

Sustainability Journey

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Foreword

A positive milestone has been passed on our journey with the announcement of the conclusive resolution of the complaint case against PT Nabire Baru. This case (lodged in April 2016) is now closed following effective resolution that has been attained through multiple processes including:

- Completion of legal review.
- Completion of new HCV assessment and Land Use Change Analysis.
- Calculation of final compensation liability.
- Dispute settlement facility
- Community's withdrawal of the complaint on 21st August 2018 following a Bilateral Engagement process.
- RSPO meeting with the Yerisiam Gua community on 18th September 2018 and subsequent follow up with the complainant.

Corrective actions have been reviewed by the RSPO Complaints Panel and deemed to be sufficient to warrant the closure of the case. The dismissal of the complaint was confirmed by letter from RSPO dated 31st January 2019.

The decision comes as a result of our commitment to act in an accountable manner and to implement recommended actions with the involvement of stakeholders to effectively resolve issues. Improvements in business practices have been implemented across our operations, driven by the RSPO standard.

We continue to work towards demonstrating verified compliance with current RSPO New Planting Procedures (NPP) for seven subsidiaries. Furthermore, we are implementing capacity building activities and adaptive management processes in order to achieve implementation of RSPO principles and criteria 2018. Standards are being applied across our operations to drive continuous improvement and implementation of Best Management Practices. In addition to the RSPO standard, we adopt international standards in Occupational Health and Safety, Environmental Management, Food Safety and Quality Management Systems.

In this issues of our monthly report we provide updates and overviews on key management systems and updates on recent activities relating to:

- Safety Awareness.
- Advancing Education.
- Traceability and Responsible Sourcing Framework.
- Initiatives to support sustainable development in Papua.



RSPO Roadshow, Jakarta, 11th-12th February 2019. Participants from PT Agro Harapan Lestari had the opportunity to learn more about the new RSPO Principles and Criteria 2018 and the RSPO audit checklist which will be launched in June 2019.



British Standards Institute International Conference on Organizational Resilience, Jakarta, 12th February 2019. Representative from PT Agro Harapan gained insight into the ISO standards and the role of BSI.



Internal training on new RSPO Principles and Criteria, PT Agro Indomas, Central Kalimantan, February 2019.



Indonesian Sustainable Palm Oil (ISPO) Certification System Auditor Training Course, 11th-16th February 2019.

Making Effective Use of Standards for the Implementation of Best Management Practices

Goodhope adopts multiple standards across the Group's operations to strengthen regulatory compliance, to work more efficiently and effectively, to reduce risk, and to improve performance in sustainability.

- Premium Vegetable Oils Sdn Bhd operates an Integrated Management System including the Quality Management System (QMS) ISO9001: 2015; the Food Safety Management Systems FSSC 22000 and HACCP; and RSPO Supply Chain Certification System (SCCS).
- Premium Fats Sdn Bhd operates an Integrated management system encompassing QMS ISO9001: 2015; Food Safety Management Systems ISO22000:2005 and MS 1480:2007; and RSPO SCCS.
- Plantation Management Units that have already achieved RSPO certification operate Integrated Management Systems encompassing OHSAS 18001 Occupational Health and Safety Management System; ISO 14001 Environmental Management System, RSPO Principles and Criteria (P&C) and RSPO SCCS.

Implementation of the standards drives change and continuous improvement, particularly as the standards evolve. We aim to engage and motivate employees through training to ensure that relevant standards are understood, to encourage implementation across operations, to equip designated staff with the knowledge and skills to perform regular internal audits according to the criteria defined by the standards, to develop stronger management systems and to ensure the alignment of all policies and procedures.

Under these management frameworks we are working on incorporating the mandatory requirements for Indonesian Sustainable Palm Oil (ISPO) Certification System and Malaysian Sustainability Palm Oil (MSPO) Certification System as relevant to ensure compliance with national regulations.

- Premium Vegetable Oils Sdn Bhd plans for MSPO certification audit by July 2019, well before the deadline set by the Malaysian Government.
- To ensure that we have the capacity to assess compliance against ISPO criteria, two representatives from Goodhope's Upstream Management Company (PT Agro Harapan Lestari) participated in an ISPO auditor training course from 11th-16th February 2019. The training course was completed by our Regional Manager Environmental Health and Safety and our Senior Assistant Manager Certification from PT Agro Harapan Lestari.

