

# Sustainability Journey

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## Foreword

Mitigating the negative impacts associated with the production of palm oil to achieve long-term social, economic and environmental sustainability is clearly both crucial and highly challenging. It requires awareness, involvement and support from governments, NGO partners, local communities, trading partners and other stakeholders. For this reason, we are making extensive efforts to better communicate our commitments and improve the transparency of our operational activities. Our aim is to build stronger partnerships with governments, communities, industry partners and other stakeholders to promote policies and activities for sustainable palm oil production.

As part of our Policy Integration and Engagement Program, we have already conducted a series of socialization and training sessions for employees across our subsidiaries, and have begun to communicate key aspects of our policy to local communities.

The socialization activities focus on communicating our No Deforestation, No Peatland development, No Exploitation (NDPE) Policy, which is central to the company's efforts to make continual improvement towards responsible and sustainable operations.

In this edition of Sustainability Journey we report on a series of public consultations that were held for stakeholders from government authorities, NGOs, media, and business partners. At these events, we presented information on our Sustainability commitments as a means to improve awareness and strengthen and initiate multi-stakeholder partnerships in order to help advance the implementation of the company's Sustainability Policy.





Goodhope NDPE Socialization event held on 27<sup>th</sup> February at Aquarius Hotel, Sampit, Central Kalimantan.

*The recent series of stakeholder engagement activities on the communicating our NDPE commitments is seen as a significant positive step towards affirming our pledges to conduct corporate actions in a transparent, responsible and sustainable manner.*

The events provided opportunities to build mutual trust and improve awareness and understanding among stakeholders regarding aspects of the company's operations. There were ample opportunities for interactive discussions, and participants expressed constructive comments and ideas that will be taken on board to address stakeholders' concerns and improve our practices. Discussions delivered frequent reminders of the difficulties associated with policy implementation and the necessities of realizing our promises. We will build on this experience as an important stepping stone towards improved delivery of policy implementation.

## Stakeholder Engagement

From 27<sup>th</sup> February - 1<sup>st</sup> March 2018, a series of public consultations were held to communicate our sustainability commitments to some of Goodhope's stakeholders, including government authorities, NGOs, media, buyers, suppliers and contractors.

Our major aims were to provide stakeholders with a better understanding of the company's operations and to gain stakeholder feedback for improved policy implementation.

The first event was held in Sampit, Central Kalimantan, and included two core presentations:

1. Franky Zamzani from the Ministry of Environment and Forestry, Kementerian Lingkungan Hidup dan Kehutanan (KLHK) presented information on peatland fire control.
2. Mim Yudiarto from Goodhope presented information on the company's sustainability (NDPE) commitments and approaches for implementation.

Participants included the heads of sub-districts; representatives from law enforcement bodies, business partners, including Golden Agri Resources (GAR), suppliers and contractors; and representatives from research institutes and NGOs including the Indonesian Institute of Sciences (LIPI), and Orangutan Foundation International (OFI).

### Media Coverage

The event was attended by a number of media reporters and articles reporting on the subject were published in a number of local newspapers. The articles (written in Bahasa Indonesia) report on Goodhope's commitments and the need for stronger multi-stakeholder partnerships to advance the efforts towards sustainable palm oil.

Online articles are available via the following links:

- [Kalamanthana 27<sup>th</sup> February](#)
- [Seruyan News 28<sup>th</sup> February](#)
- [Antara News 1<sup>st</sup> March](#)
- [Kalteng Independen 3rd March \(i\)](#)
- [Kalteng Independen 3rd March \(ii\)](#)
- [InfoSAWIT 8<sup>th</sup> March](#)
- [InfoSAWIT 9<sup>th</sup> March](#)
- [InfoSAWIT 10<sup>th</sup> March](#)



NDPE Socialization at the Training Center of Agro Indomas Central Kalimantan (AICK) and at PT. Agro Wana Lestari (AWL).

