

Sustainability Journey

Quarterly Report



Foreword

During this years prolonged dry season in Indonesia, our attention and priority has been ensuring our readiness to respond to increased risk and occurrence of fires. The capability to mitigate the considerable threats has been met by reinforcing our resources for fire prevention, surveillance, and emergency response purposes.

Meanwhile, we continue our efforts to strengthen our Sustainability Management Framework, using routine data collection, assessments and audits, to assess our progress towards meeting milestones, and to develop adaptive management and monitoring plans. By rolling out improved monitoring systems, we shall have increased capacity to more efficiently track performance, identify gaps, and facilitate the implementation of improved practices.

Our smallholder mapping efforts and farmer training program are central to our responsible sourcing approach and we continue to make good progress in increasingly engaging with smallholders to support their inclusion in our supply chain.

We are pleased that our initiatives to promote sustainable development at our schools has being recognized by local government authorities as we participate in Indonesia's Adiwiyata School Program 2019. Furthermore, we continue our contributions to promote collaborative efforts and the implementation of improved practices to support sustainable development of the palm oil sector.

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Fire Prevention and Response

To deal with the ongoing high risk of land fires in Kalimantan, Goodhope has strengthened its resources (including equipment and personnel) for fire prevention, surveillance, and emergency response purposes.

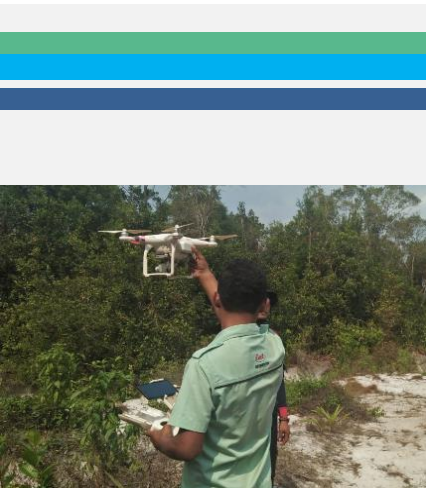
We continue to closely monitor hotspots and mobilize resources as necessary to respond effectively to any suspected fires in the proximity of our concessions.

Satellite Information Systems providing information on hotspots are used to identify and communicate the location of any potential fires detected in or near to our concessions. The Global Forestwatch information system is used to identify hotspots that have significantly higher temperature, indicating a high possibility of fire.

If there is any hotspot identified within or in the proximity of our concession areas, a field team is deployed to conduct ground checks at the location of any identified hotspots. All fire incidents are reported to local authorities and firefighting teams are immediately mobilized to extinguish the fire.

We have been well equipped to respond to fire threats by our proactive approach in cooperating with local authorities and communities. Through our fire awareness and training programs and sufficient preparedness, trained fire fighting teams are on hand at all concessions to respond effectively to fire incidences.

We collaborate with National Disaster Management Agencies and District Fire Fighting Teams and foster good relations with relevant government agencies and local communities to prevent, detect, report and combat the land fires.



Implementation of Fire Patrol together with use of drone.



PT Agro Bukit provided assistance to extinguish a fire outside of the concession, 22nd-23rd August 2019.



Fire-fighting capability is enabled by maintaining sufficient resources (equipment and personnel) to deal with outbreaks of fire.



Coordination Meeting with Government Officers (District Officer, District Police and District Army) on fire prevention and control, PT Agro Bukit, 15th July 2019.



Coordination Meeting with the Disaster Management Agency of Seruyan Regency related with Emergency Responses to forest and peatland fires (16th July 2019).



Fire awareness for employees and communities held at PT Nabire Baru, 25th June 2019.

Strengthening Our Sustainability Management Framework

Training and Development

Our training and development programs provide learning opportunities that build skills and knowledge to help strengthen sustainability management and policy implementation. By improving understanding of sustainability management systems and standards we can better apply and implement practices in a way that responsibly manages resource use, reduces environmental footprint, and enhances employee and community welfare and well-being.