Food Safety and Quality Management Systems

Both Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd are certified for internationally recognized Quality Management System (QMS) standard ISO 9001. Implementation of the standard helps to continually monitor and manage quality, streamline operations, improve efficiency and employee involvement, and encourage resilience for a more sustainable business with improved customer satisfaction.

Premium Vegetable Oils Sdn Bhd initially achieved certification for ISO9001: 2008 in the year 2008, while Premium Fats Sdn Bhd attained certified for ISO9001: 2008 in the year 2010. In 2018, both companies achieved certification under the revised standard ISO9001: 2015. A complete management review was undertaken for the adoption of the updated standard. Trained internal auditors identified gaps and opportunities for improvements and new processes and procedures were introduced. The implementation of the necessary changes to meet ISO9001: 2015 standard was verified by Certification Body.

The QMS provides a secure framework to incorporate the Food Safety Management Systems FSSC22000 or ISO 22000 and the Hazard Analysis Critical Control Point (HACCP) System. Premium Vegetable Oils Sdn Bhd became FSSC22000 certified in the year 2015 and since then we have been continuously implementing the requirements and updates. We are now certified with the latest version of FSSC22000 version 4.1. This certification system is one of the programs to be recognized by the Global Food Safety Initiative (GFSI), meets internationally recognized food safety requirements, developed by a multi-stakeholder group.

An employee training schedule is planned annually and implemented for enhancing employees' knowledge on the Food Safety and Quality Management systems. Topics include Food Security, Food Defence, Vulnerability Assessment and Food Handling. All levels of employees are trained on hygienic ways to handle the food ingredients that produced for food application.



Food Handlers Training by First Wing Training Agency, Premium Vegetable Oils Sdn Bhd, Pasir Gudang, Johor Bahru; 28th January 2019.



Food Allergen Handling Training, Premium Vegetable Oils Sdn Bhd, Pasir Gudang, Johor Bahru; 27th November 2018.



Occupational Health & Safety and Environmental Management Standards

Integrated Management Systems incorporating OHSAS 18001 and ISO 14001 have been implemented at five of the Group's oil palm plantation units as mechanisms to help provide safe and healthy workplaces and to improve the management and monitoring of our environmental performance.

Our ISO 14001-certified plantation management units made the transition from ISO 14001: 2004 to ISO 14001: 2015 in the year 2018. The new structure encouraged a more integrated approach to help manage environmental responsibilities and to improve the implementation of multiple programs relating to environmental performance including Integrated Pest Management and Fertilizer Efficiency, Waste Management, Water Conservation, and the mitigation of Greenhouse Gas Emissions.

In order to prepare for the switch from OHSAS 18001 to ISO 45001: 2018, training on the new standard has been provided for Environmental Health and Safety representatives from plantation management units and the Regional Office PT Agro Harapan Lestari. Training was provided by BSI at Goodhope Training Center, PT Agro Indomas, Central Kalimantan on 12th - 13th February 2019.

Understanding the ISO 45001: 2018 standard will help our EHS staff to perform regular internal audits, encourage continuous improvement in performance, and maintain certifications for the management of occupational health and safety. Encouraging greater involvement and responsibilities at all levels will facilitate optimized performance across operations.

Topics of the training also included the newly introduced Electronic Environmental Reporting System launched by the Indonesian Ministry of Environment and Forestry.



Monitoring and Adaptive Management

Regular monitoring of our management systems is central to enabling adaptive management decisions and continuous improvement in performance. Regular inspections, audits and reviews provide the necessary data and information to compare our performance with requirements in order to identify gaps and to put in place action plans to close those gaps. Employees are selected as Internal Auditors and are trained on Integrated Management Systems for internal auditing.

At all our oil palm concession areas, Environmental Health and Safety (EHS) Officers complete regular field inspections against to assess levels of compliance against a set of indicators. Inspections on the condition of emplacements focus on hygiene and sanitation, i.e. cleanliness, domestic waste management and housing condition. Checks are also made to ensure that no animals are kept by employees. Further field inspections are conducted to check harvesting and spraying activities conducted by workers, chemical storage facilities, mills and conservation areas. Regular inspections are substantiated by internal auditing activities, currently underway at PT Agro Indomas, Central Kalimantan.

