

# Sustainability Journey

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## Foreword

In our previous issue of Sustainability Journey, we reported the completion of two important assessments that will contribute to conservation management and monitoring at our concessions in Nabire region, Papua:

1. The completion of the High Carbon Stock (HCS) Approach peer review process of the HCS report for PT Nabire Baru (NB) and PT Sariwarna Adi Perkasa (SAP).
2. The completion of the Quality Panel Review process of the High Conservation Value (HCV) assessment for PT SAP.

Adding to these positive outcomes, the High Conservation Value (HCV) Assessment of PT NB has now passed the HCV Resource Network (HCVRN) Quality Panel Review process. The report was declared as satisfactory on 10<sup>th</sup> July 2018. The [Public Summary](#) is published on the [HCV Resource Network Assessor Licensing Scheme website](#).

With the completion of these assessments and reviews, we are able to move further forward with implementing appropriate management and monitoring activities in order to protect HCS forest and HCVs in line with the HCS Approach and RSPO Principles and Criteria. To support our activities, we are currently in the process of agreeing the scope of work for a partnership with the NGO Pusat Informasi Lingkungan Indonesia (PILI) which will include capacity building and implementation of monitoring across multiple sites. Furthermore we expect to facilitate an additional consultancy project specifically in the Nabire Region.

We continue to work on improving the implementation of our Sustainability Policy across our operations. The first full third party assessment of our performance in policy implementation was completed by the consultancy firm Environmental Resources Management (ERM) in April 2018. The results provided important feedback upon which we have been acting to make relevant improvements according to the recommendations for corrective actions. Assessments of performance will be conducted regularly by ERM every 6 months as a means to support transparency, continuous improvement and compliance. As such, we are now in the process of making arrangements for the second assessment, which we plan to include field visits to our concessions in Papua.

## Rehabilitation Initiatives

Goodhope is in the process of developing and implementing forest rehabilitation initiatives as part of our commitments to progressively reduce the environmental impact of our operations.

The overall aim of our rehabilitation initiatives is to accelerate and assist the recovery of degraded land as a means to maintain levels of biodiversity, safeguard ecosystem services, and help contribute to mitigating climate change.

As part our HCV Enrichment program at Rim Capital Central Kalimantan (RCCK) nurseries have been established and local planting is undertaken in areas where restoration or rehabilitation is required.

Plantings are supported by protective measures to mitigate threats and promote regeneration, including the clearance of invasive plants, placing of sign boards, boundary maintenance and monitoring.

Through this rehabilitation program we encourage increased employee participation in maintaining HCV and aim to prevent the loss of HCV, protect carbon sinks and biodiversity and safeguard ecosystem services.

Our other rehabilitation initiatives in development include:

- Rehabilitation of riparian reserves at PT Agro Indomas Central Kalimantan (AICK).
- Habitat Improvement Project at PT Agro Wana Lestari (AWL) and PT Karya Makmur Sejahtera (KMS).
- Rehabilitation requirements identified by Land Use Change Analysis.

As a first step, we are working to map where restoration or rehabilitation is required and establish the capacity for adaptive management and monitoring.

We intend to implement and contribute to the further development of best management practices for rehabilitation and restoration in oil palm plantations and aim to facilitate relevant research, training and the establishment of forums to facilitate the development, sharing and implementation of best practices.



## Environmental Health and Safety Campaign: Capacity Building and Engagement

As part of our Environmental Health and Safety (EHS) Campaign we aim to prevent accidents and ensure safe working conditions by promoting 'safety first' principles; increasing employee participation in reporting unsafe action, unsafe conditions and near misses; and ensuring compliance to EHS standards and procedures.

Employee capacity building activities and engagement processes form critical components of our program and incorporates:

- Daily safety briefings delivered to workers
- Installation of safety signs
- Management reviews and training

The recent installation of new safety signs at our sites in Central Kalimantan aims to remind employees of 'safety first' principles, promote good practices, and advertise accident hotlines for the reporting of unsafe action, unsafe conditions and near misses. In addition, further reminders and updates are provided at daily safety briefings for our plantation workers.

Regular management reviews and in-depth training on relevant standards are coordinated by the Sustainability Department from our Regional Office in Jakarta. These sessions facilitate capacity building by developing the skills and abilities of employees and by strengthening the processes and resources needed to implement our Sustainability Policy and comply with relevant standards.

On 3<sup>rd</sup> July 2018, Estate Managers and Heads of Departments from our three companies in Ketapang region gathered to participate in training focused on EHS standards. The training incorporated key principles and criteria defined by RSPO; OHSAS requirements; and the requirements for the implementation of Environmental Management Systems and our Sustainability Policy.

Specifications for meeting the EHS requirements that will be necessary to implement a switch from a Mass Balance Supply Chain System to an Identity Preserved Supply Chain System were delivered to Estate Managers and Heads of Departments at PT AICK. The information was discussed at a meeting held on 2<sup>nd</sup> June 2018 and incorporated the recommendations provided by business consultants Tuv Rheinland.