Public consultations on our sustainability commitments continued with two further sessions held on-site at plantation locations:

- At the Training Center of Agro Indomas Central Kalimantan (AICK) on February 28<sup>th</sup> 2018
- At the Sports Hall of PT. Agro Wana Lestari (AWL) on March 1<sup>st</sup> 2018

These sessions provided information for local stakeholders, including community leaders, smallholders's cooperatives, village heads and local suppliers and contractors. The topics presented focused on the company's commitments to conservation, the prevention of exploitation and the development of a sustainable supply chain.

Stakeholders were introduced the 'NDPE Self-Assessment' checklist that we have developed as an improvement initiative which will ensure that the correct elements are checked to comply with each aspect of our Sustainability Policy.

### Stakeholder Feedback

Feedback from our stakeholders included the need to closely monitor the impact of corporate operations and apply adaptive management to ensure that the interests of local community are heeded by the company. There were also requests for more investment in community development programs.

Some were concerned about the implementation of the NDPE policy. Mr. Yadiansyah, a villager and member of Plasma Cooperatives of Lampasa village, neighboring village to PT Agro Indomas reflected that the policy will adversely impact smallholders who are unable to comply with the strict regulations. He would like to see special policy exceptions to be permitted in order to avoid conflicting interests with the socio-economic needs of local communities and recommended that some exceptions to the robust requirements must be allowed for smallholders.

We thank all stakeholders for their recommendations and contributions in supporting the implementation of our commitments. We have plans to extend the socialization program as part of our plans to improve engagement with local communities and suppliers, and will continue to report on our progress in a transparent manner.



## Assessment of Policy Implementation

We view policy implementation an ongoing challenge and continue to make positive progress by identifying gaps in the implementation of our Sustainability Policy and by carrying out appropriate corrective action through the development and implementation of improvement plans.

Internal assessments and audits by third parties are conducted to identify areas of concern (gaps) and to provide recommendations for continuous improvement.



This month, internally conducted surveillance assessments were carried out at PT Agro Wana Lestari and PT Karya Makmur Sejahtera (PT AWL-KMS) to determine the operational capacity of Environmental Management Systems, Occupational Health and Safety Management Systems, and conformity to RSPO Principles and Criteria. The assessment was carried out from 5<sup>th</sup> - 9<sup>th</sup> March against the criteria of certification schemes such as RSPO, ISPO, ISO14000, and OHSAS.

A Management Review Meeting was held on 10<sup>th</sup> March to review the outcomes of the assessment and develop a corrective action plan to address identified risks. Corrective actions have already been undertaken. Furthermore, additional recommendations arising from the meeting will be taken on board to deliver long-term improvements including:

- Improving reporting of near-miss accidents.
- Strengthening root cause analysis on any occupational health cases.
- Developing further more detailed employee training programs on sustainability-related topics such as environmental issues, safety, RSPO Principles and Criteria, and Free Prior and Informed Consent (FPIC) processes.



Management Review Meeting on 10<sup>th</sup> March at PT Agro Wana Lestari.



### Third Party Sustainability Audit

The consultancy firm Environmental Resources Management (ERM) has been contracted to conduct a sustainability audit in order to analyze and evaluate Goodhope's current performance relating to the implementation of sustainability commitments. A report on the findings of the audit will be completed by April 2018 and will include recommendations for corrective actions.

## Corrective Action to comply with RSPO New Planting Procedures

In accordance with the adoption of a precautionary approach, seven of Goodhope's subsidiaries remain under "Stop Work Order" pending verification of compliance to RSPO New Planting Procedures (NPP 2015). As part of the requirements for corrective action, we aim to ensure that all relevant assessments at each of the sites are completed in compliance with RSPO New Planting Procedures (NPP 2015):

- High Conservation Value (HCV) assessments completed following HCVRN ALS rules
- Full Land Use Change Analysis (LUCA)
- Social Impact Assessment (SIA)
- Greenhouse Gas (GHG) assessment (with public report)

The outcomes of assessments shall be used to develop appropriate management and monitoring plans, including remediation and compensation plans.