Sustainability management system training for Heads of Departments and Managers at PT Nabire Baru, July 2019.



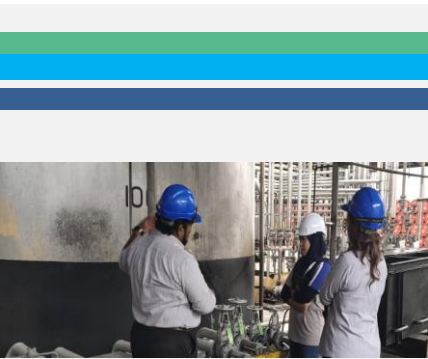
Internal Auditors training on the updated ISO22000:2018 Food Safety Management System standard, 24th July 2019.

Strengthening Capacity for Sustainability Management: Training and Development July – September 2019

Smallholder Program Management Training by the Amanah Independent Farmers Association, FORTASBI (Forum Petani Kelapa Sawit Berkelanjutan Indonesia) and RSPO.	15 th -19 th July 2019
Sustainability management system training for Heads of Departments and Managers at PT Nabire Baru.	July 2019
Internal Auditors training on the updated ISO22000:2018 Food Safety Management System standard.	24 th July 2019
Indonesian Sustainable Palm Oil (ISPO) Lead Auditor certification program held by Mutu Institute in Bogor.	29 th July - 3 rd August 2019
First Line Manager program by Lighthouse Training, Goodhope Training Center, PT Agro Indomas, Central Kalimantan (AICK).	30 th July - 1 st August 2019
Operational and Commercial Aspects of Palm Oil Trade by PORAM (the Palm Oil Refiners Association of Malaysia) Subang, Malaysia.	3 rd -4 th September 2019
Safety and Hazard Prevention Management Training by You See You Act, Premium Vegetable Oils, Malaysia.	6 th September 2019

Managers of our Smallholder Programs had the opportunity to learn further about RSPO P&C and the importance of RSPO certification for farmers by participating in a Smallholder Program Management Training in association with Amanah Swadaya Farmers Association, FORTASBI (Indonesian Sustainable Palm Oil Farmers Forum) and RSPO (15th-19th June 2019).





Certification audit for MSPO SCCS and Surveillance audit for RSPO SCCS. PVO, 8th August 2019.



ISPO Audit, PT AICK 16th-19th September 2019.



RSPO Audit, PT AICK 29th July - 6th August 2019.

Performance Assessments

Regular assessments are conducted to allow us to evaluate our performance and compliance with standards, and to identify actions for improvements.

Internal assessments are conducted to measure compliance against company policies, standard operating procedures and criteria defined by standards including RSPO, ISO and ISPO and Malaysian Sustainable Palm Oil (MSPO). The internal assessment process includes document review, field observation and interviews as a means to identify risks and promote better management. Site management plans are developed and adapted according to the outcomes of assessments and monitoring activities.

Third party assessments have been conducted by the consultancy firm Environmental Resources Management (ERM). These assessments report performance against the statements of our Sustainability Policy. Assessments have been completed biannually since April 2018. The fourth assessment report will be available later in October 2019.



Assessment under Indonesia's Program for Pollution Control, Evaluation, and Rating (PROPER) was conducted at PT ABCK and PT AICK by relevant environmental agencies, August 2019.

Certification Audits

Compliance against our commitments and sustainability standards is verified by independent third parties in accordance with our Certification Plan (incorporating standards such as RSPO, ISPO, MSPO, ISO and PROPER).

This year, our facilities in Malaysia (Premium Vegetable Oils) embarked on the Malaysian Sustainable Palm Oil (MSPO) Supply Chain Certification System, completing the auditing process in August 2019.

