

TOWARDS  
RESPONSIBLE  
SOURCING AND  
TRACEABILITY



# WELCOME

We are delighted to present the Group's fourth sustainability report. We describe our approach to managing sustainability issues, our goals, our ambition, the progress we have made and the challenges we face.

## READER'S GUIDE

### SCOPE AND PROFILE [G4-17]

This report presents our sustainability performance for 2015. The scope covers our main crop, palm oil, as this is most material, representing 85% of our total hectareage. There is no change to the scope of plantation, mill and refinery operations covered. Report data for responsible sourcing cover our Roundtable on Sustainable Palm Oil (RSPO)-certified and audited oil palm plantations (that's 40% of our palm planted area), RSPO/Programme for Pollution Control, Evaluation and Rating (PROPER)-certified mills (17 out of 24) and refineries (4 out of 5). Our key business operations remain unchanged compared to the previous reporting. Scope of GHG data is expanded to 9 mills and 27 estates [G4-23]. We opt for using data from certified/audited sites, however all sites have a formal data collection system. Sugar, rubber, cocoa and other crops, as well as operations in Brazil and the Philippines are currently excluded from the scope of our sustainability reporting. We aim to achieve internationally recognised standards for sustainable agriculture, where available, for all our other crops. The financial and employee data refer to the whole Group. We have restated some data from previous reports regarding water consumption and greenhouse gas (GHG) emissions i.e. tCO<sub>2</sub>e [G4-22].

### MATERIALITY AND STAKEHOLDERS

The materiality assessment from 2013-14 is still valid as a process to determine the topics in 2015 that are high priority to our business as well as to our stakeholders. Senior management provided a re-validation of the material issues in September 2015. The issues, along with our approach to manage them is found in this report as well as online via the link below. We engage with a diverse range of people and groups. This opens the way to collaborate with them to strengthen our mutual interests and establish common goals. Each operational site maps its key stakeholders in order to understand and improve the relationships with its local community.

@ <http://www.indofoodagri.com/sustainability-approach.html>

### WHO WE ARE

IndoAgri is a leading diversified agribusiness. We mainly produce palm oil but we also operate plantation and processing facilities for the production of rubber, sugar, cocoa and tea.

Our headquarters are in Singapore and Jakarta, and we are listed on the Singapore Stock Exchange. We are a vertically integrated business. Our operations spanning the entire supply chain, from plantation management and crop production, through to refining, branding and marketing of consumer products.

We also operate seven rubber processing facilities (producing crumb and sheet rubber), two sugar mills/refineries, one cocoa mill and one tea mill. Through a joint venture in Brazil, we have access to 52,843 hectares of planted sugar cane and a total annual cane crushing capacity of 3.8 million tonnes. Through a separate joint venture, we have a stake in an integrated sugar business in the Philippines with a processing capacity of 6.2 million tonnes.

Our 2015 sustainability report is available through the link below. We welcome your feedback at [sustainability@indofoodagri.com](mailto:sustainability@indofoodagri.com)

@ <http://www.indofoodagri.com/sustainability-report.html>

### GRI

Our sustainability reports are published annually in accordance with the Core option of the Global Reporting Initiative (GRI) G4 guidelines. IndoAgri has not commissioned any third-party assurance on this report.

### SUSTAINABILITY COMMITMENT

Meeting the world's food needs sustainably through innovation and management of excellence.

### VISION

To become a leading integrated agribusiness, and one of the world-class agricultural research and seed breeding companies.

### OUR MISSION

- To be a low-cost producer, through high yields and cost-effective and efficient operations.
- To continuously improve our people, processes and technology.
- Exceed our customers' expectations, whilst ensuring the highest standards of quality.
- Recognise our role as responsible and engaged corporate citizens in all our business operations, including sustainable, environmental and social practices.
- To continuously increase stakeholder value.

### OUR VALUES

With discipline as the basis of our way of life, we conduct our business with integrity, we treat our stakeholders with respect, and together we unite to strive for excellence and continuous innovation.

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# OUR POLICIES

We use RSPO and Indonesia Sustainable Palm Oil (ISPO) certification as part of how we deliver our Sustainable Palm Oil Policy, Palm Oil Sourcing Policy and Responsible Supplier Guidelines. Selected commitments under these policies are as follows:

## SUSTAINABLE PALM OIL POLICY 2013

**(Covering our own estates)**

- Target to achieve 100% sustainable CPO supply, requiring all our mills and plantations, including smallholders, to be RSPO-certified by 2019
- Zero burning policy for land clearing
- Demarcation of, and maintaining biodiversity of High Conservation Value (HCV) areas in accordance with RSPO guidelines since 2008
- No deforestation or new planting on HCV areas
- No planting on peatland regardless of depth since 2013
- Free, Prior and Informed Consent when engaging with local communities and stakeholders
- Protection of human rights and anti-sexual harassment policy to protect women and children's rights
- Prohibits child labour and forced labour

## PALM OIL SOURCING POLICY AND RESPONSIBLE SUPPLIERS GUIDELINE 2014

**(Covering supplies to our refineries)**

- 100% sustainable and traceable palm oil sourcing by 2020
- Purchasing third party palm oil that is
  - not originating from areas cleared by primary forest since 2011,
  - not from HCV areas,
  - not from peat soil deeper than 3 metres planted after February 2009 in line with Indonesian Government regulations
- Respect the Sustainable Palm Oil Policy
- Encourages stakeholder engagement and best agronomic practices
- Sets the commitment to audit suppliers, using the Supplier Guidelines. Audits started in 2015.


### Our Sustainability Principles

Compliance	Healthy Living	Smallholders
Environmental Responsibility	Respect Human Rights	Innovation and Continuous Improvement



For more on our Policies, including Sustainable Palm Oil Policy and Palm Oil Sourcing Policy, please see <http://www.indofoodagri.com/policies.html>

# INTRODUCTION



Since 2006 we have been evolving a systematic management approach to sustainability issues.

Agribusinesses face a complex set of interconnected sustainability issues on the ground. Managing them deserves a steady and deliberate hand. Our clear focus on supply traceability is expressed through the use of RSPO and ISPO standards certification.

We undertake to achieve measures on the ground that satisfy RSPO and ISPO. We recognise that certification has a central role in stimulating the journey towards more sustainable operations. The RSPO is the most mature system currently available. To achieve certification is a demanding process that requires dedicated resources and time. We fully commit to this journey.

### HOW WE DO BUSINESS

The demand for our product is growing, and we want to meet that demand in a responsible manner. Our approach to sustainability builds on established good practices on site. We have a team of sustainability professionals running programmes to deliver initiatives on the ground. We do business in accordance with the RSPO Principles

and Criteria and the ISPO standards and we are working hard to expand certification of our assets. It's a demanding process, and so far 38% and 18% of our total CPO is RSPO-certified and ISPO-certified respectively. Whilst our sustainability report focuses on palm oil, in line with our sustainability principles, we also run sustainability programmes that cover our other crops.



*Housing for employees in South Sumatra*

## INTRODUCTION



*Palm oil mill in North Sumatra*

### MANAGING FIRE PREVENTION AND IMPACTS ON FORESTS

The severe El Niño event in 2015 has put us on high alert for potential fires on our estates and in the areas surrounding the perimeters of our estates. Our firefighters and emergency procedures were thoroughly tested, and we truly felt the impact on our lives and our work.

We have firm policies in place to change how we operate and on what we expect of our suppliers. We adopt zero burning for land clearing, and we carefully monitor any hotspots arising near our assets using remote sensing technology.

Underpinning our approach is outreach and engagement with plantations and smallholders on better agricultural

practices and peatland management. We run large scale projects to do this, in areas such as water management.

We recognise the complexity of land use, agriculture and deforestation on the ground: we see it every day. Importantly, we have a high degree of control over source plantations: 64% of our CPO processed in our refineries comes from our own plantation. We are also clear that achieving RSPO certification will help minimise the risk of deforestation in our operations and those of our suppliers. Our assessment of HCV areas is completed and we are pressing ahead with the resulting site management plans.



*Cross sections of oil palm fruits*

### RESPONSIBLE SOURCING

We commit to achieve RSPO and ISPO certification for all oil palm estates and mills managed by the Group, and its plasma smallholders, by the end of 2019. We also commit to improve traceability, reduce GHG, avoid deforestation and maximise smallholder yields.

We run a formal audit programme with our key suppliers of CPO. We have recently embarked on a new supply chain initiative involving plasma smallholders with the Sustainability Trade Initiative (IDH), an external sustainable trade organisation. This initiative is helping our plasma smallholders to also become RSPO-certified, an important step towards a sustainable and traceable supply chain.

We know where our principal raw materials, such as fresh fruit bunches (FFB) and CPO, come from. We insist on quality; the right seed, for example, is vital to a strong yield which in turn reduces pressure on land for new plantings. Our research team also provide data and support on agronomic techniques to operations in order to improve yields and control chemical use. We guide suppliers on good agricultural practices to improve profit and welfare, and to control environmental

risks. Our suppliers of CPO are clear what constitutes risks to quality, safety and environmental stewardship. We are gradually formalising our responsible sourcing programme with audits, feedback, relationships and partnerships.

### OUR PRODUCTS

Our customers trust us to produce safe, high quality products that are nutritious and taste good. Our responsible sourcing work with suppliers is also part of delivering quality assurance. We comply with international and local food safety standards and certifications and an international Halal certification system. We comply with Indonesian regulations relating to safety, consumer protection, labelling, advertising quality and nutrition. Our palm oil supply chain audit process also checks food safety.

Our branded edible oils and fats mainly comprise cooking oils, margarine, shortening and refinery by-products. In Indonesia, our products are sold under the leading brands of Bimoli, Delima, Palmia and Amanda. We regularly receive national accolades for customer satisfaction.



*Filling of cooking oil into refillable package*

## INTRODUCTION

### OUR PEOPLE AND COMMUNITIES

Real change is not achievable without the right people in place. We have enhanced our approach to people management, with better information systems and stronger processes for professional appraisal and skills development.

We are systematically rolling out safety management across our sites, using the national safety management system

certification. We constantly push for safer behaviour at work and we commit to zero fatalities at work.

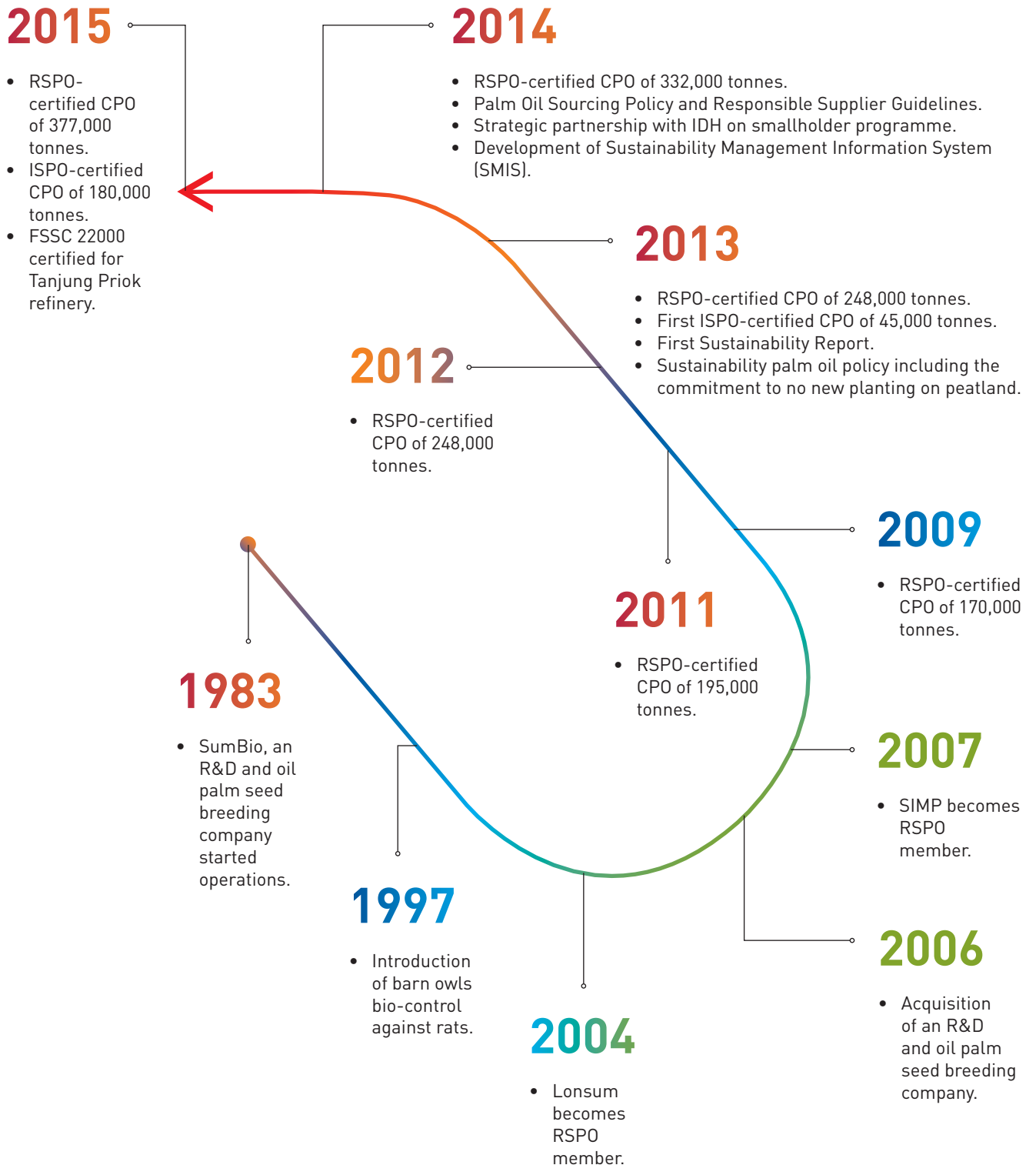
As we tackle sustainability risks and resource management challenges, we are also dedicated to community engagement. We are proud of our flagship community cataract surgery programme, and want to roundly recognise the enormous effort put in by the medical staff in 2015.



Employees and committee members involved in the Cataract Surgery programme



# OUR MILESTONES



# CEO'S STATEMENT



## DEAR STAKEHOLDERS,

Welcome to IndoAgri's fourth sustainability report, for the financial year ended December 2015.

We recognise the need for sustainable development as well as the need for current business models to evolve and adapt to such developments. Whilst managing sustainability risks and opportunities is at the core of what we do, the act of doing it resembles a challenging and complex journey, with a destination that is elusive at best. Our strategy is to keep true to our goal of securing a supply chain that is transparent, traceable, resilient and responsible. It is a matter of policy to know where our raw material comes from, and know that standards of quality and sustainability therein are maintained at the correct level. We have clear targets attached to our priority material issues and this report shows the progress we have made.