Morning safety briefing for workers at PT Agro Bukit Central Kalimantan.



Instalment of signs promoting safety and accident hotline for the reporting of unsafe action, unsafe conditions and near misses.



EHS Management Review Meeting in Ketapang Region, West Kalimantan, 3<sup>rd</sup> July 2018.



Management meeting on the requirements for an Identity Preserved Supply Chain System. PT Agro Indomas Central Kalimantan, 2<sup>nd</sup> June 2018.



Training on new environmental regulations facilitated by the Indonesia Ministry of Environment. Batu Malang, East Java, 11<sup>th</sup>-12<sup>th</sup> July 2018.

Representatives from PT Agro Indomas Central Kalimantan (AICK) were among 80 participants attending a two-day training event focused on two new environmental regulations released in 2018:

1. P.5/MENLHK/SETJEN/KUM.1/2/2018 regarding the standards and requirements for certification of competency for responsible waste management and water management.
2. P.6/MENLHK/SETJEN/KUM.1/2/2018 regarding the standards and requirements for certification of competency for the control of emissions.

The event provided an important means for EHS management staff to keep up to date with the most recent regulations. The information and understanding will be conveyed to teams across our sites.

## Integration of Sustainable Development Goals (SDGs)



Selected targets and key indicators will be used to report on our contributions to key Sustainable Development Goals.

Representatives from Goodhope's Regional Office in Jakarta attended an informative meeting on Sustainability Reporting delivered by the Global Reporting Initiative (GRI) in association with the Indonesia Global Compact Network (IGCN).

The event was held ahead of the upcoming launch of the "Practical Guide to business reporting on the SDGs" as part of the UN Global Compact's strategy to drive business awareness and action in support of achieving the Sustainable Development Goals by 2030.

At the meeting held in Jakarta on 12<sup>th</sup> July 2018, Eszter Vitorino - Head of Capital Markets Engagement of GRI – presented an outline of the steps to integrate the SDGs in business operations and reporting processes.

The meeting emphasized the importance of reporting as a means to identify risks and promote better management.

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 selected associated targets and relevant indicators for each target to measure progress and performance.

The development of our Integrated Sustainability Monitoring System will be used to more efficiently track performance, particularly in terms of Environmental Performance, Labor Practices and Working Conditions, and Community Welfare.



Plasma in Ketapang Region

Currently Goodhope has more than 3,000 members in its plasma schemes, in a total of 26 cooperatives:

	Number of Cooperatives	Number of Members
Central Kalimantan	14	769
East Kalimantan	1	164
West Kalimantan	6	1748
Papua	5	352
	<b>26</b>	<b>3,033</b>



Training for cooperative members



Monthly meeting between cooperative and company representatives



Annual members meeting

## Supporting Sustainable Livelihoods: Smallholder Cooperative Schemes

As a smallholder scheme, cooperative-owned plantations managed by the company provide local communities with a productive plantation area as an effective way to support sustainable development among the local communities. Under this type of smallholder scheme, the company manages cooperative-owned plantations, and in this way is able to generate above average returns for the cooperative members.

### Cooperative Training and Engagement

For each cooperative, we aim to provide training to promote financial awareness and financial planning skills, encourage and support entrepreneurship and to enhance the abilities of members to effectively manage their funds from the shares of profit in such way it can sustain additional income and contribute to long-term improvements in community welfare.

Our initiatives have included training in financial management and administrative activities, and encourage sustainable livelihoods by providing opportunities and training in activities that have the potential to support livelihoods, e.g. farming and small business development.

Seeking to expand on the delivery of these capacity building initiatives, Goodhope has established a collaborative partnership agreement with Perbanas Institute with the aim to promote self-management and sustainable livelihoods, in particular by providing training on topics such as Entrepreneurship, Management of Cooperatives, Tax and Financial Management, Marketing and Sales.

Monthly meetings are held between Cooperative Committees and company representatives to discuss financial reports, agronomy, and planning for the following months and years. Furthermore, an Annual Members Meeting is held each year for stakeholders.

## Corrective Action Regarding New Planting Procedures for Goodhope Subsidiaries in Papua

Our two concessions in Papua – PT NB and PT SAP – are located to the East of Nabire town in the province of Papua. The NB/SAP site occupies a total license to cultivate (HGU area) of 21,046 Ha.

7,990 Ha (38% of the HGU area) has already been developed for oil palm plantations (inti and plasma). Development took place from 2011 until 2016 and commenced in accordance with the outcomes of the first HCV assessments conducted in 2010, which identified a total of 7,596 Ha as HCV area (31% of the total license area of the concessions).

Following a [complaint to RSPO against PT NB](#) in April 2016, all land clearance by the companies PT NB and SAP was halted in November 2016. Precautionary measures were formally enforced by RSPO on 28<sup>th</sup> April 2017, with the issuance of a Precautionary Approach (Stop Work Order).