Assessment	Status
<b>Land Use Change Analysis (LUCA)</b>	<p>LUCA reports were submitted to RSPO in line with the deadlines set by the RSPO Complaints Panel:</p> <ul style="list-style-type: none"> <li>• PT NB, PT SAP and PT AJB on 31<sup>st</sup> July 2017.</li> <li>• PT BMS and PT SMS on 29<sup>th</sup> August 2017.</li> <li>• PT SSA and PT SHB on 28<sup>th</sup> November 2017.</li> </ul> <p>LUCA reports were revised, extending the cut-off-date, as requested by RSPO.</p> <ul style="list-style-type: none"> <li>• The report for PT NB and PT SAP was submitted on 18<sup>th</sup> December 2017.</li> <li>• The report for PT BMS was submitted on 15<sup>th</sup> March 2018.</li> <li>• The remaining reports will be submitted in March 2018.</li> </ul>
<b>HCV Assessment</b>	<p>HCV reports were submitted to HCVRN and RSPO in line with the deadlines set by the RSPO Complaints Panel:</p> <ul style="list-style-type: none"> <li>• PT NB HCV assessment report was submitted on 31<sup>st</sup> October 2017 and is awaiting Quality Panel for review.</li> <li>• PT SAP HCV assessment report was submitted on 6<sup>th</sup> November 2017. The first review by HCVRN Quality Panel has been completed with unsatisfactory outcome and the assessor is now making the necessary revisions.</li> <li>• HCV assessment for the Ketapang Region (PT AJB, BMS, SMS) was submitted on 31<sup>st</sup> October 2017. First review by HCVRN Quality Panel has been completed with unsatisfactory outcome and the assessor is now making the necessary revisions.</li> <li>• HCV assessment for the Sintang Region (PT SMS and SHP) was submitted to HCVRN on 28<sup>th</sup> December 2017 and assessors have been asked to provide additional information to fulfil all requirements.</li> </ul>
<b>Social Impact Assessment</b>	Field assessments have been completed at each site and reports are expected to be completed in March 2018.
<b>Greenhouse Gas Assessment</b>	Assessments are expected to be completed in April 2018.



Zero Accident Award received from the Governor of Central Kalimantan province.

### Zero Accident Awards

Three of our companies have received recent awards for their consistency on implementing safety programs. The Zero Accident Awards were presented for attaining our target of 'No Lost Time Injury'. For 2 years, from January 2015 - December 2017, there were no work-related incidents leading to the loss of productive work time in the form of worker delays or absenteeism.

Awards were presented to:

- PT. Agro Wana Lestari - Bukit Santuai Mill
- PT. Agro Indomas - Sungai Purun Mill
- PT. Agro Bukit - Sungai Binti Mill

### School Safety Initiatives

Our commitments to health and safety not only apply to our workforce, but extend much more widely across the site locations where we operate. One of the ways by which we expand our safety improvement initiatives is by providing safety training to students at our schools. Our 'Safety Goes to School' program is an initiative developed by EHS Departments in collaboration with Agro Harapan Foundation and was launched at PT Agro Wana Lestari in June 2016.

At the end of February 2018, the EHS Department at PT AJB collaborated with our Agro Harapan Foundation and local police departments in Sandai sub-district of Ketapang to promote safe motorcycle riding at our Senior and Vocational High Schools. The sessions were delivered in response to a number of traffic accidents involving students in Sandai sub-district. Socialization activities providing a learning experience to promote awareness and understanding with the ultimate aim to eliminate the occurrence of motor vehicle accidents involving students by improving students' understanding of the main causes of accidents and requirements for safe driving.

## Safety Improvement Initiatives

Our Safety Improvement Plans are developed and implemented by:

1. Setting clear standards for workplace safety performance.
2. Conducting risk and compliance assessments to identify hazards and areas of concern.
3. Carrying out routine monitoring to provide information on performance.
4. Using the results of assessments and monitoring to respond to identified risks by taking prompt steps to address them.
5. Providing adequate training for employees to promote understanding and to ensure that each individual has the necessary information and skills they need to safely carry out their tasks at work.
6. Routine awareness raising, daily briefings and education on occupational safety for all employees from top management to the field workers.



