

Sustainability Journey

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Foreword

In July 2019, the Stop Work Order was lifted for PT Agrajaya Baktitama (AJB), PT Batu Mas Sejahtera (BMS) and PT Sawit Makmur Sejahtera (SMS), marking the end of all RSPO Stop Work Orders on subsidiaries of Goodhope.

To further progress with our commitment to continually improve our practices, we are looking to further strengthen our Sustainability Management Framework, including an updated Sustainability Policy and Sustainability Policy Implementation Plan (SPIP).

Overcoming the challenges associated with the sustainable development of the palm oil industry requires a collaborative approach with the private sector playing an integral role. To further support widespread efforts, we engage in dialogues and collaborations with multiple stakeholders to help strengthen and accelerate implementation of sustainable practices. contribute to sector, landscape, and jurisdictional initiatives to foster monitoring, transparency and collaboration towards addressing key social and environmental challenges. In doing so, we hope to contribute to strengthened and better-integrated approaches promoting the implementation of sustainable practices.

Lifting of the Precautionary Approach (Stop Work Order)

The Stop Work Order for PT Agrajaya Baktitama (AJB), PT Batu Mas Sejahtera (BMS) and PT Sawit Makmur Sejahtera (SMS) was lifted in July 2019, marking the end of all RSPO Stop Work Orders on subsidiaries of Goodhope as stated by RSPO Complaints Panel (CP) decisions:

- [Lifting of the Stop Work Order for PT NB and SAP](#) (December 2018)
- [Lifting of the Stop Work Order for PT SHP and SSA](#) (June 2019)
- [Lifting of the Stop Work Order for PT AJB, BMS and SMS](#) (July 2019)

The decision to lift the Stop Work Order for PT AJB, BMS and SMS was made upon consideration of a request and appeal by Goodhope and is dependent on adherence to defined conditions as stated in the [Complaints Panel Decision Letter](#).

Lifting of the Stop Work Order allows each company to proceed with RSPO New Planting Procedure (NPP). The NPP 2015 process must be completed in line with the requirements in RSPO P&C 2018 and associated document to allow for approval of proposed new plantings.

Goodhope commits to develop and ensure the implementation of an approved Compensation Plan according to Final Conservation Liabilities.

Updates relating to the [Status of the Complaint](#) are available at the [RSPO Complaints Portal](#) and will be made available on Goodhope's website. 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 issued.
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.
July 2019	Lifting of the stop work order for PT AJB, BMS and SMS.

HCV: High Conservation Value, LUCA: Land Use Change Analysis, 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.

The Way Forward: Core Components of Our Sustainability Management Framework



Our new Sustainability Policy will be launched in October 2019 once further stakeholder feedback has been completed, considered and incorporated. We will be promoting implementation of the policy through a strengthened Sustainability Management Framework comprising systems and processes to encourage improved performance in environmental, social and economic sustainability.



Our Policy and updated Sustainability Policy Implementation Plan will be designed to ensure that all appropriate measures are put in place to facilitate the implementation of sustainable business practices in compliance with applicable legislation and standards in a way that responsibly manages resource use, reduces environmental footprint, and enhances employee and community welfare and well-being.



Overall Sustainability Goals and Sustainability Action Principles will help create momentum to encourage collective action towards set targets through shared values. We have set six overall Sustainability Goals to drive improved performance. Each goal has associated targets that provide the basis for strategic planning and shall be further defined such that there are specific time-bound plans for each management unit.

Six Key Principles “Engage; Respect; Support; Empower; Conserve; and Adapt” guide the way that we perform as a Group. These principles compliment our Group’s Philosophy and the values and expectations in our Code of Business Conduct.



Our Procedures and Working Instructions will continue to be strengthened by:

- Integration of new principles and criteria;
- Introduction of improved stakeholder engagement processes;
- Improved systems and procedures for monitoring, evaluation and reporting.

We will continue to keep a close eye on new updates and guidelines from RSPO and shall proceed to integrate new requirements into our business processes.



In striving to meet our aim of ensuring that all third parties whom which we work with, shall adhere to the principles of no deforestation, no development on peat and no exploitation, we will be communicating Core Requirements that will encompass key commitments. We will develop new supplier engagement procedures to promote our policy commitments and to encourage our suppliers to comply with our policy requirements. Risk assessment tools such as spatial data and remote sensing information will be used 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.

“Evolving to Managers”
Learning and Development
Program 2019



For our own management units, various assessments will continue to be conducted to attain the necessary information for the development of adaptive management and monitoring plans, and to monitor impacts and performance. Site management plans shall be developed and adapted according to the outcomes of assessments and monitoring activities. Capacity building through engagement and training activities will continue to be fundamental in order to communicate our policies, disseminate information and provide learning opportunities to enable and enhance policy implementation and compliance.

Improved Monitoring Systems will be used to more efficiently track performance, particularly in terms of Environmental Performance, Labor Practices and Working Conditions, and Community Welfare. To do so 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.

