporate a range of cultivation techniques to promote high yields, including nutrient recycling and maintenance of soil quality through fertilizer efficiency programs, integrated pest management and effective water management.

Smallholder Support

Our smallholder support programs will be increasingly improved and implemented to help smallholder farmers to improve crop quantity and quality. Through the provision of technical support we aim to promote growth in the agricultural productivity of small-scale producers while minimizing negative environmental impacts.

Processing Efficiency

We promote recycling initiatives and strive to reduce energy and resource consumption in all our processing plants:

- Five palm oil mills in Kalimantan and a recently commissioned mill in Papua for the production of Crude Palm Oil (CPO) and Palm Kernel (PK).
- A Palm Kernel Crusher plant located in Central Kalimantan to produce Crude Palm Kernel Oil (CPKO).
- Manufacturing facilities of Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd, Pasir Gudang, Malaysia, incorporating the capability for Palm Kernel Solvent Extraction and the production of specialty oils and fats.

Customer Satisfaction

We work on relevant interventions and innovations in line with the current needs to the market and the requirements of customers to assure continued sales. Edible products which are produced by Goodhope Premium Group (Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd) meet stringent international food safety regulations. Research and Development activities at the Premium Innovation Centre in Pasir Gudang, Malaysia are central to our efforts to develop innovative and customized product solutions that consider consumers and meet the standards required by food manufacturers.



Final stages of attaining legal documents for Plasma Cooperatives and Signing Memorandum of Understanding.



Receipt of Plasma documents, Nabire, 2018.



Plantations and infrastructure have enabled local communities to profit from swiftlet nest farming as an additional income-generating opportunity.



The production and sale of honey is being explored as a potential alternative livelihood opportunity.

Goal 2: Equitable Economic Benefits and Opportunities

Progress towards our goal of providing inclusive and economic benefits and opportunities can be evaluated by monitoring key indicators relating to:

- Employment statistics, including number of employees, starting wage, minimum wage, percentage of permanent full-time employment contracts, average hourly earnings of employees, by occupation, age and gender.
- The quantifiable benefits and numbers of beneficiaries from programs that are designed to promote sustainable development and provide long-term income-generating opportunities for communities living in and around plantation concession areas. Such programs include our smallholder programs, alternative livelihood initiatives, women's empowerment, and landscape-level land-use programs.

We have made good progress in the development of collaborative partnerships to support our commitments to sustainable community development. Our partners include:

- **Perbanas Institute** (finance and informatics institute) - collaborating in research and capacity building for entrepreneurship, the development of small enterprises and smallholder support.
- **Daemeter** (environmental consultants) - contributing towards the design and development of smallholder support programs as part of traceability projects.
- **Swaraowa** (conservation NGO)- supporting research and capacity building to promote alternative livelihoods that support conservation.
- **Aidenvironment** (environmental consultants) - conducting a landscape-level conservation and land-use project in Ketapang Region, West Kalimantan.

As we make progress towards reaching our targets we aim to make contributions to economic development and growth including:

- Increases in the number of people provided with access to financial services.
- Increases in average and minimum household incomes.
- Increases in average and minimum hourly earnings.
- Reductions in the proportion of the population living below the national and international poverty lines.



Emplacement Standards, Sawahan Estate, PT Agro Bukit, Central Kalimantan.



Women's Union Group 'Agro Women' celebrating Kartini Day 2018 at PT Agro Indomas, Central Kalimantan.



Assessment of environmental health and safety conditions and communication of requirements at PT Nabire Baru.

Goal 3: Healthy Working Environments

Our aim to create and maintain safe and ethical working environments across our operations is supported by training and awareness raising on human rights for our workforce and management teams as well as improvements in Environmental Health and Safety standards, ethical employment and fair labour and contracting practices. By sustaining a safe and positive atmosphere in the workplace, we can enhance the wellbeing of employees, leading to improved performance and productivity with better focus and reduced lost work time. Here we summarize key targets under this goal:

Protection from Hazards

- Reduction in accident frequency, severity rate and safety index as determined utilizing an effectively implemented Accident Report System.
- Reduction in the number of accidents associated with inadequate use of Personal Protective Equipment.
- Progressive improvement in Hazard Control as determined by routine Health and Safety inspections across all areas of operations.
- Achieve an 'independent' health and safety culture at 50% of concessions by 2024.

