

Sustainability Journey

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Foreword

Goodhope is implementing commitment and compliance-based approaches to move towards reaching its sustainability goals. Throughout our operations we continue to make improvements and advances towards reaching our sustainability targets through the implementation of initiatives such as capacity building to support sustainable livelihood development, environmental performance management, health and safety improvement, compliance assessments and certification audits.

We have committed to identify and address any areas of non-compliance in our operations and to implement appropriate corrective actions. Under the conditions of the precautionary approach ('Stop Work Order') issued against seven Goodhope subsidiaries (two in Papua and five in West Kalimantan) evident progress has been made towards implementing the relevant corrective action:

- Full Land Use Change Analysis (LUCA) for each subsidiary has been submitted to RSPO, meeting the deadline set by the Complaints Panel.
- New HCV assessments have been completed by the deadline set by the Complaints Panel.
- HCV assessments for five of the seven subsidiaries have been declared satisfactory by the HCVRN following Quality Panel Review: the HCV assessment for Ketapang region – PT Agrajaya Baktitama (AJB), PT Batu Mas Sejahtera (BMS) and PT Sawit Makmur Sejahtera (SMS) – passed HCVRN Quality Panel Review process with satisfactory status on 20th September 2018.

Regarding meeting the requirements defined in the 'Stop Work Order', we currently now only await completion of HCVRN Quality Panel Review of HCV assessment for PT Sinar Sawit Andalan (SSA) and PT Sumber Hasil Prima (SHP). Further to this, for all subsidiaries pending approval of proposed new plantings, we have been working to ensure that all relevant processes and requirements are completed in compliance with RSPO New Planting Procedures (NPP 2015) and have been making steady progress in developing Conservation and Land-use Plans in collaboration with consultants.

Landscape Conservation and Land-use Management Planning in Ketapang region

With the HCV assessment for our three concessions in Ketapang region now completed, we are looking forward to making further progress with a collaborative landscape conservation and land-use management planning project in partnership with Aidenvironment.

The outcomes of the HCV assessment will support preliminary participatory mapping by Aidenvironment to facilitate the development of a spatial plan for sustainable landscape activities, including social forestry and smallholder agriculture. The project is conducted in line with the National Agrarian Reform Initiative adopted by the West Kalimantan Province to empower and improve the livelihoods of local communities.

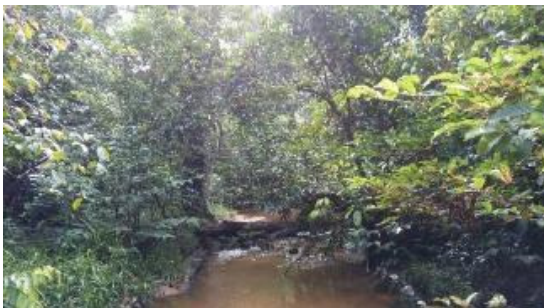
Two villages located within the wider landscape of Goodhope's concessions in Ketapang region were included in initial engagement activities to facilitate stakeholder participation in sustainable landscape management. Through further engagement with the local government and communities, the program aims to coordinate social and environmental planning and management in a manner that aligns with government policy.

The continuation of participatory spatial planning will indicate the potential economic opportunities that may be developed. Baseline data has already been collected by Aidenvironment in several villages within the landscape to define the land use potential, identify priorities, the potential of business models and the potential risks that are present in the villages. The locations of HCV areas will be verified and integrated into the spatial plan with the aim to establish a participatory program for conservation management and monitoring. As part of the strategy, it is intended that conservation corridors will be established to re-connect isolated forest patches. Potential connectivity between company conservation areas and larger forest blocks has already been mapped. The next step is to verify the potential for connectivity between the HCV/HCS areas and larger external forest blocks through further field visits and evaluation.

Further engagement with local partner organizations will foster sustainable forest management and community development, and company CSR programs will be aligned to compliment and support the conservation and land-use plan. Meanwhile the establishment of a district forum for stakeholder engagement is expected to further facilitate the implementation of sustainable development plans in the region.



HCV: Steep slope protection, water catchment areas (Urak Hill).



HCV: Riparian zone (Toning River).



HCV: Fruit plantations (known as Terawang).



HCV areas such as those pictured above will be verified and integrated into the spatial plan with the aim to establish a participatory program for conservation management and monitoring.