Promoting Safe Motorcycle Riding at Senior High School SMA Negeri 1 Sandai, West Kalimantan.



## Collaborative Working

Our company can not work alone without involvement and expertise from different institutions and sectors in order to improve practices, increase efficiency, attain higher standards, and resolve complex and challenging issues. We work hard to develop and maintain strong partnerships with various parties to assist the delivery of sustainable enterprises. Several initiatives have been implemented in partnership with various organizations in order to enhance the effectiveness of our community development programs and environmental management and protection efforts. Some of our recently established collaborative projects involve partnerships with the finance and informatics institute Perbanas, the conservation organization Swaraowa and the corporate sustainability consultancy firm Aidenvironment.

### **Perbanas Institute– Enhancing Community Development Programs by Economic Assessment and Training**

Goodhope has partnered with Perbanas to assess economic advancement potentials and perform community empowerment focusing on entrepreneurship development for local communities.

### **Swaraowa – Community Based HCV Area Management**

Goodhope has initiated a partnership with the conservation organization Yayasan Swaraowa to develop community-based HCV Management in the area of Bukit Santuai, PT Agro Wana Lestari, Central Kalimantan. The approach has the potential to bring positive values to various stakeholders, in particular the local communities. A scoping assessment will provide information to improve management and monitoring of the HCV area and will be used to develop an appropriate program for supporting sustainable livelihoods among the local communities.

### **Aidenvironment – Integrated Conservation and Land-Use Landscape Management Plan**

Goodhope is working with Aidenvironment with the aim of developing and implementing an integrated conservation and land-use landscape management plan in the Ketapang district, West Kalimantan. The aim is to work together with local communities and the West Kalimantan Provincial Government to develop spatial management plans for sustainable alternative livelihood programs that are in line with community aspirations.

We are highly appreciative to all our partner organizations and express our gratitude to all those involved in developing and implementing our collaborative projects. We look forward to further success and will work closely with our partners to continue to provide support and to monitor and report on progress.

## Upcoming Activities

- Review of HCV assessment reports of the seven companies pending NPP approval are ongoing. We expect the outcomes of review by HCVRN Reviewers can be issued in the period of April-June 2018
- The LUCA reports for Ketapang, Sintang and regions will proceed along the RSPO review process for the determination of remediation and compensation liabilities.
- The HCS assessment report of Nabire Region (PT Nabire Baru and PT Sariwana Adi Perkasa), Papua is expected to be reviewed by HCSA Quality Assurance Panel.
- Goodhope will hold a training on "Rehabilitation Best Practice of Riparian Reserves in Oil Palm Estates" in April 2018 in cooperation with the Environmental Leadership and Training Initiative (ELTI) of Yale University.
- We will continue to explore opportunities for developing proposals and plans to assist HCV and HCS management and monitoring in the Nabire region.
- The conservation organization Yayasan Swaraowa will conduct a Scoping Assessment to attain information that will be evaluated and used to develop a strategic plan to manage the conservation area of Bukit Santuai-Bukit Hawuk, within and surrounding the concessions of PT AWL and KMS.
- HCS and GHG assessments of PT AWL and KMS will commence with field survey in April 2018.
- Plantation business assessments (PUP) will be conducted for all our plantations in Central Kalimantan.
- Internal assessments of compliance to sustainability standards will continue at plantations in Central Kalimantan. We have established an 'NDPE Self-Assessment' checklist as an improvement initiative which will ensure that the correct elements are checked to comply with each aspect of our Sustainability Policy.





**PT Agro Harapan Lestari**

Menara Global Building  
16th Floor, Unit C - D  
JI, Jend. Gatot Subroto Kav. 27  
Jakarta, 12950  
Indonesia

Telephone  
+62 2152892260

Fax  
+62 21 52892259

Email  
[reachus@goodhope-id.com](mailto:reachus@goodhope-id.com)

Website  
[www.goodhopeholdings.com](http://www.goodhopeholdings.com)