Access to Medical Services

- Adequate provision of on-site medical services (clinics and emergency health services) in plantations.

Equal Opportunities and Worker Representation

- No case of discrimination.
- Progressive increase in the percentage of women employees and number of women in management positions.
- Trade unions or other systems of worker representation to enable a collective voice for workers to express concerns in the workplace.

Wellbeing of Vulnerable Groups

- Better protection of migrant and contract workers.
- Initiatives to support the rights of women and children.

Decent Living Standards and Living Wage

- Housing and amenities meeting national legislation and International Labor Organization (ILO) standards.
- Aim to make sure that all full-time workers earn a decent wage that enables them to live above the poverty line.

Reward and Recognition

- There will be regular awards presented as part of the Reward and Recognition (R&R) program to encourage continuous improvement in standards.

Goal 4: Community Health, Education and Welfare

Collaborations for Healthcare

We aim to increasingly integrate employee health services with community health services so that communities living in and around our plantations have access to affordable and better health services. We will continue to monitor the implementation and reach of our programs, including the provision of family planning services, the promotion of healthy lifestyles and the prevention of disease.

Clean Water Systems

We support the provision of sustainable and safe water infrastructure for local communities and the promotion of good sanitation management.

Food Security and Nutrition

We commit to mitigate negative impacts on food security that may be caused by our plantation operations through improvement of subsistence agriculture practices and homestead farming.

Transportation Infrastructure

Our contributions to the building and improvement of roads and bridges provides better access to facilities and services for local communities.

Schools and Internships

Our educational programs are managed by the Agro Harapan Foundation, through which we aim to ensure that all children living in and around our estates are given opportunities to obtain a quality primary education and to develop skills to improve their future outlook. Key targets include:

- Improved enrolment and reduced dropout rate.
- Accreditation of all Foundation Schools and progressive improvements in accreditation grade.
- Increased number of qualified teachers.

As we make progress towards reaching our targets we aim to contribute to social development and poverty reduction in the areas of our concessions. By working with local authorities and social researchers we are able to gather information relating to key welfare factors of local communities. We aim to see positive trends and contributions including:

- Annual reduction in newborn and maternal deaths.
- Reduced prevalence of infectious diseases.
- Reduced malnutrition and continued food security.
- Improved literacy, numeracy and computing skills
- Increased proportion continuing to higher education.
- Increases in the proportion of youth (aged 15-24 years) in education, employment or training.



Training of Agro Harapan Foundation's teachers at PT Agro Indomas, Central Kalimantan.



Health Campaign: Promoting good dental hygiene in Lanpasa, Central Kalimantan.



Free healthcare treatment and consultation services are provided regularly at Rongkang village, Central Kalimantan, via cooperation between PT Agro Bukit and the local district health center.



Signing off a cooperation project on village community welfare development.



The conservation programs that are supported by the Group involve working partnerships with governmental authorities, non-governmental organizations, business associates, neighboring companies and local communities.



National Conference of Forum Orangutan Indonesia, 13th December 2018

Goodhope represented the private sector as a Board member of the the Indonesian Forum for Orangutan Conservation (FORINA) over the period February 2009 – December 2018.

Goal 5: Mitigation of Environmental Impacts

We are working on improving the management and monitoring of our environmental performance according to key targets and indicators under the following programs:

Integrated Pest Management and Fertilizer Efficiency

Through our integrated pest management programs and fertilizer efficiency programs we aim to achieve progressive reductions in the use of chemical pesticides and fertilizers per hectare of oil palm cultivated.

Waste Management and Water Conservation

By commissioning initiatives to implement improved waste management systems and approaches that promote reduce, re-use and recycle principles, we aim to achieve:

- Progressive reduction in the quantity of waste sent to landfill and increase in the percentage of waste of recycled and reused.
- Progressive reduction in pollution parameters of discharged effluent.
- Annual reduction in water use by 100 litres per tonne of FFB processed.

Mitigation of Emissions

We aim to see a progressive reduction in net greenhouse gas (GHG) emissions from our plantations and mills through the implementation of mitigation plans including initiatives to introduce improved systems for the reduction of emissions.