Capacity Building to Support Sustainable Livelihood Development

By supporting programs and activities aimed at promoting sustainable livelihoods we aim to enhance the capacity of local communities to participate in, contribute to, and benefit from sustainable income opportunities. We seek to ensure that the right programs are delivered to meet the aspirations of local communities and that the communities are sufficiently equipped with the necessary skills and infrastructure to support and facilitate sustainable development and long-term welfare and wellbeing.

Skills Development

Goodhope has partnered with Perbanas Institute to:

1. Promote the development of sustainable small business enterprises among local communities.
2. Enhance school management, administration and teaching quality.
3. Promote self-management and sustainability of smallholder schemes.

As part of the program, a two-day training event was held on 12th - 13th September to promote financial awareness and entrepreneurship. Training was delivered by representatives from Perbanas Institute in collaboration with Goodhope's CSR team at the Training Center of PT Agro Indomas (AICK). Participants included school teachers, local enterprises and AICK credit union. The capacity building program will continue with further opportunities for stakeholders to strengthen skills in entrepreneurship and sustainable management of finances.

Village Infrastructure Improvement

Improving the physical infrastructure of villages in and around our concessions is an important pre-requisite for sustainable livelihood development. As a means to improve community welfare, Goodhope contributes to enhance the availability of basic facilities and services, including providing better and safer access to and from villages, support for clean water projects, and improved health and education facilities. Recent contributions include a road improvement project at Tumbang Keminting village, Central Kalimantan commissioned by PT Agro Wana Lestari (AWL).



Training by Perbanas Institute to promote financial awareness and entrepreneurship. Location: Training Center of PT Agro Indomas (AICK). Date: 12th - 13th September. Participants: school teachers, local enterprises and AICK credit union.



Completed road maintenance project at Tumbang Keminting village, Central Kalimantan.



Environmental Monitoring by PT Unilab Perdana was carried out at our concessions in Central Kalimantan from 8th - 19th October 2018.

Environmental Performance Management

Recent routine environmental monitoring activities were completed from 8th - 19th October at Goodhope's concessions in Central Kalimantan: PT Agro Bukit (ABCK), PT Agro Indomas (AICK), PT Rim Capital (RCCK), PT Agro Wana Lestari (AWL) and PT Karya Makmur Sejahtera (KMS). The data collected included air emission measurements, ambient noise levels and water sampling (including river, ground and treated water). Measurements and samples were taken by PT Unilab Perdana according to our environmental monitoring plans, which include biannual measurements of key environmental indicators by a reputable third party.

Alongside the monitoring of chemical application (fertilizer and pesticides), waste production, energy use etc., analysis of the data collected contributes to the evaluation and improvement of our environmental management plans. Our aim is to maintain a comprehensive system for the monitoring of environmental indicators to evaluate performance and to implement mitigation plans to progressively moderate the environmental impact of our operations.

Some of our environmental management performance targets include:

- 30% reduction in the Biological and Chemical Oxygen Demand (BOD and COD levels) of treated palm oil mill effluent (POME) by 2024 (in relation to 2017 levels).
- Progressive reduction in the use of chemical pesticides and fertilizers per hectare of oil palm planted.
- Increased percentage of recycled and reused waste and reduced percentage of waste to land-fill.
- 40% reduction in water use (litres per tonne of FFB processed) by 2024 (in relation to 2017 levels).
- Annual reduction in energy use per tonne of CPO (for mill) and per tonne FFB (for non mill).



The Program for Pollution Control, Evaluation and Rating (PROPER) established by the Indonesian Ministry of Environment serves as an external system for assessing overall environmental performance. In order to better understand the requirements for maintaining and improving our performance under this scheme, representatives from Goodhope (PT ABCK and PT AICK) attended a recent training day to gain new insight into the additional indicators to be used for upcoming PROPER assessments. The training was held in Palangka Raya, Central Kalimantan, on 19th September 2018.



We continue to explore opportunities that will support out commitments to increasingly implement renewable energy approaches and reduce greenhouse gas emissions from our operations. To learn about some of the most recent advances and opportunities available, representatives from Goodhope attended a Talk Show on Promotion of Least Cost Renewables in Indonesia (LCORE Project) by the GIZ Renewable Energy Program Indonesia. The event was held in Jakarta on 4th October 2018 and focused on the utilization of POME as a source of biogas for power generation. The installation of such technology at the sites of our mills remains among our sustainability targets. It is hoped that in the future it will become more economically feasible for the company to implement such an approach as a means of generating electrical power from waste product.