Audit	Company	Date
Sustainability internal audit	Agro Bukit	22 nd -26 th July 2019
	Agro Indomas (CK) and Rim Capital	8 th -12 th July 2019
	Agro Wana Lestari and Karya Makmur Sejahtera	19 th -23 rd August 2019
	Nabire Baru and Sariwana Adi Perkasa	30 th July - 2 nd August 2019
	Agro Indomas (EK)	2 nd August 2019
RSPO Audit (P&C and RSPO SCCS)	Agro Indomas (CK) and Rim Capital	29 th July - 6 th August 2019
	Agro Bukit	5 th -10 th August 2019
Malaysian Sustainable Palm Oil (MSPO)	Premium Vegetable Oils	August 2019
Indonesian Sustainable Palm Oil (ISPO)	Agro Wana Lestari	3 rd -6 th September 2019
	Agro Indomas (CK)	16 th -19 th September 2019
Program for Pollution Control, Evaluation, and Rating (PROPER)	Agro Indomas (CK)	8 th -9 th August 2019
	Agro Bukit	13 th -14 th August 2019

Smallholder Engagement and Support



Socialization at PT Sawit Mas Benuo Paser (SMBP).



Socialization at CV Semoi Athena Agro Lestari (SAAL) in East Kalimantan, attended by 40 farmers around Semoi and Argo Mulyo village (July 2019).



Socialization on Health and Safety, Harvesting Criteria and Smallholder Training Program, attended by Koperasi Jasa Makmur Bersama (KJSMB) and smallholder farmers (28th June - 5th July 2019).

Managers of our Smallholder Programs are working in close collaboration with Daemeter Consulting to engage smallholders in implementation of RSPO principles and criteria for independent smallholders.

Through our smallholder engagement programs we convey the benefits of implementing sustainable management practices, such as:

- Enhanced quality and yield of farmers FFB;
- Increased productivity and improved market access;
- Securing land tenure;
- Development of cooperatives.

By coordination with local authorities in North Penajam Paser Regency, East Kalimantan, we have established regular communication with the District Estate Crop Office to align our smallholder mapping activities and results with the governments STDB (surat tanda daftar budi daya) program.

In July 2019, Goodhope and Daemeter conducted socialization meetings on Health and Safety, Harvesting Criteria and Smallholder Training Programs. Main suppliers to Agro Indomas, East Kalimantan participated, i.e. Koperasi Jasa Makmur Bersama (KJSMB), PT Sinar Maiwa Sejahtera (SMS), PT Sawit Mas Benuo Paser (SMBP) and CV Semoi Athena Agro Lestari (SAAL). In total, 167 participants attended the socializations, providing opportunities to discuss the numerous challenges, including new standard, government regulations and pricing and that are faced by the farmers.

Farmers' Loyalty Programs

Suppliers engaged have already responded positively to Goodhope management's proposition to build a supplier loyalty partnership program.

Such loyalty programs are under development as a means to make traceability easier and to increase 'return-on-investment' (improvement of FFB quality and quantity due to the smallholder support program). In the long term the program will support sustained FFB volumes from local suppliers.

We are working on expanding our smallholder support program to achieve:

- Progressive increase in the number of smallholders engaged and participated in our program.
- Progressive increase in the number of training hours in both sustainability and agronomy matters for smallholders.
- Growth in the agricultural yield and productivity of small-scale producers.

Farmer Field School (FFS)

At socialization sessions held at PT Agro Indomas, East Kalimantan and PT Agro Wana Lestari, Central Kalimantan in June-July 2019, smallholder farmers showed a significant interest to join training sessions that would provide them with assistance and support to enhance crop productivity.

Upon evaluation of the feedback attained from socialization meetings, we established a plan to deliver training programs in collaboration with Daemeter Consulting.

Farmer field School (FFS) Training is delivered at a demonstration plot in the field. Training sessions are delivered twice a week from August until November 2019. We will also offer individual training sessions that will be delivered at least monthly for 2-3 hours per session.

The FFS training aims to address the main technical problems faced by independent smallholder farmers, such as lack of understanding about good agriculture practices relating to plant nutrition, fertilizer and herbicide use, soil conservation, pruning and how to obtain good quality certified planting materials and ensure the best quality of harvested FFB.