Forest Management and Species Richness

We aim to protect forest that hold s high carbon stock / high levels of biodiversity and that provides habitats for Rare Threatened or Endangered species. By implementing conservation management and monitoring activities we expect to achieve maintained presence of all identified HCV species and maintained presence of all identified HCV areas and HCS forest. Furthermore, we will continue to advocate landscape-scale conservation through participation in and initiation of conservation forums to encourage engagement for conservation planning.

Fire Prevention and Control

Through the delivery of programs on fire prevention we aim to achieve annual reductions in the occurrence of fires in and around concessions. The detection of hotspots is monitored and procedures are in place to respond to potential fires indicated as hotspots. We aim to ensure that any land fire outbreak in our plantation or surrounding areas is under control by trained teams within 24 hours.



RSPO Supply Chain Certification for Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd.



Supplier meeting regarding traceability study by Daemeter, Agro Indomas, East Kalimantan (AIEK).



RSPO Supply Chain Certification System Training for logistic, security and finance departments at Bukit Santuai Mill, Central Kalimantan (17th January 2019).

Goal 6: Responsible Sourcing and Verified Compliance with Industry Standards

Sustainable Palm Oil Certification

RSPO Supply Chain Certification has been awarded to four of our oil palm mills (located in Central Kalimantan, Indonesia) as well as our refining facilities (located in Pasir Gudang, Malaysia). One mill pilots an Identity Preserved (IP) system, enabling CPO produced through the IP model to be traced back to plantation.

By 2020 we aim to attain RSPO certification for all eligible management units and continue to work to increase the percentage of our RSPO-certified suppliers, including scheme/associated smallholders and independent suppliers.

We have commenced the process for attaining Indonesian Sustainable Palm Oil (ISPO) certification: so far two companies are ISPO-certified. Audits under the Malaysian Sustainable Palm Oil (MSPO) certification scheme are expected to be conducted later this year.

Environmental Management Standards

Five of the Group's subsidiaries are certified for ISO 14001 Environmental Management System. We are working towards attaining ISO 14001 certification of all plantation management units.

Occupational Health and Safety Systems

Five of the Group's subsidiaries are certified for OHSAS 18001 Occupational Health and Safety Management System. We are working towards attaining OHSAS 18001 certification of all plantation management units.

Product Safety and Quality

Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd have attained certifications for ISO 9001 Quality Management System, ISO 22000 Food Safety System and HACCP Hazard Analysis Critical Control Point System for Food Industry.

Supplier Engagement and Traceability

We will be continually developing responsible sourcing solutions through the processes of engagement, evaluation and intervention to ensure legal sourcing of FFB and to advocate the implementation of sustainable business practices by our suppliers in line with our Sustainability Policy. Increased implementation of improved traceability procedures 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.

Towards the Resolution of RSPO Complaints

Case 1:

Allegations Against PT Nabire Baru
RSPO Complaint Case: PT Nabire Baru

Complainant: Yayasan Pusaka
Date filed: 19th April 2016

In accordance with the obligations of the Dispute Resolution Agreement (August 2018), negotiations have resulted in the development of a Memorandum of Understanding for community engagement and empowerment. The Memorandum of Understanding: Corporate Social Responsibility (CSR) PT Nabire Baru (NB) was signed by representatives from company and community on 17th January 2019.

The signing of the CSR agreement has been made in response to the request from the Yerisiam community as part of the dispute settlement. Negotiation and agreement processes followed the implementation of appropriate corrective actions to address the issues of the complaint. Agreed actions were completed by Goodhope / PT NB over the period April 2016 – present.

From March 2017 until July 2018 the resolution process was supported by the Conflict Resolution Unit (CRU) of the IBCSD (Indonesian Business Council For Sustainable Development) under the framework of the RSPO Dispute Settlement Facility (DSF).

The CRU withdrew its involvement in the dispute resolution process in response to the wishes of the community (letter dated 23rd July 2018).

RSPO have since followed up with the complainant (Yayasan Pusaka) on their position related to the withdrawal of the complaint by the community.

The Dispute Resolution Agreement was negotiated and agreed by representatives from the company and local communities. The signed agreement was notarized by Nabire Regency government officials on 9th August 2018.

As defined in the Dispute Resolution Agreement, PT NB was requested to provide a house for the Chief of the Yerisiam Community. The building of the house was recently completed and handover took place prior to the signing of the CSR Memorandum of Understanding on 17th January 2019.