Our management approach is anchored in two policies, on Sustainable Palm Oil and Palm Oil Sourcing. They are publicly available on our website, and cover not only the crucial issues such as land management, biodiversity, community rights and traceability, but also human rights, food safety, energy efficiency, farmer relationships, innovation and yield. Working on internal systems as well as external accountability requires a dedicated and consistent approach to continuous improvement. Our sustainability team works with our Enterprise Risk Management (ERM) and Internal Audit teams to run and audit our systems and procedures.

Robust and safe operations are core to our business, we regret to report that we endured seven fatalities across the entire operations of IndoAgri in 2015. We take this seriously, our response was to meet the families involved and to analyse what can be done to avoid a recurrence. As an extensive series of improvements in human resources management in the Group, we continue to invest in training to improve skills as well as safety.

For agribusinesses, sustainability issues are complex and change rapidly. We account for sustainability risks in how we manage our supply chain and we have a high level of control over where our raw material comes from; we are not a trader. For our refineries, our strategy is to buy from our own plantations directly, supplemented by third party supplies. For our core palm oil business, we choose RSPO as our primary accreditation, supported by ISPO certification which is mandatory in Indonesia. For us, RSPO represents the highest and most comprehensive externally audited standard for demonstrating traceable, sustainable palm oil. Why? It has impartial objectives and clear definitions. Its multi-stakeholder representation and its requirement for external audits add credibility to the process. We are on track to meet our aim to have all our mills, estates and smallholder plantings certified to RSPO and ISPO by the end of 2019. As of December 2015, 38% and 18% of our CPO has been certified under RSPO and ISPO respectively. The first batch of 159 smallholders started the audit for RSPO certification in 2015. However, our Sustainable Palm Oil Policy released in 2013 already

goes beyond RSPO in areas such as no new development of peatland regardless of depth since 2013.

In 2015, regional air quality, as a result of haze, continued to put Indonesian palm oil companies under scrutiny. And whilst plantation estates are always vulnerable to fires in the dry season, the risks were exacerbated in 2015 by the worst El Niño effect in decades. Some areas saw no rain for three months, so the risk of uncontrolled fires, spread by windy conditions, was significant. Our dual-ringed fire monitoring, operated with the local authorities, is complemented by perimeter patrols, daily site inspections at fire-prone areas and hot spot detection using official satellite data. This means that our estate teams alert and support the authorities in a joint effort to fight any fires. Our Sustainable Palm Oil Policy commits us to zero burning in all our estates and I am impressed with how our people are acting on this important issue.

Since 2005, the way we manage plantings and conservation practices has aligned with the RSPO Principles and Criteria, and applies to all estates, whether certified or not. This is supported by our policy commitment to zero planting on peatland for new development, irrespective of depth, since 2013. In 2014, we completed the HCV assessment of our oil palm estates and identified HCV areas in Sumatra and Kalimantan totalling 4,225 hectares and 19,054 hectares respectively (representing 9% of our palm planted area). This process started in 2008, with each HCV area being clearly demarcated. We are concluding the mapping of these areas, and implementing a management plan for each, in close cooperation with the surrounding communities. This is just one of the areas of complexity we manage; yet we remain resolute in maintaining and conserving HCV areas.



Indeed, relationships are what count to progressing positively in sustainability management. Our business upstream relies on relationships with suppliers, farmers, employees and communities to stimulate socio-economic growth and to help alleviate poverty.

Working with suppliers, we are improving the traceability of CPO received at our refineries. As well as implementing traceable and transparent supply, we also track a product from the consumer back to its origin, either third party mills or for our own plantations back to the estate or smallholder. Doing this upholds the values and trust our customers place in us and our brands. By the end of 2020, we want 100% of our palm oil supply to be fully traceable and to comply with our Palm Oil Sourcing Policy and Responsible Supplier Guidelines. In 2015, we completed initial audits on 20 suppliers representing 80% of our supply chain. Around 64% of our CPO processed in our refineries comes from our own plantations, which is fully traceable back to the plantation.

As previously mentioned, local communities are part of our day-to-day operations. Going further afield, our flagship cleft lip programme has so far sponsored 32 operations for 30 children in Indonesia. I acknowledge here the dedication and skill of the surgeons and I thank all partners in this programme. We also continue to help alleviate blindness in the community with 571 cataract operations in 2015. Further, to build on what local government can offer, we improve the quality of life in nucleus and plasma estates through education, financial support and infrastructure. An example is the 20 Rumah Pintar (smart houses) at our plantations, set up to create jobs – other than those available at IndoAgri – that bring revenue to the community. We also sponsor medical clinics and emergency care units to help promote public health: we have provided 206 posyandu units (integrated health posts) as part of our programme to reduce infant mortality.

I hope this report demonstrates how we recognise the increasingly complex set of interconnected sustainability issues on the ground that affect our industry. We face issues on site and upstream that range from food security to land tenure, and from deforestation to farm management and protecting human rights. Thus, we must engage and operate with a steady, deliberate hand and with a relentless focus on achieving our targets. I appreciate the support and guidance offered by the Board of Directors in this task. Specifically, I would like to thank our sustainability team and my fellow management team, along with our employees as they rally behind our sustainability efforts to produce tangible results.

**Mark Julian Wakeford**  
 Chief Executive Officer

# PERFORMANCE SUMMARY

## RSPO certification for all estates, and those of plasma smallholders

Target date: End 2019  
Status: On track.



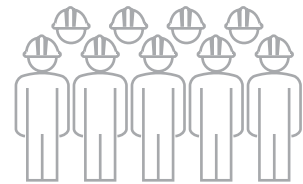
## Develop environmental reduction targets for carbon emissions, energy and water

Target date: 2015  
Status: All data collected.  
Targets will be set in 2016.



## Zero fatalities

Target date: Ongoing  
Status: Not achieved.



## ISPO certification for all estates and mills

Target date: End 2016  
Status: 73% completed.  
Extended to 2017.



## Set baseline and develop community development plan for welfare improvement for each site

Target date: 2015  
Status: Achieved.



## Develop and implement HCV rehabilitation plan for each site

Target date: 2015  
Status: HVC rehabilitation plan developed. 20% implemented.



## 100% sustainable palm oil sourcing

Target date: End 2020  
Status: On track.



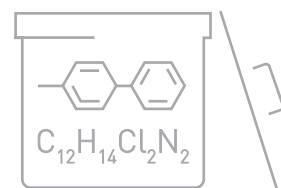
## Implement the Occupational Health and Safety programme and complete the baseline assessment for all sites to reduce work related accidents

Target date: 2015  
Status: 76% completed. Extended to 2016.



## Phase out the use of paraquat

Target date: 2018  
Status: On track.



### RSPO and ISPO Certification Targets and Progress

Coverage	Certification	Achievement		Future Target					Total
		2014	2015	2016	2017	2018	2019	2020	
Oil Palm Estate	RSPO Nucleus (hectares) <sup>a</sup>	73,508	25,234 <sup>b</sup>	89,280	36,462	-	21,875 <sup>c</sup>	-	246,359
Oil Palm Estate	ISPO Nucleus (hectares) <sup>a</sup>	8,056	172,574 <sup>b</sup>	15,632	50,097	-	-	-	246,359
Oil Palm Estate	RSPO Plasma (hectares) <sup>a</sup>	-	-	1,641	14,254	48,355	22,807	-	87,057
Palm Oil Mills	RSPO	8	3 <sup>b</sup>	12	1	-	-	-	24
Palm Oil Mills	ISPO	1	20 <sup>b</sup>	2	1	-	-	-	24

<sup>a</sup> Hectarage data are based on planted areas as of December 2015.

<sup>b</sup> Hectarage or number of mills that are already certified or underwent second stage audit of RSPO and first stage audit of ISPO. The issue date of the certificate is subject to the accreditation period of the certifying body.

<sup>c</sup> RSPO certification will be done in 2019 following the target completion of palm oil mills.

### Other Certification Targets and Progress

Coverage	Certification	Achievement		Future Target					Total
		2014	2015	2016	2017	2018	2019	2020	
Palm Oil Mills	PROPER <sup>d</sup>	10	-	For the remaining 14 mills, the PROPER audit is subject to the Indonesian Ministry of Environment appointment					24
Refineries	PROPER <sup>d</sup>	4	-	1	-	-	-	-	5
Palm Oil Mills	ISO 14001	-	4 <sup>e</sup>	4	8	8	-	-	24
Refineries	ISO 14001	-	-	1	3	-	-	-	4
Refineries	RSPO Supply chain certification	-	-	1	3	-	-	-	4

<sup>d</sup> Target application dates for participation in the Indonesian government's PROPER audit. Participation is subject to approval by the Indonesian Ministry of Environment.

<sup>e</sup> 3 units are in the audit process, 1 unit is awaiting the certificate.

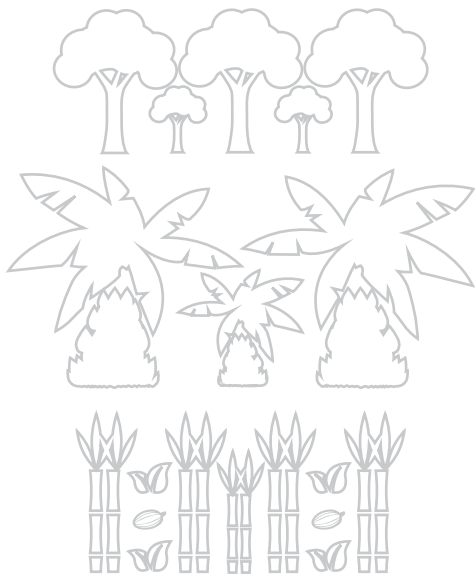
### Supply Chain Targets

Target	Achievement		Future Target				
	2014	2015	2016	2017	2018	2019	2020
Responsible CPO supplier programme	Suppliers that supply 97% of our CPO requirement have acknowledged our policy and guidelines	Suppliers that supply 80% of our CPO requirement have undergone initial audit against our sourcing policy	Audit CPO suppliers and ensure compliance				100% sustainable palm oil sourcing

# BUSINESS OVERVIEW



IndoAgri is a leading diversified and vertically integrated agribusiness.



300,633

hectares

Nucleus planted area in Indonesia, covering all crops

90,316

hectares

Plasma planted oil palm and rubber in Indonesia

## OUR PRODUCTION FACILITIES AND CAPACITIES IN INDONESIA



We own and operate

24

palm oil mills

FFB – 6.4M tonnes



5

Refineries

CPO – 1.4M tonnes



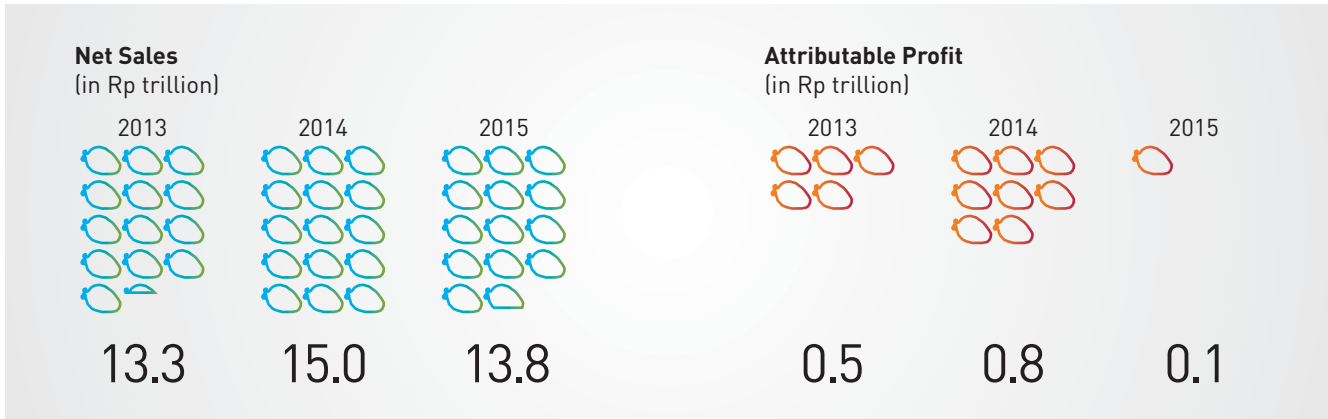
2

Sugar Mills/Refineries

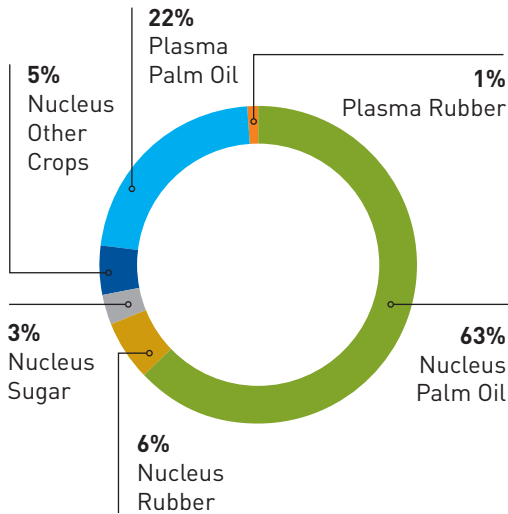
Cane crushing – 2.2M tonnes

**BUSINESS  
OVERVIEW**

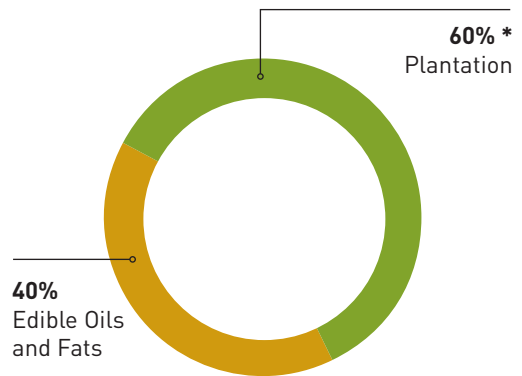
**KEY HIGHLIGHTS**



**Planted Area 2015**  
(390,949 Hectares including plasma)

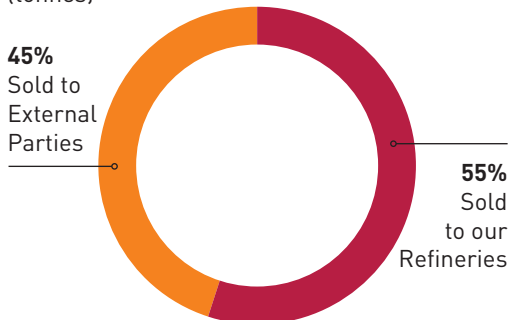


**Revenue by Division 2015**

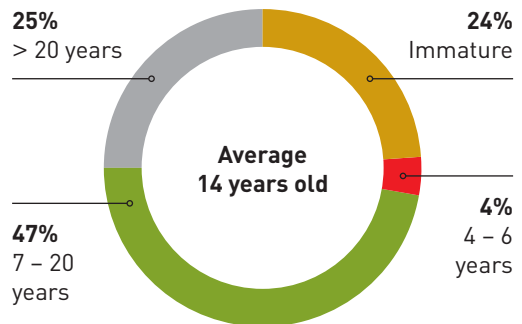


\* Comprises mainly internal CPO sales to the Group's own refineries

**CPO Sales Volume 2015**  
(tonnes)



**Age of Our Oil Palm Trees**





**VERTICALLY INTEGRATED BUSINESS MODEL**

What does it mean to be vertically integrated? For generations, our branded cooking oils and margarine have dominated Indonesia’s consumer market. In the domestic market, nearly 90% of our branded products in 2015 are sold direct and through local and national distributors, serving approximately 370,000 retail outlets across Indonesia. The rest is exported to 25 countries. We operate in an integrated way across the entire supply chain, from production of planting material and development of plantations, to the harvesting, milling, refining and processing of CPO into cooking oil, margarine and shortening. This means we can provide consistent, high quality and reliable pricing for our customers. Also, vertical integration means we have greater control over how we create and protect commercial value through the management of wider sustainability related risks and opportunities.