Compliance with the requirements of the Quality and Food Safety Management Systems implemented by Premium Vegetable Oils Sdn Bhd and Premium Fats Sdn Bhd is assessed upon weekly walk-in audits and periodically by in depth internal audits. The Quality Assurance Department identifies gaps that are to be addressed by the responsible management and then monitors and verifies the implementation of corrective actions.

Our internal assessments include document reviews to ensure the availability and use of operational procedures and to promote the need to make updates as required in alignment with policies and standards.



Emplacement Inspections at Terawan Estate, PT Agro Indomas, Central Kalimantan, 25th-29th January 2019.



Environmental Health and Safety Field Inspections to monitor the working practices adopted by plantation workers and to assess various sites including medical clinics, security posts, offices, mills, workshops and storage facilities at PT Rim Capital and PT Agro Indomas, Central Kalimantan, 14th-28th January 2019.



Safe Driving Training at PT Agro Bukit Central Kalimantan, January 31st 2019.



Fire Safety Training at Premium Vegetable Oils Sdn Bhd, Pasir Gudang, Johor Bahru; 31st December 2018.



Fire Drill and Emergency Response Procedures, PT Agro Wana Lestari, 10th January 2019.



Fire Drill and Emergency Response Procedures, PT Agro Bukit Central Kalimantan, 28th January 2019.

Safety Awareness

We are continuously seeking to deliver fresh Safety Training and awareness campaigns to promote safety culture, mitigate health risks, and address issues that are identified through our safety monitoring program.

Safe Driving Training has become a key focus of initiatives with widespread efforts to promote safe transport habits implemented at plantation sites. Recent training was conducted for drivers employed in CPO transport at PT Agro Wana Lestari on 11th January 2019 and at PT Agro Bukit on 31st January 2019. The training aimed to provide training related to safety requirements for driving and basic knowledge on fleet maintenance.

Regular trainings are conducted on emergency response preparedness at our factories with the aim to facilitate the early warning, detection and mitigation of fire threats and to ensure the capacity for effective response in case of emergency. Latest Fire Safety Training was conducted at Premium Vegetable Oils Sdn Bhd on 31st December 2018. Fire Drill and Emergency Response Procedure training was held at Bukit Santuai Mill, PT Agro Wana Lestari on 10th January 2019 and at PT Agro Bukit on 31st January 2019.

The topics of Fire Safety Training and Emergency Response Procedures focus on: i) understanding the combustion process and the various fire types / classes; ii) potential sources of fire and prevention mechanisms; iii) understanding of the different types of fire extinguishers and correct use including practical experience of controlling a fire through the use of a fire extinguisher; iv) procedures related to fire extinguisher use, maintenance and inspection; v) basic knowledge of first aid techniques and types of injury; vi) drills for effective response to fire threats and emergency situation.

Occupational Health and Safety Month Celebration

All estates and mills at Goodhope commemorated the Indonesian Health and Safety (K3) Month from the period of 12th January - 12th February 2019. Celebrations, awareness and capacity building activities conducted across the course of the month delivered the key message to strive for continuously improving safety culture and commitment as the way of life and work. As part of the celebrations, representatives from Goodhope (PT Agro Bukit) participated in a commemorative event held in Palangka Raya, Central Kalimantan on 18th February 2019.

Advancing Education

Our Education Foundation, Yayasan Agro Harapan, continues to facilitate improvements in teaching quality at schools in and around our plantation sites. From 22nd-24th January 2019, teacher training was conducted at the Training Center of PT Agro Indomas, focusing specifically on improving teaching skills in mathematics and Bahasa Indonesia. The training was delivered by lecturers from Universitas Pendidikan (Prof Tatang Herman, and Dr Isah Cahyani). The trainers provided practical tips and guidelines for the delivery of these subjects in class in a manner that motivates students and makes the topics of these subjects more easy to absorb and understand. Around 40 participants attended this training. It is expected that the teacher capacity building activities will contribute to improved performances from students.