Handover of the Yerisiam Community Chief's House, built as per the terms of the dispute settlement agreement.



Signing of the Memorandum of Understanding: Corporate Social Responsibility (CSR) PT Nabire Baru, 17th January 2019.

Next Steps:

Goodhope is looking to build on the improved relationships with local communities and aims to facilitate the provision of suitable opportunities for community development. In order to do so in a sustainable manner, Goodhope will support a scoping study to assess opportunities and markets for socio-economic development and landscape conservation in Nabire in cooperation with IDH the Sustainable Trade Initiative.

Case 2: Precautionary Approach: 'Stop Work Order'
RSPO Complaint Case: Goodhope Asia Holdings

Complainant: RSPO Secretariat
Date filed: 19th April 2017

The conditions of the precautionary measure were outlined in a letter received from the RSPO Secretariat on 28th April 2017 and apply to seven Goodhope subsidiaries: PT Nabire Baru (NB), PT Sariwana Adi Perkasa (SAP), PT Agrajaya Baktitama (AJB), PT Batu Mas Sejahtera (BMS) and PT Sawit Makmur Sejahtera (SMS), PT Sinar Sawit Andalan (SSA) and PT Sumber Hasil Prima (SHP).

Conditions of the Stop Work Order are summarized as follows:

- To complete Land Use Change Analysis for each of the seven subsidiaries by set deadlines
- To re-do HCV Assessments for each of the seven subsidiaries by set deadlines
- To pass the HCV assessment quality panel review process with satisfactory status

Papua

PT NB and PT SAP

The stop work order for PT NB and PT SAP has been lifted in recognition that the conditions defined by the precautionary measure have been satisfactorily met:

- The HCV assessment report for PT NB was declared satisfactory by HCVRN on 10th July 2018.
- The HCV assessment report for PT SAP was declared satisfactory by HCVRN on 6th June 2018.
- The LUCA report for the two subsidiaries was submitted to RSPO on 31st July 2017 in line with the deadlines set by the RSPO Complaints Panel (CP). The review process is now complete and final compensation liability has been agreed. A concept note for compensation plan has been submitted to RSPO for initial review.

The decision on lifting the stop work order for PT NB and PT SAP was conveyed to Goodhope by letter dated 27th December 2018.

There will be no further development until verification of compliance with RSPO New Planting Procedures (NPP 2015).

The construction of PT NB palm oil mill is complete to enable the processing of fresh fruit bunches (FFB) up to a capacity of 15 MT/hr. Consent for the construction of the mill was granted by the CP as an exception to the Stop Work Order to respect the right of local communities to gain income from the FFB harvested from plasma.

Ketapang

PT AJB, PT BMS and PT SMS

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 20th September 2018.

LUCA for PT AJB was submitted to RSPO on 31st July 2017 (on the deadline set by the CP). LUCA reports for PT BMS and SMS were submitted to RSPO on 29th August 2017). The LUCA review process is now in final stages.

An exemption to the Stop Work Order was made in November 2018, to allow for development on 566 ha smallholder land to meet plasma obligations. Consent was given following completion of HCV assessment and HCSA assessments to mitigate the risk of escalation of complaints by the community.

Sintang

PT SHP and PT SSA

HCV assessment was declared satisfactory on 28th January 2019.

LUCA reports for PT SSA and SHP were submitted to RSPO on 28th December 2017 (ahead of the deadline set by the CP) and are now due to enter final review stage.

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.
- **Aksenta:** HCSA assessments for Goodhope subsidiaries in Papua; Ketapang Region; and for PT Agro Wana Lestari in Central Kalimantan. LUCA for Goodhope subsidiaries in West Kalimantan.
- **Ata-Marie:** HCSA assessments for Goodhope subsidiaries in Papua; Ketapang Region; and for PT Agro Wana Lestari in Central Kalimantan; LUCA for Goodhope subsidiaries in Papua.
- **Daemeter:** Collaboration to support Sustainability Policy implementation with particular focus on traceability to plantation.
- **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.
- **Swaraowa:** 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.

PT Agro Harapan Lestari

Menara Global Building
5th Floor
JI, Jend. Gatot Subroto Kav. 27
Jakarta, 12950
Indonesia

Telephone: +62 2152892260

Email: reachus@goodhope-id.com

Website: www.goodhopeholdings.com