We continue to work with suppliers to strengthen our supply chain. In 2015, our Plantation Division supplied approximately 64% of the CPO used at our refineries; the remaining 36% came from external suppliers.

**Employment highlights**

Human resource management is now supported by better information systems and – new in 2015 – stronger appraisal processes. We run appraisals both at management level and in the field. Turnover is steady and employee satisfaction is maintained. Since the majority of our workers work in the field in Indonesia, we continue to invest in safety. Every estate, mill and refinery has a Health and Safety Committee attended by management and operatives. Health and wellbeing are promoted through formal programmes on site. All employees, including casual labourers, have employment contracts and 59% of operational employees are unionised. Our Policies commit to respect the labour and human rights of employees, business partners and communities. Detail is provided on page 52.

**Commercial highlights**

As we look back on the highlights of 2015 we also keep a keen eye on the future. We are prioritising capex for organic growth and expansion of plantations and mills across all crop operations in Indonesia, Philippines and Brazil. We are expanding the capacity of palm oil mills in Kalimantan and we completed the 200 tonnes per day margarine plant at Tanjung Priok in 2015. Around 90% of revenue is from Indonesia, the remainder is from other parts of Asia, Africa, Middle East, Oceania and Europe. Further detail on financials and commercial developments can be found in our Annual Report 2015 and in investor presentations in our website.

**WHAT WE MAKE**

**Palm oil: our main plantation crop**

FFB arrives at the mill to be processed into CPO, for use in edible oils and fats. Approximately half of our trees are between seven and 20 years old; this is a key factor affecting the volume of CPO we can produce. In 2015, our total FFB production was 4,693,000 (nucleus and external purchases) and we produced 1,002,000 tonnes of CPO. Around 38% of this is RSPO-certified.

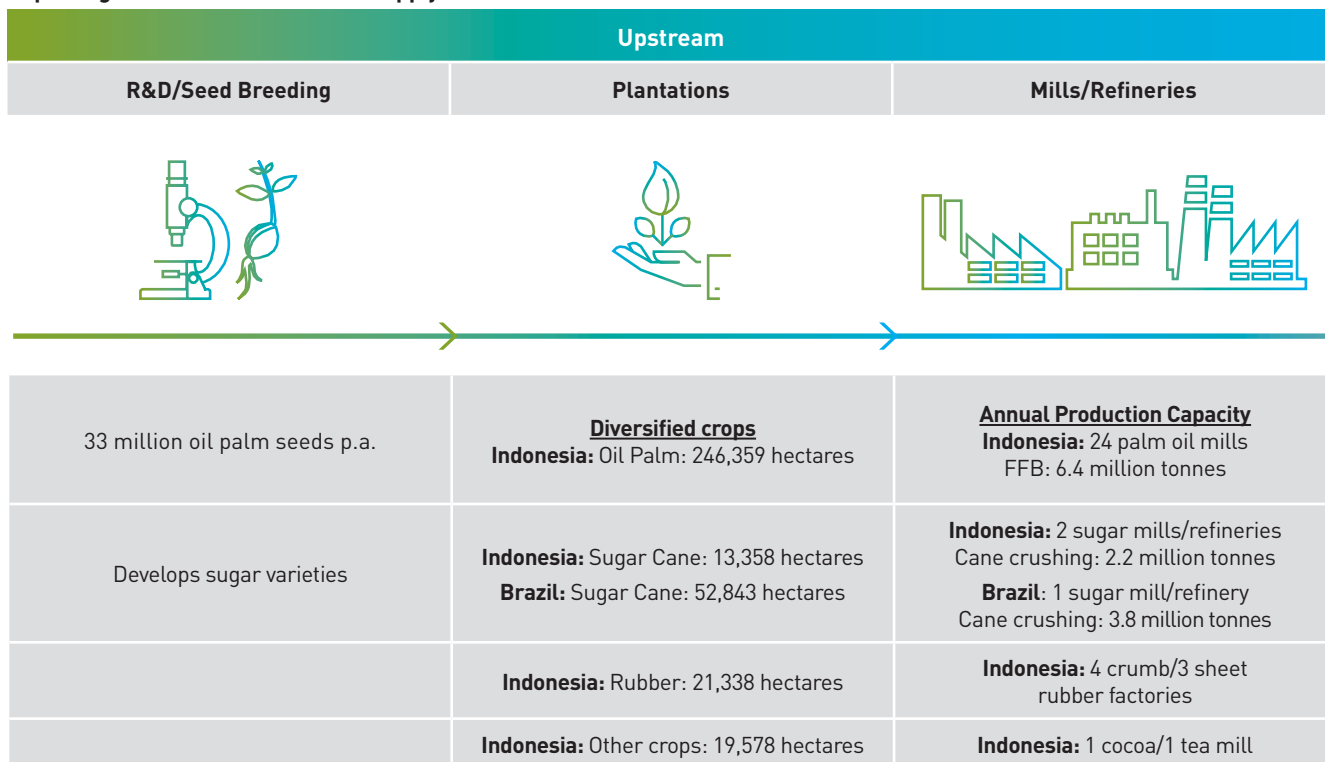


*An oil palm plantation in North Sumatra*

# BUSINESS OVERVIEW

## INTEGRATED AND DIVERSIFIED AGRIBUSINESS GROUP

### Capturing Value Across The Entire Supply Chain



#### Oil palm seeds

Our seeds are produced using parent palm materials from world-renowned breeding populations and breeding centres of Southeast Asia and Africa. We are among 11 recognised oil palm seed producers in Indonesia with the certification and laboratories for the production of high quality planting materials suited to our local climates. Free of Genetically Modified Organisms (GMO), our seeds are highly valued and sold on the open market.

#### Non-palm oil production [G4-17]

We produce other crops that are strategically important to the business but still outside the scope of our sustainability report.

The Group’s rubber estates are distributed across North and South Sumatra, East Kalimantan and Sulawesi. We produce sheet rubber, crumb rubber and cup lump. In 2015, we produced approximately 17,000 tonnes of rubber, of which 51% was exported to countries such as Singapore, the US and UK.

Our sugar operations are located in Indonesia, Brazil and the Philippines. Globally, we crushed 7.5 million tonnes of sugar cane in 2015, producing 722,000 tonnes of sugar

and 199,000m<sup>3</sup> of ethanol for the export and domestic consumer markets. IndoAgri has similar arrangements in place with smallholders to support their purchase of inputs such as seed cane and fertiliser. Notable is our investment in two companies, Companhia Mineira de Açúcar e Álcool Participações (CMAA) in Brazil and Roxas Holdings Inc (RHI) in the Philippines, and the Bonsucro certification being put in place at CMAA. CMAA achieved Bonsucro certification for 373,000 tonnes of sustainable sugar cane production, representing 10% of their total sugar cane production. Like RSPO, Bonsucro is a globally recognised standard, and a multi-stakeholder non-profit organisation.

#### Our brands

Our branded edible oils and fats mainly comprise of cooking oils, margarine, shortening and refinery by-products. In Indonesia, our cooking oils are sold under the leading brands Bimoli, Bimoli Spesial, Delima and Happy. Our consumer margarine and shortening are marketed under the Palmia and Amanda brands, while their industrial equivalents are branded Palmia, Simas, Amanda, Malinda and Delima.

**Downstream**

Finished products	Distribution
-------------------	--------------



Leading market share in branded cooking oil and margarine markets in Indonesia  
 Strong sales and marketing expertise and extensive distribution network, serving ~370,000 retail outlets in Indonesia  
 Leverage on PT Indofood Sukses Makmur Tbk's (PT ISM) 1,100 stock points  
 5 refineries with annual capacity of 1.4 million tonnes



*Our finished products – cooking oil and margarine*

BUSINESS  
OVERVIEWGEOGRAPHICAL  
PRESENCE**INDONESIA****246,359**

Hectares of oil palm

**21,338**

Hectares of rubber

**13,358**

Hectares of sugar cane

**19,578**

Hectares of other crops

**BRAZIL****52,843**

Hectares of sugar cane

**OUR PLANTATIONS AND REFINERIES****Indonesia**

IndoAgri owns strategically located estates and production facilities across Indonesia. The Group's planted area occupies 300,633 hectares, of which oil palm is the dominant crop, followed by rubber, sugar cane, timber, cocoa and tea. Our plantations are largely located in Sumatra and Kalimantan, while our refineries are mainly sited at major cities including Jakarta, Medan, Surabaya and Bitung.



**Brazil**

IndoAgri has a 50% interest in CMAA, which manages 52,843 hectares of planted sugar cane in Brazil.

**Philippines**

IndoAgri has a 30% interest in FP Natural Resources Limited, which owns a 50.9% shareholding in RHI, the largest integrated sugar business in the Philippines.

**Legend**

- Oil Palm
- Sugar Cane
- Rubber
- Timber
- Cocoa
- Tea
- Refinery
- Sugar Mill

@ See also detail on our Plantation Locations, in our Annual Report 2015 page 150

# HOW WE MANAGE SUSTAINABILITY IN OUR BUSINESS

Sustainability risks and opportunities are complex and diverse. We are gradually embedding the management of them into our corporate systems and our supply chains. Guided by our governance arrangements and an attitude of 'continuous improvement', we are working to deliver what we promise in our Policies using programmes, projects and targets.

Our approach is built on the main principles, or reasons, for managing sustainability risks and opportunities, as shown on the graph on page 21. A process that prioritises 'material' issues underpins our approach. We note the importance of teams of people both inside IndoAgri and outside, since programmes and projects don't deliver themselves. We acknowledge the vital role played by all our staff in this work, many of whom also take part in the governance arrangements that guide the high level direction and leadership for our approach. The Group follows the 'precautionary principle', adopting the best available technology and management practices within the constraints of costs and other resources.

In order to improve performance relating to our ten material issues, we have six programmes that deliver new ways of working and new projects in the company and our supply chain. We use goals and targets that are guided by our sustainability policies. Our management systems guide what to do at ground level; this applies particularly to safety. Then, to allow action to take place, we have Standard Operating Procedures (SOP), many of which are being adapted to help deliver new policy commitments. We also use guidance for staff and suppliers, notably our Responsible Supplier Guidelines but also our Code of Conduct. To monitor progress we capture and review information and data using a new SMIS, and the new SAP system which helps improve human resources data.



For more on our Policies, including our Sustainable Palm Oil Policy and Palm Oil Sourcing Policy please see <http://www.indofoodagri.com/policies.html>

## SUSTAINABILITY PROGRAMMES [G4-19]

The following describes our key issues, along with the Programmes in place to manage them.

### GOVERNANCE AND INTEGRITY

#### Governance including transparency, business integrity and anti-corruption, risk management [material issue C]

We adhere closely to the principles and guidelines of the SGX's Code of Corporate Governance 2012, the IndoAgri Code of Conduct as well as other applicable laws, rules and regulations. We uphold the importance of integrity and responsibility and set out to mitigate any risk of bribery and corruption throughout our business. Our **Growing Responsibly** Programme, guided by our Code of Conduct, sets the policy framework for high standards of corporate governance and professional integrity. Our business is conducted in an ethical

and accountable manner in accordance with regulations. Accordingly, we can report that no lobbying activities took place in 2015 related to agricultural subsidies or other means to provide IndoAgri with any advantaged production terms. Senior management have direct input into the annual sustainability reporting and, using our new SMIS, we can support decision making with better information and data.

### ENVIRONMENTAL PERFORMANCE

#### Carbon management, including deforestation [material issue A]

#### Environmental footprint [material issue B]

#### Yield maximisation [material issue I]

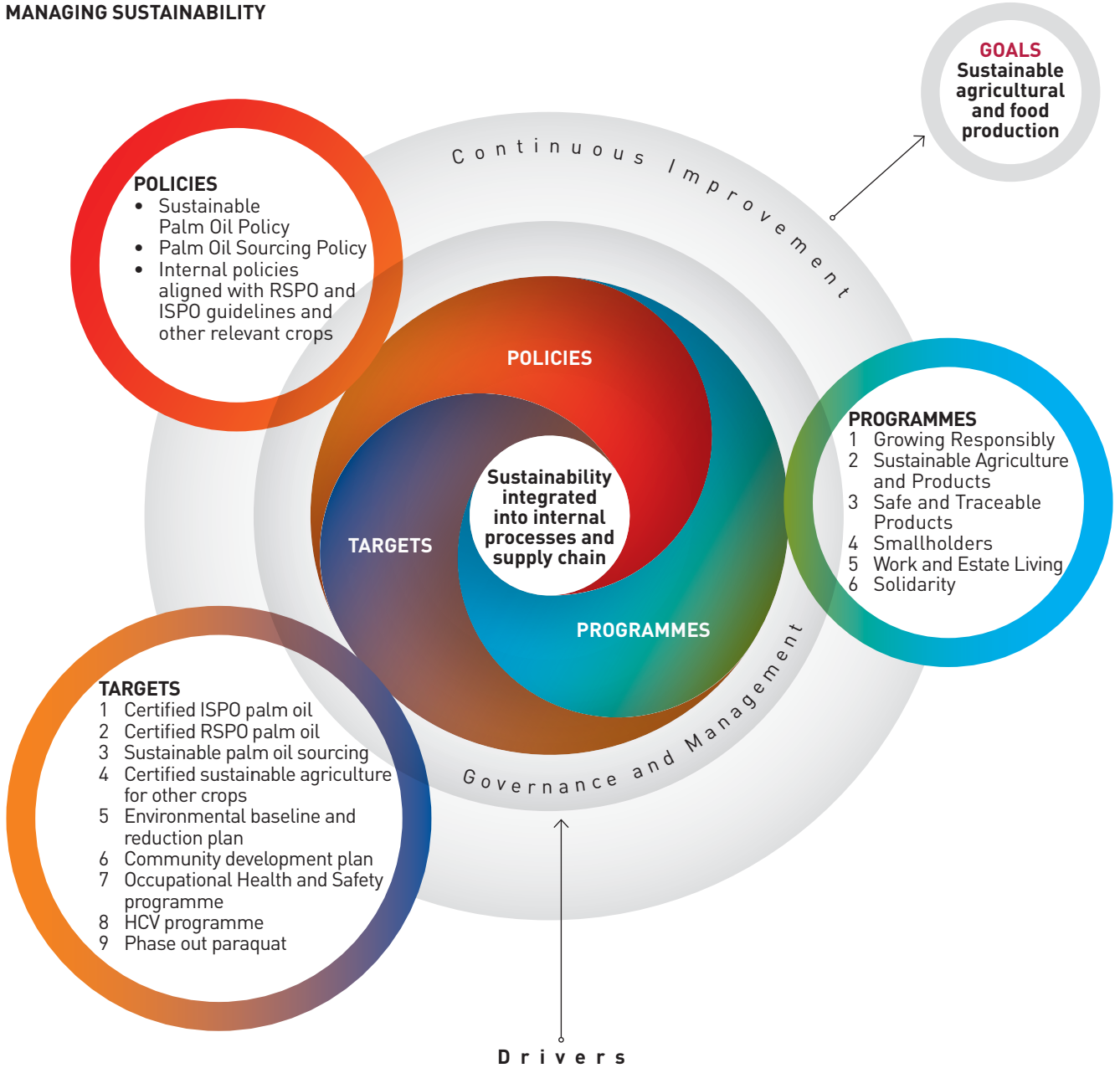
GHG emissions and risk of related climate change impacts can be mitigated by changing practices relating to forestry, peat lands, agriculture, energy, industry, transportation and waste.