Topics of training are tailored to the needs of the farmers, with focus on technical problems that were identified during the socialization meetings:

1. Crop maintenance and pruning;
2. Fertilizer use (increase use of organic matter);
3. Herbicide use (reduced dependency on chemical formulas);
4. Seed/planting material (enhanced quality);
5. Harvesting (quality control).



Smallholders field school at Argomulyo and Wonosari village, Sepaku, PPU, East Kalimantan.



Smallholder field school at Koperasi Jasa Makmur Bersama (KJSMB).



Smallholders field school at PT Sawit Mas Benuo Paser (SMBP).



Smallholder field school at PT Sinar Maiwa Sejahtera (SMS).

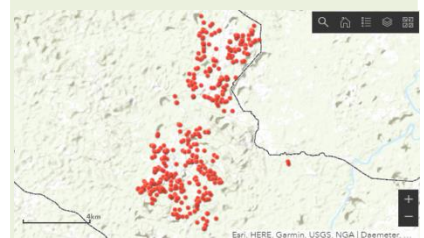
Smallholder Mapping

Field teams continue to work closely with farmers to conduct partner smallholder mapping through the use of Cadasta Platform 2.0.

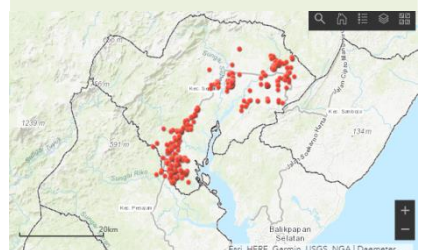
As at the end of September 2019, teams have surveyed 791 farmers and mapped 2,895 hectares of smallholder oil palm plantations supplying to the two companies.

Smallholder Mapping (Sept 2019)

Number of smallholders surveyed and mapped	791
Hectares of smallholder plantations mapped	2,895 Ha
FFB volume sourced from mapped smallholder plantation	32,584 tonnes/yr



Distribution of mapped smallholders that supply to PT AWL.



Distribution of mapped smallholders that supply to PT AIEK.

Sustainability at Schools

SMP Tunas Agro Junior High School (PT Agro Indomas) is demonstrating its commitment to promote Education for Sustainable Development.

The School is now participating in the provincial level stage of Indonesia's Adiwiyata School Program jointly organized by the Ministry of Environment and Forestry and Ministry of Education.

Assessment and verification was completed in August 2019 by representatives of regional and provincial Environmental Agency offices (Seruyan Regency and Central Kalimantan province).

Our initiatives include plastic reduction through the use of refillable drinking bottles and water stations, planting various fruit/vegetables, and composting. SMP Tunas Agro also makes a working group in accordance the direction from the Environmental Agency of Seruyan Regency.

The school is now looking forward to participate in the next phase at national level, namely Adiwiyata Nasional and Adiwiyata Mandiri, as it makes further steps towards realizing its vision of being recognized as a pioneering environmentally conscious school.

Certification from the local government in recognition of the achievements of our school SMP Tunas Agro Junior High School (Agro Indomas) as part of Indonesia's Adiwiyata School Program 2019.



Our school SMP Tunas Agro, Junior High School, PT AICK has developed a Computer Laboratory to support teaching and learning activities. There are now 31 Computer Units to support improved education at the school.



The Principal of our SMP Tunas Agro, Junior High School, PT AICK participated in a training program with the aim to enhance teacher development in Information Communication and Technology (3rd-5th September).



Working Groups and initiatives include gardening, composting and nursery establishment at SMP Tunas Agro.

Environmental Health and Safety Performance

We routinely measure and evaluate key health and safety indicators including the number of Near Misses; Minor Incidents; Major Incidents; Fatalities; Lost Time Accidents; Lost Work Days; Reportable Injury Rate; Disabling Frequency Rate; Severity Rate and Safety Index.