Promoting the Identification of Hazards for Improved Health and Safety Risk Management

By improving the identification of hazards in the workplace we can better prevent accidents through our risk assessments and mitigation plans to improve health and safety performance. Therefore, to encourage the reporting of unsafe acts, unsafe conditions and near miss accidents, a reward program has been established to provide employee awards for the best contributions to near miss accident reporting. The first award was presented to Mr. Sumidi, Purang Estate Manager at PT AWL.

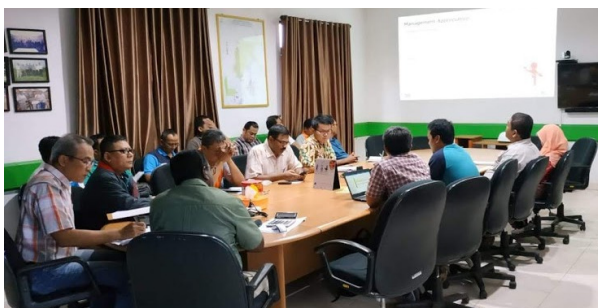
We hope that by introducing this reward system we will encourage increased reporting of hazards through our established accident / near miss hotline, which provides the means for employees to report any observed hazards and risky behavior or conditions. The hotline system provides an open means for reporting hazards, supplementing the systematic checks for possible hazards that are carried out through regular health and safety inspections of operational units and activities. By improving risk identification through these two channels – near miss hotline and routine health and safety inspections – we can reduce the accident occurrence by implementing appropriate corrective actions according to risk evaluation.



Award for the best contributions to near miss accident reporting.



Regular Environmental Health and Safety training/briefing for workers.



Compliance assessments and audits incorporate document reviews, field observations and stakeholder interviews. Results are presented and evaluated by management teams, and corrective action plans are developed and implemented to close any identified gaps in compliance.

Compliance Assessments and Certification Audits

Internal Sustainability Assessments

To monitor and review the implementation of our sustainability policy and compliance with sustainability standards, internal assessments are conducted every six months to measure and evaluate compliance against company policies, standard operating procedures and criteria defined by RSPO, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System and Indonesian Sustainable Palm Oil (ISPO) standards. The internal assessment process includes document review, field observation and interviews and is conducted by our Sustainability Team, General Manager, Plantation Manager and Heads of Departments. From 16th September until 10th October 2018, assessments were conducted at Goodhope's sites in Central Kalimantan (PT ABCK, PT AICK, PT RCCK, PT AWL and PT KMS).

Sustainability Assessment by Environmental Resources Management Indonesia (ERM)

In addition to our routine internal assessments of compliance, Goodhope also commissions third party audits by the environmental consultants ERM. The third party assessments of sustainability performance are currently conducted on a biannual basis, reporting the performance against the statements of our Sustainability Policy. The second assessment was completed on 16th October 2018 adopting the same scope and methods used for the first audit, which was completed by ERM in April 2018. Report conclusions were reached through direct and indirect observations, including document reviews, interviews and site visit. The second assessment began in July 2018 with the collation and review of company documents. Field visit was conducted from 7th - 11th August 2018 at PT AWL concession in Central Kalimantan. All other subsidiaries were assessed according to documentary evidence and stakeholder interviews.

ISPO Certification Audit

To date Goodhope has attained ISPO certification for two concessions: PT AICK and PT AWL. Audits to retain certification were conducted in October 2018.

RSPO Witness Assessment at PT ABCK

RSPO witness assessment of the certification body PT Mutuagung Lestari is underway at Sungai Binti Palm Oil Mill, PT ABCK.

Towards the Resolution of RSP0 Complaints

Case 1: Allegations Against PT Nabire Baru **Complainant:** Yayasan Pusaka
RSP0 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 RSP0 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. RSP0 seeks to follow up with Yayasan Pusaka regarding the withdrawal of the 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 RSP0. The second legal review was completed in August 2018.

Case 2: Precautionary Approach: 'Stop Work Order' **Complainant:** RSP0 Secretariat
RSP0 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. We continue our engagement with the assessors to ensure that appropriate actions are taken according to the outcomes of reviews.
Land Use Change Analysis (LUCA)	The LUCA report for the two subsidiaries was submitted to RSP0 at the end of July 2017 in line with the deadline set by the RSP0 Complaints Panel (CP).	LUCA for PT AJB was submitted to RSP0 on 31 st July 2017 (on the deadline set by the CP). LUCA reports for PT BMS and SMS were submitted to RSP0 on 29 th August 2017 (well ahead of the deadline set by the CP).	LUCA reports for PT SSA and SHP were submitted to RSP0 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 (IBCSA):** 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.
- **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