Climate change affects Indonesian agriculture. Our industry relies heavily on certain climatic conditions for healthy plantations. Our estates, refineries and mills are guided by sound environmental management practices. We do this to comply with local regulations, save energy, increase productivity and be a good steward of natural resources.

Our industry faces complex business issues every day. These include deforestation, biodiversity loss, water table management, irrigation, soil management, chemical leachate, and preservation of genetic plant quality. Consequently, we are adapting to the environment and changing the way we do business. We recognise, for instance, that achieving good yields means more profit, not only for us, but also for smallholders. Whilst we source some of our FFB from smallholders who are not under our control, if we can inform and share best practices that generate higher yields and improve safety, then the farmers will benefit.

Our **Sustainable Agriculture and Products** Programme drives the adoption of sustainable practices in crop cultivation and the operation of refineries and mills. We are committed to the best industry sustainability practices and standards. Our factories were assessed and rated at least 'blue' against the PROPER criteria, representing compliance with Indonesia's environmental regulation. As part of our work on deforestation and habitat loss, we appointed RSPO-accredited assessors to evaluate the HCV areas in our oil palm estates. We are pressing ahead with management plans in response. Our policy prohibits any new planting on peatlands and HCV areas. Our **Smallholders** Programme, focusing on plasma farmers, promotes production practices with stronger yields and more engaged producers. The best yields, careful cost control and competitive pricing will enable us to have a resilient and productive supply base. Achieving this is underpinned by precision agronomy, innovation in seed breeding and the careful use of crop protection agents. Our **Growing Responsibly** Programme complements this: through our training and governance

**MANAGING SUSTAINABILITY**



MATERIAL ISSUES	PRINCIPLES
<ul style="list-style-type: none"> <li>A. Carbon management</li> <li>B. Environmental footprint</li> <li>C. Governance and transparency</li> <li>D. Land rights</li> <li>E. Occupational health and safety</li> <li>F. Smallholders</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Healthy Living</li> <li>• Smallholders</li> <li>• Environmental Responsibility</li> <li>• Respect Human Rights</li> <li>• Innovation and Continuous Improvement</li> </ul>
<ul style="list-style-type: none"> <li>G. Product traceability/ sustainable sourcing</li> <li>H. Product quality and safety</li> <li>I. Yield maximisation and innovation</li> <li>J. Human rights</li> </ul>	

**Meeting the world's food needs sustainably through innovation and management of excellence.**

## HOW WE MANAGE SUSTAINABILITY IN OUR BUSINESS

work we encourage stakeholder engagement and support the art of decision-making on risk management, leadership and governance.

### SUSTAINABLE PALM OIL SOURCING

**Product traceability/Sustainable sourcing including RSPO/ISPO** [material issue G]

**Smallholders including plasma, social conflict resolution** [material issue F]

To produce sustainable products, it is important to know whether the raw materials originate from sustainable sources. We are relatively unusual in our industry: of all the CPO processed in our refineries, 64% of it comes from our plantations, while third parties supply the remaining requirements. So we can not only tell the geographical source, we can also influence its production in order to achieve high standards of food safety, quality and supply chain responsibility. We adhere to the principles and criteria of the RSPO and we are expanding the number of operations that are RSPO-certified and ISPO-certified.

Our **Safe and Traceable Products** Programme ensures that all products from our refineries and mills are traceable. We also ensure that seeds are traceable using a barcode system. We are going further – our partnership project with the IDH that began in 2014 is pressing ahead with RSPO certification with a selection of smallholders. As we audit our CPO suppliers under this Programme we find that they acknowledge our sourcing policies and guidelines and generally agree with our findings. Our **Smallholders** Programme team talk with the plasma and ex-plasma farmers (those who have paid off their loans) to understand how best to roll out RSPO smallholder certification. Plasma and third party farmers provide 27% of the total FFB processed in our mills.

### SAFE, NUTRITIOUS, AND TRACEABLE PRODUCTS

**Product quality and safety** [material issue H]

Product quality and safety are of paramount importance. Our **Safe and Traceable Products** Programme featuring food safety management systems and quality assurance processes, ensuring that all our products are traceable, safe and beneficial for human consumption. Our refinery teams also ensure that product labels accurately describe the product's nutritional properties and brand claims.

### PEOPLE AND COMMUNITIES

**Occupational health and safety** [material issue E]

**Human rights** [material issue J]

**Land rights including scarce land resources** [material issue D]

Being a responsible employer and plantation owner allows us to provide a high standard of welfare, health, living conditions, civic services and training to our employees and their families.

Agriculture, refining and milling are potentially dangerous, so we continue to embed safe practices at work and healthy working environments. We want to deal fairly and

transparently with all employees and business partners, respecting contractual agreements and human rights. The management of risks relating to diversity, employee retention, labour conditions, freedom of association, child labour and forced labour is core to this effort. In the plantations, which are often remote, the facilities and support we offer helps reduce risks of human rights transgressions. Land ownership is a deeply social, political, historical and religious issue in the agricultural industry. We uphold the principle of free, prior and informed consent (FPIC) with respect to land purchases from local villages, and it is important to IndoAgri that the local villagers, in turn, have enough for their own livelihood and provisions.

Our **Work and Estate Living** Programme covers aspects relating to safety, health and wellbeing of our workers and their families, and to human rights. Occupational Health and Safety (OHS) is managed under the Sistem Manajemen Keselamatan dan Kesehatan Kerja (SMK3) management system; the majority of our sites now have their SMK3 certified. Our **Growing Responsibly** Programme also guides investment in management systems, such as SAP, stakeholder engagement and training of our people. Our people management is structured and organised with policies guiding most Human Resource (HR) functions. You will find at IndoAgri a range of training, from specialised agronomic courses to collaborative Learning and Development Programme and recruitment training.

Our **Smallholders** Programme team focus on building good relations with local communities. To alleviate conflicts relating to land rights and to cultivate strong social relationships, we actively engage with local landowners and community leaders. The benefits have been manifold, including the mitigation of theft, protests, roadblocks and other business disruptions. The **Solidarity** Programme features projects on and near estates to improve community health, enterprise and education. Our grassroots projects are prioritised and planned based on the findings of social impact assessments.

### STAKEHOLDER ENGAGEMENT [G4-24, G4-25, G4-26]

While meeting the growing demand for responsibly produced, high quality palm oil, we endeavour to create employment opportunities and drive economic and social developments in communities where we operate. Multi-stakeholder collaboration is crucial to sustainable palm oil production. Our key stakeholder groups are employees, customers, investors, government and civil organisations, and local communities. We connect, engage and collaborate with them to strengthen our mutual interests and establish common goals. Each operational site maps its key stakeholders in order to understand and improve the relationships with its local community.

Our stakeholder engagement occurs via different channels and at different levels of our organisation. Social impact assessment



helps define stakeholder capacities and concerns. We engage the stakeholders individually and in groups, depending on the relevance and complexity of the issue at hand.

### COMMUNITY ENGAGEMENT

Social impact assessments at our estates have been done as part of RSPO's new planting procedures. Regarding land ownership, we engage with local communities and governments to discuss new developments based on the FPIC principle. In line with this principle, IndoAgri has established a land conflict resolution mechanism. Claims are investigated through this mechanism by involving the local government, village administrative team and community elders to re-assess the areas of dispute. The local district government makes the final decision. A community development forum is held annually to discuss important issues affecting the community and provide advice to address their needs.

#### Partnerships

- Our parent company, PT ISM, has a partnership with the Office of United Nations Millennium Development Goals (MDGs; target period for which was end 2015) to contribute to reducing mother and child mortality.
- PT ISM is also one of the founding members of PISAgro, whose objectives are based on World Economic Forum's vision to reduce poverty.
- IndoAgri is a member of the RSPO.
- We are members of other associations relating to rubber, sugar, vegetable oil in Indonesia.
- In 2014, CMAA became a member of Bonsucro, the sustainable sugar production initiative.
- We have a working partnership with IDH to help our independent smallholder farmers attain sustainable agriculture and certify their plantations to RSPO standards. For more see page 43.

The key issues for each of our stakeholder groups, and how we engage with them, are found online. [G4-26, G4-27]

### MATERIALITY ASSESSMENT [G4-18]

Over 2013 and 2014 we ran a process to identify our most material sustainability issues, and where the impacts occur in our value chain. To determine if a topic is material, we assessed its potential impact on the business and on external stakeholders and the environment. Senior management took part along with our ERM team. Issues were identified and prioritised through other internal workshops, peer reviews, engagement with international NGOs and social impact assessments at site level. The process aligns with the GRI G4 Guidelines. All of our key material issues affect both our internal and external stakeholders.

### GOVERNANCE

As many of our stakeholders already know, IndoAgri views itself as part of a networked industry that tackles challenges

in collaboration, rather than 'in a vacuum'. IndoAgri clearly communicates its executive management structure in its Annual Report, in line with listing requirements. We have implemented various initiatives over recent years to strengthen how sustainability management is directed in the organisation.

Our Sustainability Team is growing. Headquartered in Jakarta, the team works with various other colleagues to develop policies, contribute to strategy, resolve challenges and produce reports for senior management and for publication. The colleagues include our R&D team, ERM Unit, CEO and Sustainability Think Tank, operational managers of the estates and mills. A strong focus of the team is the implementation of activities to gain and maintain the Group's certification status by RSPO, ISPO, ISO and PROPER. Our regional teams comprise people with expertise in HCV, environment, health and safety and community engagement. Community and smallholder programmes are implemented by *Solidarity and Community Development Officers* in close coordination with operational teams and the human resources department.

### SUSTAINABILITY THINK TANK – WHAT DO THEY DISCUSS?

Comprising the Board members of the Group and its principal subsidiaries, the Think Tank meets regularly to review the progress and direction of the Group's sustainability management efforts. Their meetings in January, March, August and October mainly focused on OHS management, HCV management, FSSC certification, the Work and Estate Living program, RSPO and ISPO certification update, environmental permitting, data and policy development.

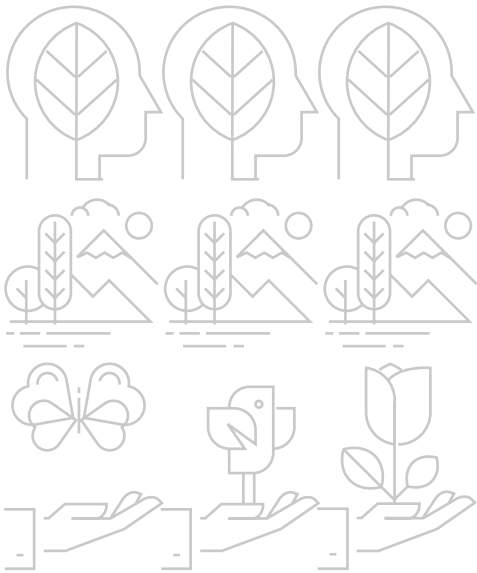
@	For detail on our materiality process, and where the impacts occur, please see <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> [G4-18, G4-19, G4-20, G4-21]
@	For more on the key issues for our stakeholders, and how we engage with them, please see <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> [G4-24, G4-25, G4-26, G4-27]
@	For detail on our Sustainability governance arrangements, including Sustainability management team structure, please see <a href="http://www.indofoodagri.com/sustainability-governance.html">http://www.indofoodagri.com/sustainability-governance.html</a>
@	For more on our Corporate Governance and ERM, please see <a href="http://www.indofoodagri.com/ir.html">http://www.indofoodagri.com/ir.html</a>

# ENVIRONMENTAL PERFORMANCE



*An oil palm plantation in South Sumatra*

We are committed to reduce our environmental impacts.



99%

of operating energy

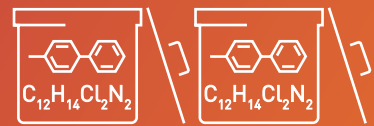
is from renewable sources

## KEY INDICATORS



12%

GHG emissions down from 2.63tCO<sub>2</sub>e per tonne of CPO in 2014



Paraquat, down

37%

over 2014

## PROGRESS HEADLINE

- Practical action continues to protect HCV land and peatland
- Working with communities on fire prevention
- Operational water intensity is steady, average waste is falling, wastewater quality is compliant

## ENVIRONMENTAL PERFORMANCE

### WHAT ARE THE KEY ISSUES?

To maintain and create value in our business, we are taking steps to reduce our environmental impacts.

Land with HCV and rare, threatened or endangered species must be protected. We understand that with care, land management and different tenure options help secure HCV areas in ways that also secure local peoples' rights and livelihoods.

Further, we believe that deforestation across the supply chain can be eliminated through careful engagement with plasma farmers and suppliers about alternative and more productive agricultural practices. It is also vital to avoid the use of drained peatland for new planting; doing so helps cut Indonesia's carbon emissions arising from land use change. Using good fire prevention practices and maintaining soil moisture levels in peatland help to minimise the threat of haze.