All requirements defined by the Stop Work Order have now been met:

1. Full Land Use Change Analysis (LUCA) has been submitted to RSPO, meeting the deadline set by the Complaints Panel.
2. New HCV assessments have been completed in compliance with the current rules of the HCVRN Assessor Licensing Scheme and have passed the HCVRN Quality Panel Review process with satisfactory status.

Before any further land clearance or planting of oil palm, the requirements for new plantings will be reviewed by RSPO and assessed by a Certification Body before submitting public notification of proposed new plantings.

A summary of the current status in fulfilling the requirements for NPP is shown here. A full report of the corrective action that has been taken regarding the new planting procedures for PT NB and SAP is available.

NPP Requirement	Status (PT NB and PT SAP)
LUCA	Report is in final stages of review by RSPO Compensation Panel to determine remediation and compensation liability. First review of the LUCA report has been completed. Assessors and the company have addressed the comments and the revised report along with comments have been submitted to RSPO for further consideration by the Complaints Panel and Compensation Panel. We expect to receive further information regarding the case by the end of July 2018.
HCV Assessment	Assessments have been completed and passed HCVRN Quality Panel Review.
HCS Assessment	Assessment has been completed and has undergone the process of peer review under the HCS Approach.
Greenhouse Gas Assessment	Results of carbon stock assessment have been incorporated into Greenhouse Gas Assessments and mitigation plans for emissions developed.
Soil Survey	Soil survey reports were completed in March 2017 and further analyses were conducted as part of HCV assessments.
Social Impact Assessment	Assessment completed and final report prepared.
Dispute Settlement	There is mutual consensus among concerned parties on the need to speed up these processes to reach conclusive settlements for the resolution of disputes.
Legal Review	A second legal review relating to the acquisition of environmental license by PT NB is underway.

## Upcoming Activities

### 1. Review of HCV assessment reports

We shall continue our engagement with the assessors of the HCV assessments for Ketapang region and Sintang region to facilitate completion of the quality review processes by HCVRN.

### 2. HCS Approach peer review process

The HCS assessment reports for Ketapang region and Sintang region are expected to be completed and submitted to the HCSA Secretariat to organize peer reviews.

### 3. LUCA Review

RSPO will coordinate the completion of the LUCA review for PT NB and PT SAP (Nabire Region, Papua) and will initiate the review of LUCA reports for Ketapang and Sintang Regions (PT AJB, PT BMS, PT SMS, PT SSA and PT SHP).

### 4. Partnership to support HCV and HCS Management and Monitoring

We will coordinate further meetings with the NGO Pusat Informasi Lingkungan Indonesia (PILI) to finalize a working proposal and agreement for a partnership to support HCV Management and monitoring at our concessions in Papua and in Sintang Region, West Kalimantan.

### 5. Sustainability Audit by ERM

We will coordinate further meetings and arrangements for field visits in order to facilitate the second regular sustainability audit by the consultancy firm ERM. We expect the audit to begin in August 2018 with the final report due to be completed in October.

### 6. HCS Assessment: PT AWL and PT KMS

A further field visit is proposed with tentative schedule 1<sup>st</sup> -14<sup>th</sup> August 2018.

### 7. Certification Audit

RSPO Audit ASA5 of PT AICK and PT RCCK is due to be conducted from 30<sup>th</sup> July 2018 with field visit scheduled from 6<sup>th</sup>-11<sup>th</sup> August by TUV Rheinland.

### 8. Ketapang Region Landscape Management Plan

We will continue communications with Aidenvironment regarding the development and implementation of a landscape-level conservation and land use plan in Ketapang Region and will facilitate a field visit, tentatively planned in August 2018.



### Continuous improvement in sustainability performance

Our framework for the implementation of our sustainability policy is outlined in our Sustainability Policy Implementation Report (June 2018).

Under this framework we are continuing to work to ensure that our operational procedures align with the highest standards in sustainability and we continue to develop and implement adaptive management plans to facilitate compliance and to improve and enhance the way we undertake our business operations.

# Acknowledgements

We greatly appreciate the 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 AICK and PT RIM.
- **Ata-Marie:** HCS assessments for Goodhope subsidiaries in Nabire Region and Ketapang Region and for PT AWL, Central Kalimantan.
- **Conflict Resolution Unit (CRU) of the Indonesian Business Council for Sustainable Developmentt (IBCSD):** Facilitation of conflict resolution under Dispute Settlement Facility (DSF) of the RSPO.
- **Ekologika:** HCV assessments Social Impact Assessments for Goodhope subsidiaries in Papua.
- **Environmental Leadership Training Initiative (ELTI):** Capacity building for forest restoration and rehabilitation programs.
- **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, West Kalimantan.
- **Swaraowa:** Support for cultural-based conservation project promoting sustainable livelihoods.
- **UNICEF and Lingkar Komunitas Sawit (LINKS):** Pilot 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

Fax  
+62 21 52892259

Email  
reachus@goodhope-id.com

Website  
www.goodhopeholdings.com