We shall monitor performance against key indicators by regular data collection (surveys, inspections, assessments and audits) including stakeholder feedback. Results shall be used to assess our progress towards meeting targeted milestones, to identify gaps in compliance and to develop adaptive management and monitoring plans / corrective action plans.

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. Making use of guidance such as the "Practical Guide to business reporting on the SDGs" we intend to integrate key SDGs into our sustainability monitoring evaluation and reporting system, using relevant indicators to determine correlations and contributions towards select SDG targets.

Through improved transparency and reporting systems we will continue to report on our progress and performance as an important means to fulfil our commitment to accountability, to allow stakeholder feedback and to promote continuous improvement. Our reporting framework shall now include a quarterly report 'Sustainability Journey' and an annual Sustainability Report to demonstrate and communicate progress and performance.

Compliance against our commitments and sustainability standards shall be verified by third parties in accordance with our Certification Plan. In recognition of the need to better prevent the escalation of grievances and conflict, we are in the process of developing a new Grievance Approach in collaboration with Daemeter Consulting. The Approach is intended to involving a systematic way to prevent and respond to grievances, promoting the need for inclusive and well-monitored processes.



Promoting Principles, Values, Commitments, Goals and Targets to Drive Collective Action

Developing and Implementing Effective Systems for Monitoring and Adaptive Management

Utilizing Guidelines and Collaborative Partnerships and Multi-Stakeholder Forums

Key Aspects of Our Systematic Approach



Sustainability Action Principles

Principle 1: Engage

Maintain open, balanced and constructive channels of communication with stakeholders, providing stakeholders with accurate data and information on matters that affect their interests, and facilitating the exchange of information to promote collaborations and continuous improvement in sustainability performance.

Principle 2: Respect

Adopt fair and ethical business practices acknowledging the rights of our stakeholders and apply the UN Guiding Principles on Business and Human Rights to prevent, address and remedy human rights issues.

Principle 3: Support

Support the provision of systems, processes, infrastructure, facilities and services to help enhance the welfare and wellbeing of employees and communities.

Principle 4: Empower

Deliver and support programs and opportunities to empower employees, local communities, women and children, as a means to enhance socio-economic development.

Principle 5: Conserve

Promote the optimal and responsible use of resources and make contributions to help protect forests, water sources, land fertility and energy sources and to reduce carbon footprints.

Principle 6: Adapt

Convert gaps and obstacles in performance into ideas and actions, incorporating new approaches to overcome issues and remedy errors through the framework identify, plan, implement, monitor and review.



Sustainability Goals

1. Maintain Agricultural Productivity and Product Quality

- Maintained and improved crop yields from our plantations.
- Growth in the agricultural productivity of small-scale producers.
- Reduced energy and resource consumption in all our processing plants.

2. Support Equitable Economic Development

- Starting wage is greater than minimum wage and pay is equal for work of equal value.
- Progressive increase in local procurement and employment.
- Closing of the gender gap: increase to 35% women employees by 2024 with progressively increasing number of women in management positions.
- Provision of Decent Living Wages.
- PLASMA obligations are met with equal opportunities.
- Equitable support for independent smallholders.
- Delivery of programs that equitably promote alternative income generating activities, entrepreneurship, creativity and innovation, and encourage local communities to establish small businesses.

3. Provide Healthy Working Environments

- Achieve an "independent" health and safety culture at all plantations.
- No illnesses or increase in accident frequency or severity due to negligent use of Personal Protective Equipment.
- Zero fatalities.
- Reduced accident frequency and severity.
- Reduced prevalence and severity of diseases and illnesses.



4. Contribute to Improved Community Health, Education and Welfare

- Increased school enrolment and reduced dropout rate.
- Equal opportunities for education, internships, scholarships and vocational training.
- Increased number of students progressing to further education.
- Accreditation of all Foundation Schools and progressive improvements in accreditation grade.
- Improved student: teacher ratio.
- Contributions to the provision of family planning services, emergency health services and medical checks.
- Progressively improving Community Welfare Index: improvements in all indicators including food security.

5. Eliminate Net Negative Impacts on Biodiversity and Ecosystem Services

- Estimation of GHG emissions across all operations and mitigation plan to reduce and minimize the GHG level. Tons of GHG emissions reduced per year – to eventually reach zero net emissions.
- No loss in Hectares of Conservation Area.
- No loss of HCV species.
- Management of introduced species.
- Minimal subsidence (peat soil).
- 100% of riparian areas are managed as conservation reserves by 2024.
- Rehabilitation in 100% of degraded areas.
- Annual reduction in the occurrence of hotspots in and around concessions.

6. Demonstrate Responsible Sourcing and Verified Compliance with Industry Standards

- Full traceability for all commodities to the mill and plantation level.
- All third party suppliers engaged and evaluated.
- Entire supply chain is compliant with our Core Requirements.
- All management units certified to Industry Standards in according to our certification plan.

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