*Fire handling training and exercises in South Sumatra*

Our operations adopt environmental management practices to improve productivity and natural resource stewardship. This is driven by local regulations as well as changes in energy availability and fuel prices. Improving energy management helps improve air quality and being more energy-efficient means fewer GHG emissions.

Climate change is a significant challenge for the Indonesian agriculture industry: our industry relies on certain climatic conditions, such as rainfall, for healthy growth of plantation crops. Further, our management approach, guided by

preparatory work for ISO 14001 certification, aims to improve water consumption. This is vital in water-stressed regions and increasingly urbanised locations. It is helping us move to alternative crop protection agents, to reduce impacts on ecological and human health. Additionally, our sites dispose of hazardous wastes responsibly in line with stringent Indonesian regulations.

### HOW IS THIS MANAGED AT INDOAGRI?

Our management approach is governed by two key policies and a set of Supplier Guidelines. Firstly, our Sustainable Palm Oil Policy 2013 commits us to deliver sustainable agriculture, sustainable communities and a safe workplace, specifying that smallholders are to be RSPO and ISPO compliant. Next up, our Palm Oil Sourcing Policy 2014 commits us to responsibly-sourced palm oil including supplier engagement and audit. It requires all our mills and plantations, including smallholders, to be RSPO-certified by 2019. Our Responsible Supplier Guidelines 2014 aim to establish a commitment to seven principles that underpin traceability of environmental and social impacts in our supply chain.

Wider changes in environmental risks are identified through our ERM Framework and our Whistle Blowing Policy for employees to raise their concerns on any malpractices. See our Sustainability Governance on page 23.



For detail on Palm Oil Sourcing Policy at <http://www.indofoodagri.com/palm-oil-sourcing-policy.html>

#### RSPO CERTIFICATION

RSPO certification provides an assurance to buyers of palm oil products that the standard of production is sustainable. We commit to achieve RSPO certification for all estates, mills and plasma smallholders by the end of 2019. Our Palm Oil Sourcing policy sets the commitment and the Responsible Supplier Guidelines help to implement it. So far 38% of our CPO volume is certified, up from 34% in 2014.

The principles and criteria of RSPO certification range from transparency and compliance to new planting and stakeholder engagement – they are publically available<sup>1</sup>. Our plantations are also audited for ISPO, we have 180,000 tonnes representing 18% of our 2015 CPO production. Our plantations are also audited for this mandatory standard: we have 180,000 tonnes (18% of our 2015 CPO production) certified under ISPO.

Over time, RSPO certification adapts to challenges on the ground such as improving assessments that certify conservation value and community consent procedures of land being cleared. RSPO certification is a solid foundation on which to pursue a corporate 'sustainability journey'.

### PROGRAMME FOR POLLUTION CONTROL, EVALUATION AND RATING (PROPER)

PROPER is an Indonesian government programme to encourage better environmental management. A colour code rating grades the level of pollution control of a facility, and serves to inform stakeholders on its environmental performance. In 2015, 12 palm oil mills were audited under the programme. 11 of them achieved a “blue” rating while one achieved “green”, the next level up. We also have achieved “blue” PROPER for one tea factory, two rubber factories and four refineries. The remaining sites have yet to be appointed a government audit date.

@ For more on PROPER ratings criteria and our PROPER achievement at <http://www.indofoodagri.com/proper.html>

## MAINTAINING HCV

As an agribusiness, we recognise the need to change how products are sourced. Whilst the causes of biodiversity loss and deforestation are varied and complex, we aim to eliminate deforestation where we have control or influence.

The RSPO<sup>2</sup> requires that new plantings since November 2005 do not replace primary forest or negatively affect HCV. Our policy reflects this and applies to all estates, including assets that are ISPO-certified but not yet RSPO-certified. Even as plantations mature and new planting takes place, our site managers ensure that high conservation value areas are managed appropriately.

### Our HCV management

We completed the HCV assessment of our oil palm estates in 2014, a process which started in 2008. We have identified HCV areas in Sumatra and Kalimantan totalling 4,225 hectares and 19,054 hectares respectively. In accordance with RSPO<sup>3</sup> we are using the findings of our HCV assessment to present evidence that:

- No new plantings have replaced primary forest, or compromised HCVs, since November 2005
- New plantings are planned and managed to best ensure the HCVs identified are maintained and/or enhanced
- Stakeholders are involved
- Land use change is analysed
- A plantation management plan is available<sup>4</sup>

Even if only a small area is found to be of HCV, we still implement a management plan with clear actions, such as revised SOPs or careful supervision of land clearing contractors during replanting near HCV areas. Water sources that are important for the local wildlife and surrounding communities were also identified by the HCV assessment. By end of 2015 we aimed to develop and implement an HCV rehabilitation plan for each site. This work is ongoing.

Community involvement in HCV management in 2015 focused on a series of stakeholder meetings. Their scale and duration depend on local socio-economic and cultural issues.

## HCV PLANNING AND MANAGEMENT ON THE GROUND

We assess each unit and then plan the monitoring and management required. We clearly mark the HCV areas on the ground. We involve the communities using stakeholder meetings appropriate to cultural impact and proximity. These shots show marking, peat water measurement, signs and species rehabilitation.



Regular peatland water monitoring activity



HCV signboard in the estate as a reminder not to disturb or hunt the animals, and protect the HCV area

1 Please see <http://www.rspo.org/resources/key-documents/certification/rspo-principles-and-criteria>  
 2 Indonesian National Interpretation of the RSPO Principles & Criteria  
 3 Principles & Criteria [7.3.2]  
 4 Principles & Criteria [7.3.4]

## ENVIRONMENTAL PERFORMANCE

New plantation development must minimise net GHG emissions by avoiding the conversion of forest land with 'high carbon stock' (HCS) into oil palm plantations. 'Low carbon stock'<sup>5</sup> areas must be used instead (with due consent). We are collecting data on land use change and HCS areas using remote sensing data, with the help of an RSPO-accredited assessor.



For detail on Red List or other national conservation list species found on our estates, please see <http://www.indofoodagri.com/high-conservation-value.html>

## PEATLAND

Since September 2013, we commit to prohibiting all new planting on peatlands within the Group, regardless of peat depth. For existing developments planted on peat before this date, we have created water canals and ensured a daily water level of 60 – 80cm.

Peatlands contain high levels of embodied carbon. If they are drained and used for cultivation, this releases CO<sub>2</sub> emissions into the atmosphere. Burning of peatland contributes significantly to particulate pollution and haze, as the fires are hard to put out, with peat often burning under the surface.

## FIRE PREVENTION

The causes of fires vary greatly. The impacts can be catastrophic, including loss of life and loss of primary biodiversity. We understand that fires present long-term commercial risks and potential costs are high. Wider risks also include threats to national climate change goals, environmental sustainability and poverty reduction.

### Zero open burning policy

Historically, all land preparation for planting at IndoAgri is done using mechanical clearing instead of burning, in compliance with local regulations; this continues to this day at our operations. We have a policy commitment to zero burning in land clearance on all estates; we also urge our suppliers to comply with this. To avoid interruption to our business, our ERM team guides our response to risks and scenarios, including haze and fire. Safety is the dominant concern. They coordinate daily communication between head office and the plantations on fire risk and incidents, using satellite data, and they have specialist fire teams at their disposal in every estate.

### Fire safety and fire rings

Our fire safety crews are regularly trained in fire prevention and fire-fighting covering 76 of our sites in 2015. Training is done with the local authority, a specialist government

## DISCIPLINE IN CANAL IRRIGATION

Time is of the essence in fire prevention on peatlands. IndoAgri and the local military teamed up in October 2015 to show farmers a rapid solution to stop peatlands drying out, using military engineering techniques and locally sourced materials. The techniques were shown to farmers in four separate demonstrations, during which excavators and pumps proved how quickly it can be done. It's a regimented approach that we will be repeating as a means to control fires and the consequent haze.





Fire brigade on one of our Riau estates

team (Mangala Agni), fire brigades and the Ministry of Forestry. The teams patrol our sites and maintain our fire fighting equipment. They have mapped the local area and they know where water is available to fight fires. They inform and guide our colleagues, contractors and communities on fire risk and hotspots that crop upon, or near our sites.

What are fire rings? Any fire starting within an outer 'ring' 500m from an IndoAgri plantation border is immediately reported to the local fire brigade for their action. A fire within an inner 'ring' of 100m from a plantation is fought by our on-site safety team. We embrace fire safety in various ways such as promote anti-smoking, tracking and identifying fire brigade locations and water sources as well as analysing real time satellite feeds. Given that daily monitoring is crucial, each evening the risk team will update the Board of Directors of any fire incidents and future risks using smartphone messaging. In 2015, our monitoring and internal reporting processes were tested thoroughly by transboundary haze, a result of the combined effect of a long, hot, dry spell and the El Niño effect.

### Haze litigation

Singapore's Transboundary Haze Pollution Act states that any Singapore-registered company would be committing an offence if it was found to have contributed to the haze under certain circumstance<sup>6</sup>. IndoAgri has not received any warnings or legal proceedings against it under this Act in 2015.

### ACTIVE AND CONSISTENT INVOLVEMENT ON FIRE INCIDENTS RISK AND HANDLING

We brief our employees regularly but we also reach out to communities, as these snapshots illustrate.



Sharing best practice with local community – Head of Village, Regency, local police and military – Riau Area.

- 5 Low carbon stock areas are "those with (above and below ground) carbon stores, where the losses as a result of conversion are equal or smaller to the gains in carbon stock within the new development ... over the period of one rotation". [Source: RSP0 Principles & Criteria's 2013 p70]
- 6 When the Pollutant Standards Index (PSI) in any part of Singapore hits above 101 for more than 24 hours

## ENVIRONMENTAL PERFORMANCE

### CARBON FOOTPRINT: ENERGY AND GHG EMISSIONS

We can report that 99% of our fuel is renewable agricultural by-products - shell and fibre. Energy consumption per tonne of FFB processed decreased about 5% over the year. The boilers in our palm oil mills are designed to run on biomass. In 2015, our Turangie Mill's primary boiler furnace was modified to use a greater proportion of empty fruit bunch (EFB) fibre rather than palm kernel shell (which has a value).

In 2015, we expanded GHG emissions monitoring to 9 RSPO-certified mills and 27 estates covering 89,033 hectares which produced 433,300 tonnes of CPO and 113,700 tonnes of PK as compared to 8 mills and 22 estates covering 79,137 hectares in 2014. Total net emissions for each tonne of CPO and PK were at 2.32tCO<sub>2</sub>e, as compared to 2.63tCO<sub>2</sub>e in 2014, a reduction of 12%. Data are shown in the table in this section.

During 2016 we will set GHG targets. These will naturally be slightly different from site to site given the different conditions. Using the RSPO PalmGHG calculator we now have a standardised approach, which will no doubt evolve over time, for example by including carbon credits for

HCV areas, for which there is no current RSPO guidance or formula. Principal sources of GHG emissions in our operations are carbon dioxide emissions from changes in carbon stock during the development of plantations, and use of fuels, methane emissions from Palm Oil Mill Effluent (POME) and nitrous oxide emissions from fertiliser. We will continually improve our analysis and monitoring of these and work towards achieving reductions in GHG emissions.

At two of our sites we are using Aerated Bunker Composting. Our analysis of methane emissions shows that the system emits about 30% less methane compared with standard, non-aerated windrow composting. Using this system at our Turangie mill, for example, we recorded a reduction in GHG emissions during the rainy season of 77% (up to 82% in the dry season)<sup>7</sup>.

#### Energy savings at work

In 2015, we continued to consolidate our environmental management approach. We completed energy audits and data collection for two more of our mills. As a result, we are implementing low cost process efficiency improvements.

We continue to encourage employees to conserve electricity in housing facilities and offices, and we share information on the benefits of energy efficiency at the plantations, mills and in living areas.

#### Energy Consumption Mills

Energy Consumption	2013		2014		2015	
	Giga Joule	%	Giga Joule	%	Giga Joule	%
Fibre	445,336	73	490,364	73	510,227	75
Palm Shell	156,984	26	176,650	26	162,306	24
<b>Total from Renewable Energy</b>	<b>602,320</b>	<b>99</b>	<b>667,013</b>	<b>99</b>	<b>672,534</b>	<b>99</b>
Diesel	7,355	1	7,694	1	6,286	1
<b>Total from Non Renewable Energy</b>	<b>7,355</b>	<b>1</b>	<b>7,694</b>	<b>1</b>	<b>6,286</b>	<b>1</b>
<b>Total Energy Consumption</b>	<b>609,675</b>	<b>100</b>	<b>674,708</b>	<b>100</b>	<b>678,820</b>	<b>100</b>
<b>Energy consumption per FFB processed (Giga Joule/tonne)</b>	<b>0.17</b>		<b>0.16</b>		<b>0.15</b>	

Note: Data from RSPO and/or PROPER audited and certified mills (17 Mills). Data are not currently available on the breakdown of electrical, heating, cooling and steam energy consumed. We are renewing the data for these and will report in future reports. No energy is sold off site.

<sup>7</sup> This is a "Scope 1" reduction example. Percentages equate to 24,525tCO<sub>2</sub>e (rainy season) and 26,141tCO<sub>2</sub>e (dry season). Primary gas concerned: methane. Calculations based on 2014 data due to improved data from WWTP used in comparison study. Seasonal variations calculations assume a 10% volume to WWTP during the rainy season, and zero percent during the dry season. [GRI G4 EN19]



### GHG Emissions

Emission Sources	Ref No *	Description	Emission (tonne CO <sub>2</sub> e/tonne of CPO)	
			2014	2015
Direct Emission Estate	1	Land conversion	1.36	1.29
Direct Emission Estate	2	Peat emissions	0.87	0.69
Direct Emission Estate	3	N <sub>2</sub> O from fertiliser	0.24	0.20
Direct Emission Mill	4	Methane from POME	0.69	0.55
Direct Emission Mill	5	Fuel usage in the mill	0.01	0.01
Indirect Emission	6	Fuel usage in the shipment of fertiliser	0.07	0.05
Scope 3/Transportation Emission	7	Fuel usage in the field	0.04	0.04
Scope 3/Transportation Emission	8	Fuel usage in transportation of CPO	0.02	0.01
Direct Emission Estate	9	Outgrower	0.15	0.24
<b>Total Emissions from Mills and Estates Operations</b>		<b>A</b>	<b>3.46</b>	<b>3.08</b>
Carbon Sinks	10	<b>B</b> Crop sequestration	0.81	(0.73)
Carbon Credits	11 – 12	<b>C</b> Sale of palm kernel shells and export of excess electricity to housing grid	0.01	(0.03)
<b>Net Emissions from Operations</b>		<b>A+B+C</b>	<b>2.63</b>	<b>2.32</b>

\* Reference numbers refer to GHG flow, page 32 – 33

Note 1: Carbon sink figures are from crop sequestration sources only; currently there is no RSPO guidance on assigning carbon credits to HCV area.