Our school capacity building initiatives are supported by EHS and Sustainability Teams to increasingly raise awareness on issues relating to Sustainability. On 11th January 2019, students from our school SMP Tunas Agro visited the Landfill site and Waste Bank of Terawan Estate, PT Agro Indomas, Central Kalimantan. The purpose of the excursion was to improve understanding of domestic waste management to and further promote awareness of reduce-reuse-recycle programs. EHS Staff explained the procedures for managing the waste segregation process, weighing, collection and recycling processes in the waste bank. A Q&A session was conducted to answer questions and queries.



Teacher Training held on 22nd-24th January 2019 at the Goodhope's Training Center, PT Agro Indomas, Central Kalimantan.



SD Tunas Agro's students take part in and win the title as General Winner of the Seruyan Science Olympics 2019



Students from SMP Tunas Agro visited landfill site and Waste Bank Project in Terawan Estate, PT Agro Indomas, Central Kalimantan.

The overall goal of our education program is to provide good quality education that will contribute to empowering our students. Demonstrating positive impacts, our internal school, SD Tunas Agro achieved General Winner of the Seruyan subdistrict Science Olympics 2019. This event is held annually by school committee in Seruyan with 11 elementary schools in the subdistrict participating. Three of our students achieved top positions in various categories, one winning first prize. The winner is eligible to compete in the next round of the competition (regional level).

Traceability and Responsible Sourcing Framework

Goodhope is working in collaboration with consultants (Daemeter) to implement an improved Traceability and Responsible Sourcing Framework.

Risk assessments relating to FFB sourcing by our mills in Kalimantan have been completed and will enable the prioritization of our efforts, focusing on parts of our supply chain which pose the greatest risk, and where improvements will make the most impact.

The project will promote the benefits of sustainable approaches through supplier engagement and will utilize a suitable system to map FFB suppliers. It is expected that technology from provided by Cadasta.org will be utilized to serve as a database for survey information. Digital data collection forms will be used to collect supplier data using GPS-enabled smartphones for field visits.

An initial scoping visit to Bumi Jaya mill and members of its supply base was conducted from 14th-18th January 2019. This visit included meetings between the company and consultants, supplier visits, and a meeting with the local Government authority (Dinas Perkebunan) Penajam Paser Utara regency.

Another scoping visit has now been completed at our sites in Central Kalimantan (four mill locations): Bukit Santuai Mill, Sungai Purun Mill, Terawan Mill and Sungai Binti Mill. The scoping visit began on 19th February 2019 at Bukit Santuai Mill, PT Agro Wana Lestari.



Traceability scoping visit, 14th-18th January 2019. Bumi Jaya Mill, East Kalimantan.



Meeting with the local Government authority (Dinas Perkebunan) Penajam Paser Utara regency, 17th January 2019.



Opening meeting of the scoping visit at Bukit Santuai Mill on 19th February 2019.

Seeking systems and solutions to support zero-deforestation supply chains and smallholder inclusion

Through collaboration with the Carlson Agricultural Land Systems Research Group from the Department of Natural Resources and Environmental Management at the University of Hawai'i at Mānoa, Goodhope is supporting the exploration of improved systems and solutions to support zero-deforestation supply chains and smallholder inclusion. Our hope is that landscape-scale mapping approaches will provide a mechanism to identify forests for protection while enabling smallholder inclusion in supply chains and net effectiveness in the implementation of no-deforestation commitments.

To support the development of approaches, Goodhope (PT Agro Harapan Lestari) will be participating in a new working group facilitated by Science for Nature and People Partnership (SNAPP) with the aim to develop solutions to overcome barriers facing smallholder producers as a result of the expansion of zero-deforestation supply chains.

Goodhope's Sustainability Director will also be sharing ideas and views at the Global Land Program Open Science Meeting as invited panelist for the forum on "Industry perspectives on achieving zero-deforestation."



Discussions between Goodhope (PT Agro Harapan Lestari) and IDH team regarding proposal for Nabire Landscape Management.



Scoping visit to Nabire on Landscape Management by IDH team on 16th-18th January 2019.

Promoting Sustainable Development in Nabire Region, Papua

Goodhope is seeking to promote further progress in the development and implementation of a Collaborative Landscape Management Program that aims to provide suitable opportunities for sustainable community development in Nabire Region, Papua.