Since the beginning of FY 2019/20 (April 2019), we have recorded 161 work days lost, resulting from 9 major incidents and 115 minor incidents. All companies have maintained zero fatalities.

Safety Performance

	Apr-19	Jun-19	Aug-19
TRIR	4,35	4,18	4,69
FR	2,42	1,58	2,19
SR	3,71	1,81	2,72

TRIR: Total Reportable Injury Rate (number of reportable injuries / illnesses per 200,000 labor hours).
FR: Frequency Rate (number of accidents which caused lost work days per 200,000 labor hours).
SR: Severity Rate (number of lost work days due to accident per 200,000 labor hours).

We continue to work towards improving safety performance as part of our Environmental Health and Safety (EHS) Targets and Objectives Programs. All employees are encouraged to be aware of the hazards, attend safety trainings and briefings, ensure correct use of Personal Protective Equipment, take appropriate precautions to minimize environmental impacts, and maintain records.



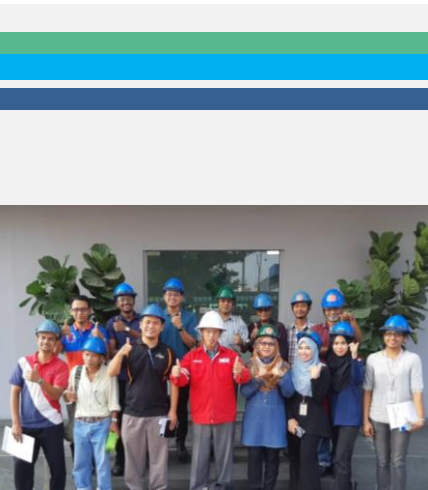
Construction of a Sewage Treatment Plant at Terawan Mill, PT AICK began in August 2019.



Our regular Reward and Recognition Programs help to encourage improved Environmental Health and Safety (EHS) performance.



Healthcare activities facilitated by collaboration between the Company Medical Clinic (Ketapang Project) and the local Community Health Center (PUSKESMAS), 9th-13th September 2019. We integrate employee health services with community health facilities to extend the reach of our services and to contribute to improved community health and welfare.



Safety and Hazard Prevention Training on Safety Systems for members of PVO Safety Committee Team.



Safety Awareness training for PT Nabire Baru mill employees.



Socialization training on electronic reporting system for environmental performance (including waste water report, air emission report, and hazardous waste report) - PT Agro Indomas and PT Agro Bukit, Central Kalimantan.

Contributions to Promoting Sustainable Development of the Palm Oil Sector



Goodhope was invited to share experiences in the implementation of Sustainable Palm Oil commitments at Apical's Shared Value Program – a Sustainability Workshop for Palm Oil Suppliers (22nd-23rd July 2019).



Meeting on the legalization of conservation areas inside oil palm concessions, a landscape conservation program facilitated by Aidenvironments, Ketapang Region, West Kalimantan (30th September 2019).

Goodhope continues to be an active member of the RSPO and engages in dialogues and collaborations with multiple stakeholders to help strengthen and accelerate implementation of sustainable practices.



RSPO calibration workshop, August 2019 provided opportunities for participants to comment on the RSPO Audit checklist and facilitated consolidation of the understandings of Certification Bodies and Growers.

Goodhope contributes to collaborative efforts to strengthen governance and promote wider compliance and implementation of improved practices to support sustainable development of the palm oil sector. This includes sector, landscape, and jurisdictional initiatives to foster monitoring, transparency and collaboration towards addressing key social and environmental challenges.