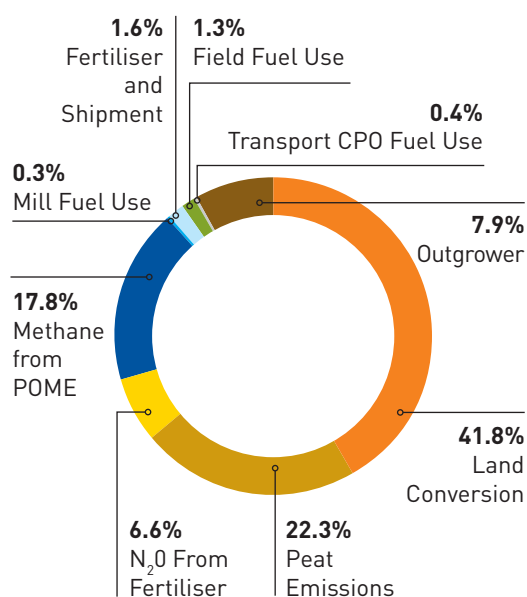
Note 2: Gases included in our calculations are carbon dioxide, nitrous oxides and methane. The calculations are based on site-specific data and published standard emission factors, using the RSPO PalmGHG Calculator V2.1.1. Calculations relate to plantations and mills under IndoAgri's direct operational and financial control.

Note 3: The GHG emission sources in 2015 are based on 9 mills and 27 estates (totalling 36 units; up from 30 units in 2014).

Note 4: We restate the tCO<sub>2</sub>e/tCPO for 2014 as 2.63 in place of 2.64 as published in our previous Sustainability Report, due to some re-alignment in calculation methodology [G4-22].

Note 5: Our 2015 figures for POME emissions are significantly lower in North Sumatra owing to improved monitoring from the use of effluent flow metering; this allows us to use actual direct measurements rather than a set of assumptions.

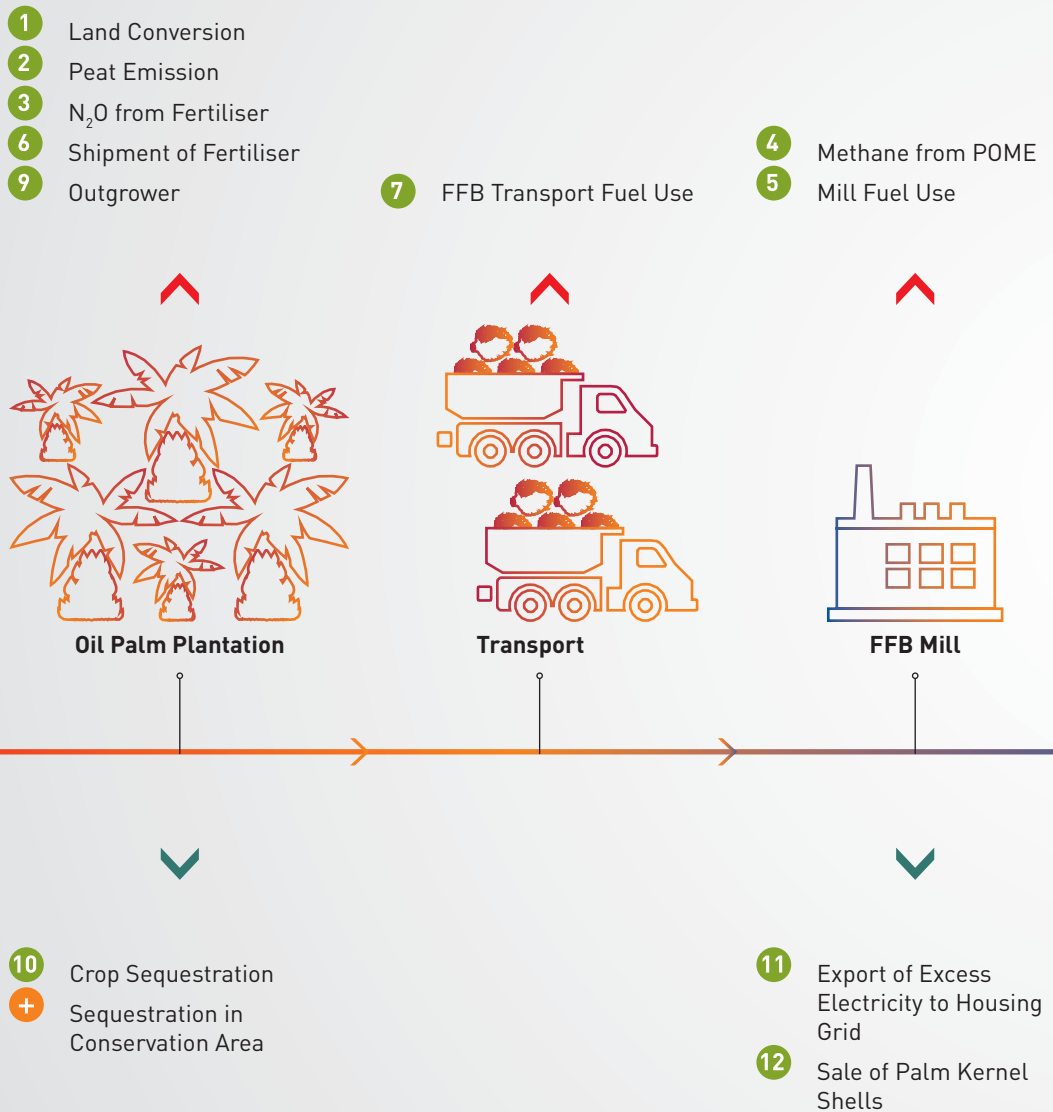
### 2015 GHG Emission Sources

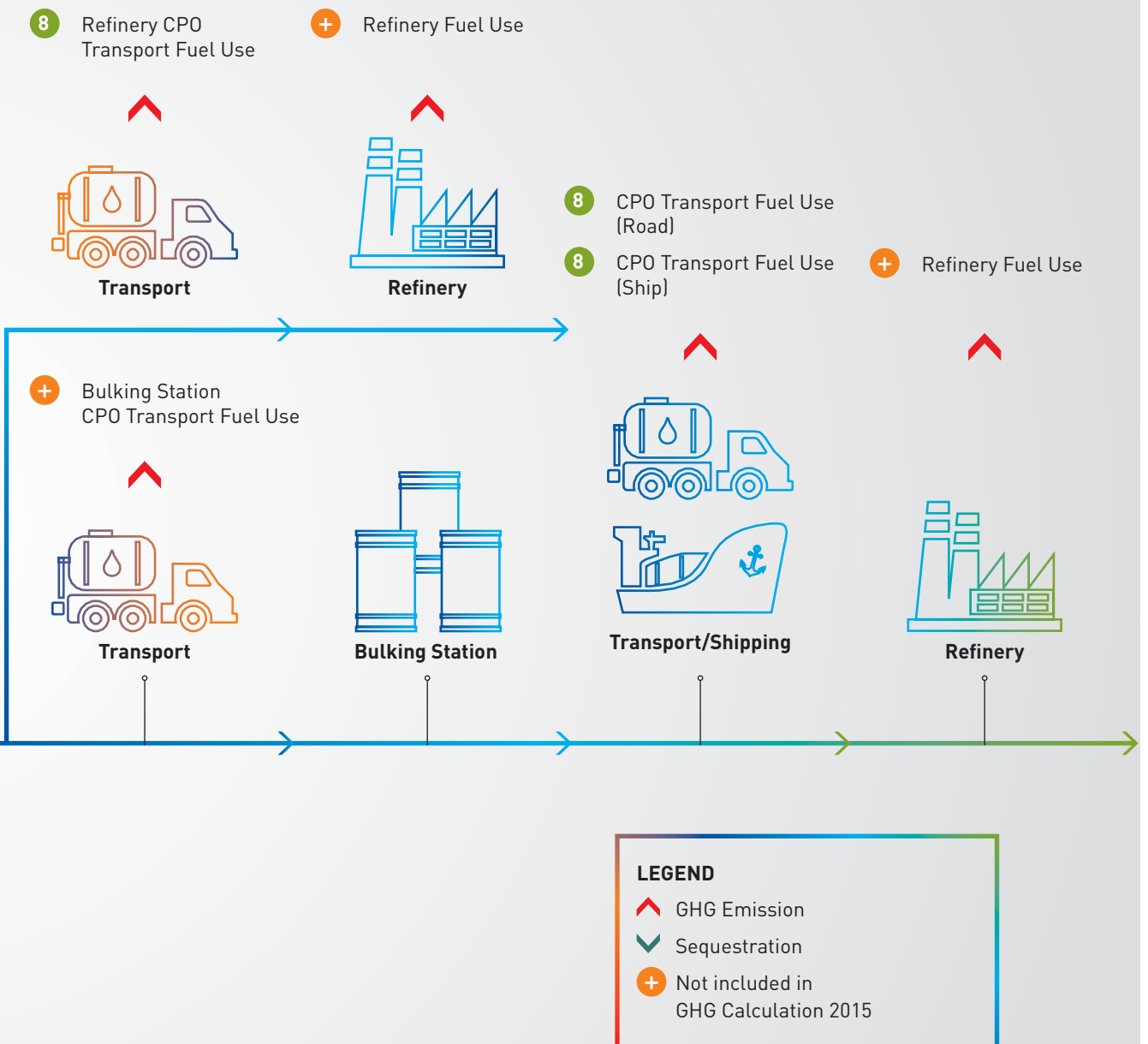


An oil palm mill in South Sumatra

ENVIRONMENTAL  
PERFORMANCE

# GHG EMISSIONS, CARBON FOOTPRINT AND ENERGY MANAGEMENT (GHG FLOW)



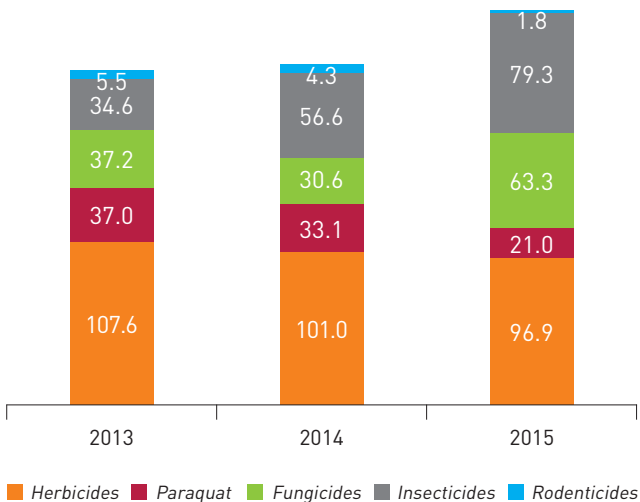


## ENVIRONMENTAL PERFORMANCE

### MATERIALS AND CROP PROTECTION AGENTS

Whilst oil palm is one of the most efficient uses of land for the production of edible oils, we constantly seek ways to maximise crop yields per hectare. In agriculture, the primary inputs are fertiliser and crop protection agents. We use only government-approved chemicals and all operatives receive the official training on their safe handling, storage and spraying.

#### Pesticides Consumption ('000 litres)



Note: Data from RSPO certified/audited estates (40%).

#### Pest, disease and weed control

All agribusiness uses both chemical agents and more natural controls. Pesticide use will always vary from year to year but will decrease with increasing uses of biogens. We operate Integrated Pest Management (IPM) to save cost and contribute to responsible sourcing. IPM controls pests while reducing risks to human health and the environment.

We make good use of natural controls, such as certain flowering plant species as natural habitats for predators of leaf eating insects. We have been successful in breeding Barn Owls for rodent control since 1997. Each year, we breed about 10,000 and 2,000 owlets on our Riau and South Sumatra estates. This is cutting our use of rodenticides in all our plantations across Indonesia.

And whilst we use chemicals, we aim to phase out the use of paraquat, a herbicide for weed control, by 2018. Progress depends on further testing and good data on weed populations to support a baseline position. Also, following tests in March

2015, we will trial different surfactants with alternative herbicides to help achieve a level of effectiveness similar to paraquat.

#### Precision in the field

Higher yields come from innovation in seed breeding, agronomic best practices, monitoring labour and fertiliser inputs and the careful use of crop protection agents. We are using precision agronomy in a number of 30-hectare blocks to raise FFB yields to 30 tonnes per hectare with a 25% oil



Turnera subulata, an example of biological control



Leguminous cover crops

extraction rate during the peak phase of the plantation block (in terms of age). Other research outcomes are also fed back to the field. Remote sensing helps analyse pests and soil health, with the mapping data helping operational teams understand yields for each block of land.

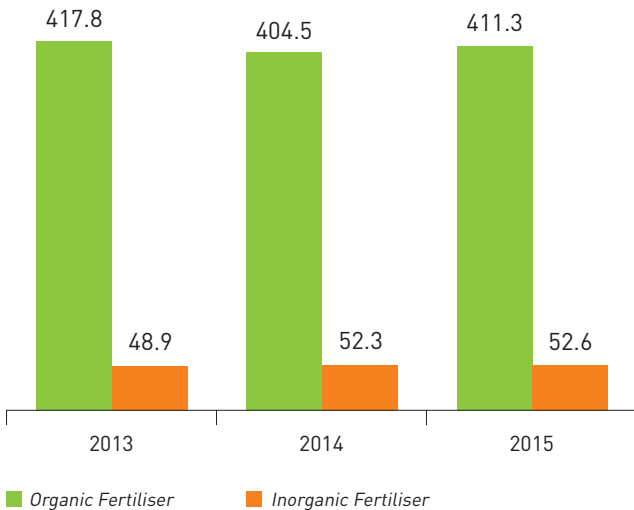
**Fertiliser usage**

We take soil and water conservation seriously including measures to minimise soil erosion as well as soil improvement using inorganic fertiliser and other more natural processes.

When planting new oil palm, we improve leguminous cover crops to fix atmospheric nitrogen, improve soil fertility, maintain soil structure and suppress weeds. This can help reduce the consumption of fertiliser and pesticide without compromising yield.

We also recycle EFBs and POME as a soil improver.