A number of meetings and discussions have been undertaken with IDH (The Sustainable Trade Initiative) to explore possibilities for an appropriate Landscape Management Program involving multiple stakeholders including Government authorities, companies, communities and Non-Governmental Organizations. Following a series of meetings in Jakarta, three representative from IDH participated completed an initial scoping visit to the PT Nabire Baru concession area. The site visit (from 16th - 18th January 2019) included meetings with representatives from the local community of Sima Village, the PT Nabire Baru team and local government authorities. All stakeholders demonstrated enthusiasm for participation in the proposed program. Furthermore, the local government officials recommended an element of capacity building for policy making and establishment of a green development framework .

Another meeting will take place to finalize the Terms of Reference (TOR) and to nominate potential consultants to undertake a thorough desk analysis and field assessment on socio-economic aspects, land tenure, natural resource management, conservation priorities and marketing opportunities. The appointment of an appropriate consultant will be mutually agreed with the expectation that the study will identify opportunities to strengthen community-based social development and conservation programs.

Through the further development of the project based upon this initial research, it is anticipated that the Collaborative Landscape Management Program can become a model for the implementation of a sustainable development program in Papua, supporting economic opportunities and promoting the conservation of biodiversity and ecosystem services across the landscape.

Towards the Resolution of RSPO Complaints

Case 1:

Allegations Against PT Nabire Baru
RSPO Complaint Case: PT Nabire Baru

Complainant: Yayasan Pusaka
Date filed: 19th April 2016

This case is now closed following effective resolution that has been attained through multiple processes including:

- Completion of new HCV assessment and LUCA.
- Completion of legal review.
- The community's withdrawal of the complaint on 21st August 2018 following a Bilateral Engagement process.
- RSPO meeting with the Yerisiam Gua community on 18th September 2018 and subsequent follow up with the complainant.

A letter confirming the closure of the case was sent to the complainant (Yayasan Pusaka) and respondent (Goodhope / PT Nabire Baru) on 31st January 2019.

The letter states that the complaint against PT Nabire Baru is now dismissed by the Complaints Panel.

Case 2:

Precautionary Approach: 'Stop Work Order'
RSPO Complaint Case: Goodhope Asia Holdings

Complainant: RSPO Secretariat
Date filed: 19th April 2017

The stop work order for PT Nabire Baru (NB) and PT Sariwana Adi Perkasa (SAP) has been lifted in recognition that the conditions defined by the precautionary measure have been satisfactorily met. The RSPO Complaint's Panel (CP) decision on lifting the stop work order for PT NB and PT SAP was conveyed to Goodhope by letter dated 27th December 2018.

On 4th February 2019 Goodhope received formal announcement of the CP decision to permit expansion of the mill at PT NB. The decision will allow for the expansion of PT NB Palm Oil mill up to a capacity of 45MT/hr (present capacity is limited to 15MT/hr). Conditions for the development include the review and acceptance of the Compensation note by the Compensation Panel in accordance with the RSPO Compensation and Remediation Procedures. No further land clearing is required for the expansion of mill capacity. Any further new development will require the completion of the New Planting Procedure (NPP) process including verification of the NPP documents by an accredited Certification Body and conclusion of the public consultation period.

Ketapang

PT AJB, PT BMS and PT SMS

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 20th September 2018.

LUCA for PT AJB was submitted to RSPO on 31st July 2017 (on the deadline set by the CP). LUCA reports for PT BMS and SMS were submitted to RSPO on 29th August 2017). The LUCA review process is now in final stages.

Sintang

PT SHP and PT SSA

HCV assessment was declared satisfactory on 28th January 2019.

LUCA reports for PT SSA and SHP were submitted to RSPO on 28th December 2017 (ahead of the deadline set by the CP) and are now due to enter final review stage.

Goodhope Asia Holdings Ltd.

No. 1, Kim Seng Promenade
#15-04 Great World City
East Tower
Singapore 237994
Tel: +65 66900120
Email: reachus@goodhope.co

PT Agro Harapan Lestari

Upstream Management Company
Menara Global Building
5th Floor
JI, Jend. Gatot Subroto Kav. 27
Jakarta, 12950
Indonesia
Tel: +62 2152892260
Email: reachus@goodhope.co

Premium Oils & Fats Sdn Bhd

Downstream Management Company
Suite 6.03, Level 6
Wisma UOA Damansara II
6 Changkat Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel: +60 320826200
Email: premiumenquiry@goodhope.co

www.goodhopeholdings.com