We support a systematic approach and new initiative to:

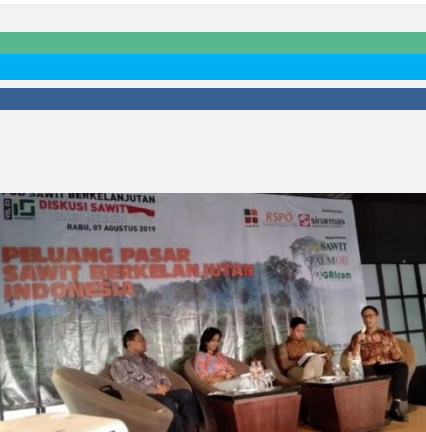
- i) Promote principles, values, commitments, goals and targets to drive collective action and co-operation in working towards the implementation of time-bound plans;
- ii) Develop and implement coordinated management systems that facilitate implementation processes and that enable Monitoring and Adaptive Management at scale;
- iii) Utilizing guidelines and collaborative partnerships and multi-stakeholder forums to help identify solutions, support the implementation of new approaches, address challenges and promote improvements.



Engagement for Community Development Program, Benoa Krio village, West Kalimantan, 24th September 2019.

Goodhope is encouraging sustainable landscape activities to empower and improve the livelihoods of local communities around our concessions in Ketapang Region, West Kalimantan.

In collaboration with Aidenvironment, we aim to coordinate suitable community development programs to compliment and support conservation and land-use plans.



Goodhope's Director Sustainability, Edi Suhardi, was a speaker at a Sustainable Palm Oil Discussion with the theme "Opportunities for the Sustainable Palm Oil Market in Indonesia" held by InfoSAWIT Magazine with multi stakeholders, 7th August 2019.



Goodhope signed up commitment on multi-stakeholders collaboration between government authorities, NGOs, and the private sector in the implementation of the Orangutan Conservation Strategy and Action Plan 2019-2029.

The strategy and action plan was launched by Indonesia's Ministry of Environment and Forestry this year to promote conservation efforts for orangutans and their habitat in harmony with sustainable development programs.

The event was facilitated by the Indonesian Forum for Ourangutan Conservation (FORINA), in which Goodhope served as a Board member from 2009-2019.

Supporting Indonesia's National Action Plan for Sustainable Palm Oil

Indonesia's Proposed National Action Plan on Sustainable Palm Oil sets a blueprint with the goal to achieve sustainable palm oil production by 2024.

It is an ambitious national strategy incorporating key aspects to support sustainable palm oil: i) strengthening data, coordination and infrastructure; ii) improving smallholder's capacity and capability; iii) environmental management and monitoring; iv) governance and conflict resolution; and v) support to accelerate ISPO certification and market access.

The plan has the potential to close the gaps that set apart the best from the worst in terms of sustainability standards, by enabling widespread access to technical support and systems to provide overall increased capacity and adoption of good agricultural practices.

Goodhope was invited as one of palm oil companies to present and provide insights and feedback on the workshop on National Action Plan on Sustainable Palm Oil organized by the Coordinating Minister for Economic Affairs.

Effective implementation requires time, strategy, purposeful communication and follow-up. There is a need to clearly identify the problems and tackle the issues by rolling out better integrated approaches and systems to allow much more widespread adoption of sustainable practices. In order to do so we must recognize the struggles faced by companies and suppliers, including independent smallholders, and commits to address and resolve the constraints.



Goodhope's Director Sustainability, Edi Suhardi, was a speaker at a Workshop on the National Action Plan for Sustainable Palm Oil, 20th August 2019, coordinated by Indonesian Sustainable Palm Oil Forum (FOKSBI) and United Nations Development Programme (UNDP).

To succeed, much support is needed to facilitate the change and take on challenges. All concerned stakeholders must show their concerted efforts to support the efforts with the government acting as a facilitator and enabler. We need to better synchronize laws, policies and systems to incentivize ISPO certification, and to instigate mechanisms for sharing responsibilities and gaining support from downstream and investors.

Goodhope supports collective action to adopt meaningful change that enables the demonstration of tangible improvements and positive contributions to sustainable development.

Structured multi-stakeholder forums will play an important part in transforming ideas and concepts into implemented commitments to demonstrate that palm oil can be produced in Indonesia in an environmentally and socially sustainable manner.

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