**Fertiliser Consumption**  
 ('000 tonnes)

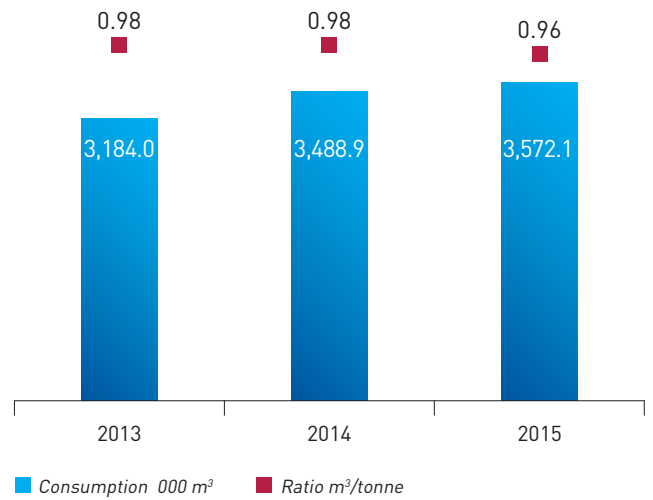


**WATER USE AND REDUCTION**

Water is crucial to the healthy growth of crops in our plantations, as well as the daily operations of our estates, mills and refineries. Our plantations are watered by seasonal rainfall. The mills receive 90% of their water supply from rivers. The refineries obtain 85% of their water requirement from municipal water. All remaining water is supplied from groundwater. Water for domestic use in plantation offices and accommodation is from rainwater collection.

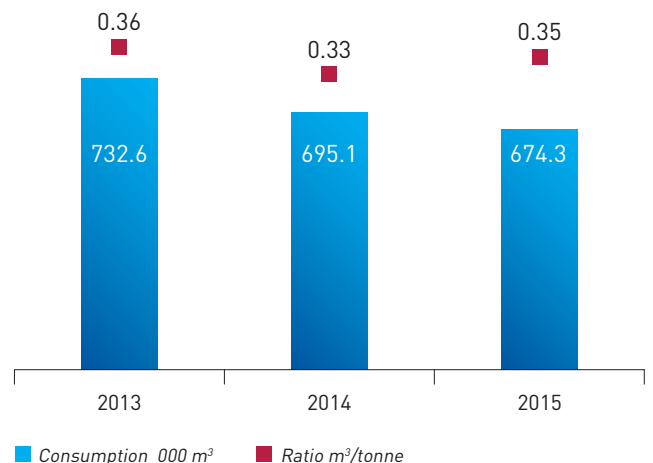
All our plantation sites passed the compulsory Environmental Impact Assessment, known as AMDAL, during their development. Water sources that are important for the local wildlife and surrounding communities were identified under the HCV assessment in 2014; please see page 27 for more.

**Water Consumption in Mills**



Note: Data from RSPO and PROPER certified/audited palm oil mills (17 out of 24 mills). Water consumption ratio covers industrial usage per mill. Ratio is based on average consumption in m<sup>3</sup> per tonne of FFB processed.

**Water Consumption in Refineries**



Note: Data from four refineries (80%) based on water consumption per tonne of material processes and product in four process stations (refining CPO, fractionation, margarine, and cooking oil filling). Water content of actual product is now excluded, and as a result we have restated data for 2013 and 2014 [G4-22]. The data excludes insignificant amounts of water drawn from municipal sources, such as groundwater, for domestic usage. Calculations are based on metered volumes.

## ENVIRONMENTAL PERFORMANCE

### WASTE MANAGEMENT, EFFLUENTS AND SPILLS

Good environmental 'housekeeping' and a systematic process for managing environmental impacts on site, guided by PROPER and ISO 14000, are at the core of responsible business practices.

#### Wastes

All milling by-products, including effluent, are re-used as compost or feedstock for our boilers. All estates, mills and refineries separate organic, non-organic and hazardous waste for proper handling and disposal. We do not yet recycle packaging or use take-back systems for packaging materials.

Hazardous waste is collected in accordance with Indonesian regulations by licensed disposal companies. On average, hazardous waste arisings annually at each mill are 1.91 tonnes (mainly used lubricants) and at each refinery the average is 5,837 tonnes, mainly spent earth from the bleaching process, which is re-used in cement production. The figures from 2014 were 1.94 tonnes and 6,947 tonnes respectively. We do not record non-hazardous waste collected in offices.

#### Waste water

POME is collected and treated in open anaerobic ponds on site. In 2015, we discharged 2,069,148m<sup>3</sup> of our certified/audited mill wastewater. At two mills, we treat POME using the Aerated Bunker Composting System, which also helps reduce GHG emissions (see also page 30). To describe effluent quality at our certified/audited mills we report a Biological Oxygen Demand (BOD)

level of 2,687mg/l<sup>8</sup>. Each site operates within its site-level legal BOD limit of 5,000mg/l.

Meanwhile our refinery effluents are sent to waste water treatment plants (WWTP) prior to discharge into water courses or municipal sewers. In 2015, we discharged 221,679m<sup>3</sup> of refinery wastewater, down from 256,806m<sup>3</sup> in 2014. Each site operates well within the legal BOD limit of 75mg/l. Data relate to four refineries certified or audited to RSPO and/or PROPER.

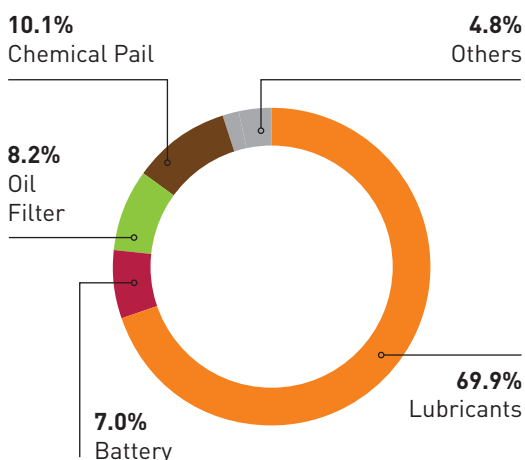
In 2015 we recorded no spills of effluent, CPO or diesel. No fines or sanctions related to environmental regulations were imposed on IndoAgri in 2015.

#### VETIVER – A WASTEWATER BUFFER

What is it? Vetiver is a very deep rooted grass that tolerates high levels of nitrate, phosphates, heavy metals and agricultural chemicals. Besides its main purpose of soil erosion control, it can also be used for treating waste water and stabilising soil structures on canal banks. We use it to strengthen the bunding of effluent ponds and to help clean the waste water.

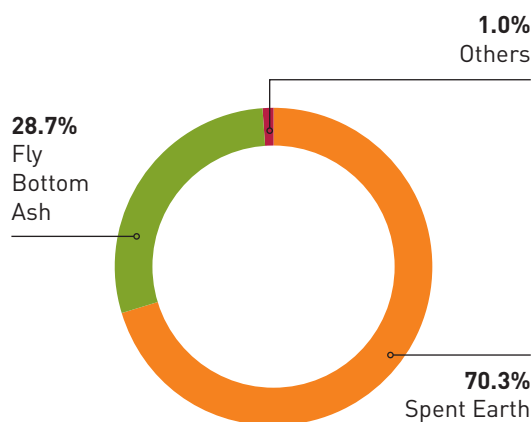
<sup>8</sup> This is the median data point across the sites through 2015. We use a median average formula owing to the wide variation in mg/l values in our mill data set; the variation reflects the wide variability of local operating conditions.

#### Hazardous Waste from our Mills 2015



Notes: Data from RSPO and/or PROPER audited, certified mills (71%). "Others" comprise rags, electric lamps, paint cans, clinical and laboratory waste, used cartridges, and contaminated goods.

#### Hazardous Waste from Our Refineries 2015



Note 1: Data from 4 refineries (80%)  
Note 2: "Others" consists of batteries, filter oil, lubricants, electric lamps, rags, clinical waste, carbon waste, sludge waste, used nickel catalysts, contaminated packaging and gloves, and used print cartridges.



*POME application in one of Riau estates*

# SUSTAINABLE PALM OIL SOURCING



An employee harvesting FFB



The heart of  
our business:  
securing a  
traceable,  
sustainable supply.



**38%**  
RSPO-certified  
CPO

## KEY INDICATORS



**64%**  
of CPO

at refineries are sourced internally and  
traceable to plantations



**80%**  
of CPO

to our refineries is from suppliers  
who have been pre-audited against  
the IndoAgri Palm Oil Sourcing Policy

## PROGRESS HEADLINE

- Supply chain audit programme continues with strong levels of supplier engagement
- IndoAgri completed a study on smallholders' baseline income, profit and the Koperasi Unit Desa (KUD) cooperative system
- Smallholders primed for RSPO and sustainable agriculture practices, via partnership programme

## SUSTAINABLE PALM OIL SOURCING

### WHAT ARE THE ISSUES?

Securing a sustainable and traceable source of palm oil is at the heart of our business model. A primary reason for doing so is to maintain food safety standards for our products and raw materials. Further, our business-to-business customers want to know where their ingredients come from. Also, our nucleus plantation owners need to be 100% confident that seed material is genetically reliable and from a traceable source.

Aside from knowing where they come from, IndoAgri wants to understand the conditions under which all our products are cultivated, transported and processed. Such transparency will help us understand risks as well as opportunities. We recognise that our palm oil resource base is constrained, that we operate in a region of high conservation value and that it is sourced in an area of social, political or economic vulnerability.

From a business perspective, the grower's profit is vital. Whilst palm oil typically provides the highest yield per hectare compared to the other main edible oil crops, good agriculture practices mean lower input costs and strong yields. Even with a fluctuating market price, a higher yield will mean greater household income for the smallholder. More money means more resilient communities. Such resilience can lead to less use of underage workers in the field, safer practices, greater access to education, more micro-enterprises, more engagement and sharing of good practices, and a lower environmental impact. Such resilience means a more secure supply base, which is vital for our business model.

### HOW DO WE MANAGE THIS?

Our company Policy commits us to deliver sustainable agriculture, sustainable communities and a safe workplace. We commit to source palm oil responsibly, using supplier engagement and audit. Our Responsible Supplier Guidelines 2014 aim to establish traceability of environmental and social impacts in our supply chain. Our purchasing professionals use our Guidelines to demonstrate due process on responsible sourcing in line with customer expectations.



View our Policy and Guidelines at  
<http://www.indofoodagri.com/palm-oil-sourcing-policy.html>

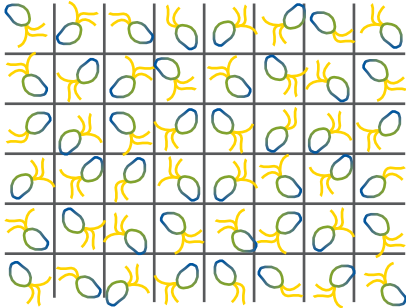
Central to this work is to have our mills, plantations and plasma smallholders RSPO-certified by 2019. This is supported by ISPO certification, the evolving relationships with smallholders as well as the environmental practices that help eliminate burning, the mismanagement of peatland and deforestation. Please see page 42 for more.

### KNOW THE SOURCE: SUPPLY CHAIN TRACEABILITY

Most of the CPO – some 64% – is sourced internally from our own plantations and mills. Our refinery commercial teams liaise directly with our palm oil mills.

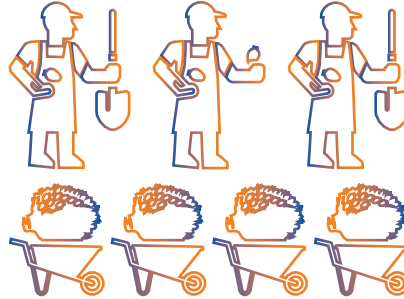


Most of the CPO at the storage tanks of our refineries are sourced internally from our plantations and mills.



## SEEDS

Our oil palm seeds are produced at our Bah Lias and SAIN Research Stations, some of which are set aside for our new planting and the majority will be sold to other customers. Each seed from Bah Lias is stamped with "BLRS" and each batch of germinated seeds is barcoded to provide assurance to the buyer on the authenticity and quality of the seeds purchased.



## FFB

For the FFBs that arrive at our palm oil mills each year, 100% of them can be traced back to the nucleus or plasma plantation of origin. Our Smallholder Programme introduced a barcode system to trace FFB shipments back to our plasma farmers in South Sumatra. It also identifies the relevant KUD (farmer cooperative).



## CPO

For the CPO that arrived at our refineries in 2015, 64% of it came from our own plantations and mills. Each consumer product that leaves our refineries bears a batch number that identifies the CPO source, production line, and place and date of manufacture. There are exceptions: our Medan refinery sources all RSPO-certified CPO internally.

## KNOW THE QUALITY: ENSURING A SUSTAINABLE SOURCE

So once we know the source of our FFB and CPO, we want to ensure the farming and production are sustainably managed. We use a combination of auditing and upstream supplier engagement to do this.

### AUDIT OUTCOMES

We audit our suppliers of CPO to refineries to help deliver commitments under our Palm Oil Sourcing Policy and Responsible Supplier Guidelines in 2015. We use an accredited third party auditor. Our aim is that all suppliers comply with our Policy by 2020.

By the end of 2015 we aimed to assess compliance and readiness of our CPO suppliers (as a result of audits earlier in the year). We completed 20 initial CPO supplier audits. In general, the suppliers agree with our conclusions and they are committed to make changes. The audits align with RSPO, ISPO and Indonesian regulations requirements.

Whilst suppliers demonstrated many strengths in areas such as quality and process control, the main areas for

improvement include compliance and integrity, human rights, product safety, local community development and environmental protection.

### A STAKEHOLDER VOICE

PT Supernova Flexible Packaging provides flexible packaging for IndoAgri. They focus not only on quality and food safety but are also committed to environmental performance. Notably they have been a supplier for twenty years, and as Helda, their Marketing Director, puts it, "the relationship



*keeps getting stronger as we support each other for mutual growth and with open communication."*

## SUSTAINABLE PALM OIL SOURCING

We also audit our nucleus and plasma plantations which supply our FFB. We audit them as part of the RSPO and ISPO certification roll-out. This includes some plasma smallholdings. And while none of them are yet certified, we have a key smallholder project to help make progress (see page 43).

We can report that 80% of supply to our refineries is from CPO suppliers who have been pre-audited against IndoAgri's Palm Oil Sourcing Policy.

Some 86% of supply volume to our refineries comes from 54 suppliers (33 categories) who have been audited and confirmed as compliant on food safety according to IndoAgri's Policy.

### COMMUNITY COLLABORATION TOWARDS PREVENTING FIRES

*"It's been very dry this September. Once a fire is confirmed, we mobilise firefighters, work with other estate fire teams, and liaise with local government. Sabarudin, the local Head of village, is glad of the firefighting support provided by IndoAgri during recent fires across Pangeran and Mojosari villages. To reduce fires in future we must work together to promote better land management, fire prevention measures and coordination in the community. I believe we have taken one more step forward together."* Yohannes Heru C.K, Estate Manager, Kapuas Estates, West Kalimantan



### WORKING WITH SMALLHOLDERS

If we can help farmers increase their yields then the pressure on clearing new land for more profit is reduced. This helps to avoid burning, peatland development and deforestation. Whilst there are challenges in getting public information on forest monitoring and law enforcement regarding planning and land ownership, we also see some creative projects to help smallholders improve productivity. These range from simply informing and guiding farmers through the use of good agricultural practices to an emerging government subsidy to help them increase their yields.

### RELATIONSHIPS: SUPPORTING FARMERS

Our conversations with smallholders start with price and quality – making sure their cultivation and delivery minimise risk to the quality of the ingredient. We build on the relationship to discuss good agricultural practices, safety and forestry. Such relationships underpin a resilient supply base. In 2015, IndoAgri completed a study on the smallholder's baseline income, profit and the KUD cooperative system. It was part of the IDH project (see page 43 for more).

Whilst the grower's first priority is a good price, the relationship can be strengthened with support services such as agronomy training and safety guidance as well as by helping them to manage various risks in areas such as land ownership, environmental impact and commercial negotiations. Additionally, smallholders will often need assistance and incentives to pursue alternative, less harmful practices in forest management. During face-to-face visits we offer guidance on seeds, seedling cultivation, crop protection agents, buying inputs, pre-financing, credit and contracts. Currently we do not collect data on the extent of the advice provided. The aim is to develop our collaboration with growers in an organised fashion in order to help manage the commercial risk faced by supplier plantations. We aim to help cut growers' costs by finding better prices for inputs such as fertiliser and weed killers. Lower costs mean stronger profits. On our nucleus estates we have greater control over such support services.

- Please see the section on our Products, on page 44
- Our Work and Estate Living Programme provides a range of services, see page 22 for more

### ENSURING SUSTAINABLE SOURCING: RESILIENT COMMUNITIES

At the very heart of our smallholder work is our partnership project with IDH, an international organisation that develops public-private partnerships to promote sustainable agriculture, zero deforestation, increasing palm oil yields and providing better market access for the smallholders.

## SMALLHOLDER SUSTAINABILITY: GETTING READY FOR TAKE-OFF!

We are committed to all FFB supply from smallholders<sup>9</sup> to our mills and refineries being 100% sustainable. At the same time we commit to improve traceability, avoid deforestation and maximise smallholder yields. So our project with partner IDH is to achieve RSPO certification of 3,144 independent smallholders in South Sumatra. Before scaling it up, a pilot project aims to certify 159 smallholders on 318 ha of land.

The project will train smallholders in good agricultural practices, business management, as well as RSPO and ISPO principles and criteria. The project will use a baseline as a starting point and as a way to track changes in the target group. We aim to incentivise the smallholders to encourage sustainable production and help company staff with survey, monitoring and mapping tools.

What have we found this year? For most of the farmers, oil palm is the major source of income although a quarter found oil palm profitability too low. Whilst some achieved good yields, nearly 70% had yields below what they could achieve.

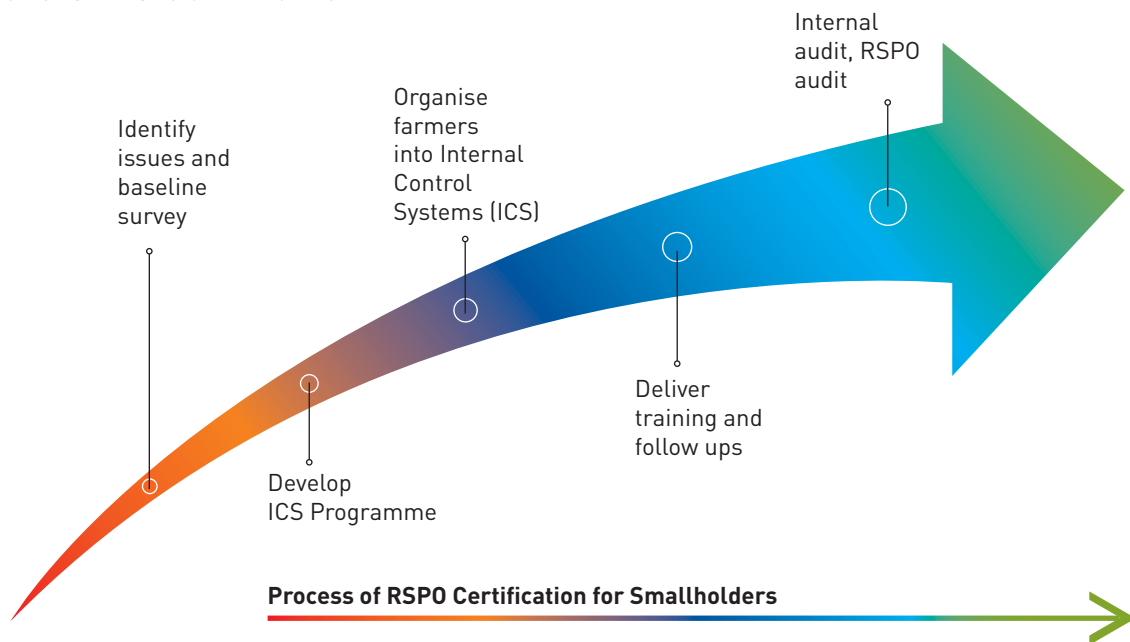
So how can this pilot project help? The engagement led to conversations on planting material and agricultural practices. These farmers are starting to appreciate the value of RSPO certification and we are pleased to report their willingness to receive training on this. Overall, we find that there is a tension between land and yield. Smallholders with higher income and access to finance prefer to expand their plots rather than improve yields on existing land.

Do sustainable practices always attract a higher price? Our project primarily aims to show farmers the benefits of practices that attract RSPO and ISPO certification. They include market access and better agriculture, and whilst a price premium may arise, our message is to focus on good practices over the long-term and the intrinsic value that brings, in areas such as yield, efficiency, health and compliance.

We are looking forward to our first RSPO certification resulting from this project. So far we have delivered around 11 days of training in 2015.

<sup>9</sup> ex-plasma and independent

### ACTIONS IN RSPO CERTIFICATION

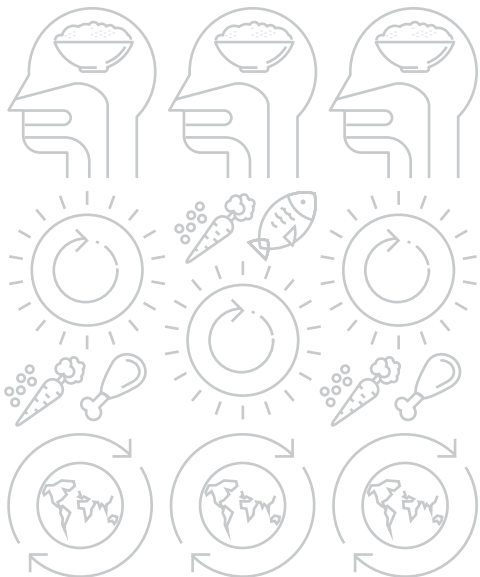


# SAFE, NUTRITIOUS AND TRACEABLE PRODUCTS



*Filling of cooking oil into packaging*

We comply with international and local food safety standards and certifications.



86%

of refineries' purchases

came from 54 suppliers.

All of them met the required food safety standards of IndoAgri.

## KEY INDICATORS



100%

of palm oil

derived cooking fats and edible oil sales volume is within the limits relating to saturated fat, trans-fat and sodium as stipulated by the national food standard of Indonesia and export markets



100%

of packaging

comprises approved food-grade materials and complies with Indonesia's policy on Extended Producer Responsibility

## PROGRESS HEADLINE

- All products are safe and go beyond nutritional compliance requirements; Tanjung Priok refinery achieved Food Safety Management System certification in 2015
- All our refineries are certified to the highest level of halal certification
- Customer satisfaction award: once again, Bimoli wins multiple accolades

## SAFE, NUTRITIOUS AND TRACEABLE PRODUCTS

### WHY IS THIS IMPORTANT?

Products that are safe for human consumption: that's what our customers and consumers expect. They trust us to produce high quality foods and ingredients that are nutritious and taste good. We cannot overstate the importance of food safety. Our commitment to responsible sourcing also contributes to safety and quality – we expect suppliers to meet our high standards and help us provide quality assurance to our customers.

- See page 44 for more on our products
- See page 38 for more on responsible sourcing

### HOW WE MANAGE THIS

We comply with international and local food safety standards and certifications, notably FSSC 22000 and a Halal Certification system recognised by the World Halal Council. We comply with Indonesian regulations relating to safety, consumer protection, labelling, advertising quality and nutrition. We work with our large industrial customers to meet their requirements. For example, IndoAgri's annual responsible sourcing audit checks 10 parameters, one of which covers food safety. All raw materials supplied to us can be traced back to their source, and batch numbers are found on all product packaging.

All our refineries are halal certified by LPPOM MUI, the Research Institute for Food, Drugs and Cosmetics of the Indonesian Ulemas Council. Our R&D, marketing and sales teams use independent market testing to meet quality requirements.

### HOW CAN WE GUARANTEE FOOD SAFETY?

Each year we audit key suppliers of raw materials, packaging and ingredients (see page 42). This may be on a plantation or at a factory site. We check management and performance relating to sanitation, pest control and general facility conditions. Our teams of auditors are experienced in our operational procedures, ensuring a high standard of manufacturing.

In 2015, the Tanjung Priok refinery – our largest – was audited for compliance to the Food Safety Management Standard (FSMS) for FSSC 22000. We are delighted to report that it passed the audit with no non-compliances or advisories.

In the refining process we maintain quality by keeping the product free from contaminants. The raw material is subject to stringent process controls. We regularly provide

#### A STAKEHOLDER VOICE

*"We were a little apprehensive of the challenge to achieve FSSC 22000 certification. We had to undo how things were done. It's hard to break old habits. But in November 2014 we did it."* Kurniawan Dwi Ananta, QC operator



With FSSC 22000, Kurniawan and his team are now far more confident in food safety management at work, and also at home! Along with senior management each team member is committed to high quality products that are hygienic, safe and Halal. Our Quality Control teams are required to go through the relevant food safety training, this will ensure each employee stay abreast with the risks relating to food safety management.

decontamination reports for customers as their expectations continue to focus on such product risks.

Our food products are packaged using approved food-grade materials that also help limit damage in transit. And whilst we do not use any recycled packaging nor operate any take back of packaging, all IndoAgri's finished food products passed the tests required by the Indonesian National food safety standards. Packaging materials comply with Indonesia's policy on Extended Producer Responsibility and our parent, PT ISM, is a member of the Coalition for Sustainable Packaging.

### PALM OIL AND NUTRITION

The human body needs the right vitamins and nutrients to grow to its full potential. Palm oil, the crop on which this Report focuses, contains carotenoid and tocopherol, a rich



source of vitamin E. The processing we carry out does not limit the benefits offered by palm oil.

When it comes to fortifying products with vitamins, we go beyond compliance. All our table margarine products are fortified with eight vitamins. Vitamins A and D are mandated by the Indonesian National Standard<sup>10</sup>, but we have added vitamins E, B1, B2, B3, B9 and B12 to fortify the diet of Indonesian consumers. The reason for this is that a staple for many of our consumers is processed foods made from flour and rice. Such food is low in vitamin B. By doing this, we promote a healthy and nutritious food product especially for children.

We export cooking oils to the Philippines which are enriched with vitamin A, in accordance with the Philippines' national regulations.

### VITAMINS: WHAT DO THEY DO?

- Vitamin A maintains the immune system and eyesight; it supports the development of the fetus during pregnancy, as well as healthy skin.
- Vitamin E is a fat-soluble antioxidant that removes free radicals (that can disrupt living cells) from the body; it also regulates enzymes essential for gene expression and a healthy nervous system.
- CPO has the highest amount of Vitamin E among all the vegetable oils. Many fruits and vegetables contain Vitamin E.

Our products are a source of fat, one of the three basic macronutrients the human body needs for healthy growth and supple skin. It is a rich source of energy and essential fatty acids. Palm oil is composed mainly of triglycerides of fatty acid in both saturated and unsaturated forms, and is free of cholesterol and trans-fat.

### CUSTOMER SATISFACTION

In 2015, the Bimoli brand received a Platinum Indonesia Best Brand award for the 13<sup>th</sup> consecutive year from SWA magazine & MARS and the Indonesia Customer Satisfaction Award for the 16<sup>th</sup> consecutive year from SWA magazine & Frontier consulting under cooking oil category. In 2015, Bimoli was again recognised in Millward Brown's top 50 Most Valuable Brands. We routinely engage with industrial bodies, consumers and distributors. We are recognised for quality, price and confidence in the brand.

### TRACEABLE AND LABELLED

We can trace our products from the finished item right back to the source.

#### KEY FACTS:

**Safe.** 26% of the volume of products manufactured on our sites – is certified to the Food Safety Management Standard (FSMS) audit for FSSC 22000.

**Low.** 100% of total sales volume of our palm oil derived cooking fats and edible oil products is within the limits relating to saturated fat, trans-fat and sodium as stipulated by the national food standard of Indonesia and our export countries.

**High.** 100% of the total sales volume of our palm oil derived cooking fat and edible oil products contain increased nutritious ingredients such as vitamins.

Information on the ingredients and nutritional values of each of our branded products is provided on the food label printed on the packaging. The labels also remind consumers to dispose the used packaging appropriately. All of our products are subject to such information requirements.

All our refineries are halal-certified by an Ulemas Council-accredited certification body and recognised internationally by the World Halal Council. We achieve the highest certification grade with no advisories arising.

We recognise that food processing companies should understand that the burden of non-communicable diseases (NCDs) has increased and that unhealthy diets and a lack of physical activity are considered to be among the leading causes of the major NCDs. Our marketing practices comply with Indonesia regulations; the risk of our marketing being misunderstood by vulnerable groups such as expectant and new mothers is negligible.

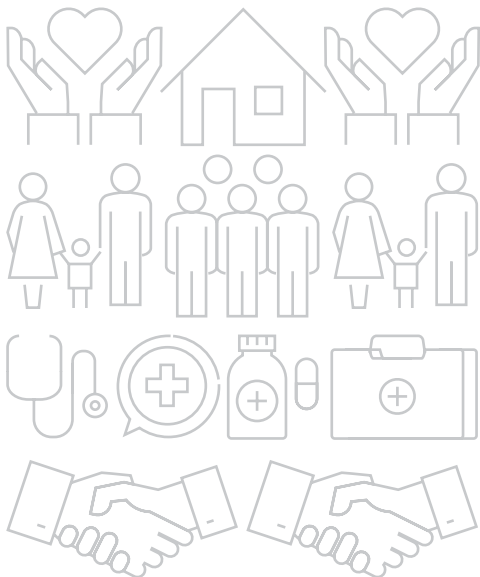
- For more information on traceability, please refer to page 40

# OUR PEOPLE AND COMMUNITY



*Safety briefing after harvesting*

Employees  
are the  
cornerstone of  
our success.



We are consolidating  
safety management:

**76%**  
of all sites have a  
health and  
safety management  
system in place.

The remaining will be  
completed in 2016.

## KEY INDICATORS



our Group has

**25**

sites at Gold level  
under SMK3



**zero**

accident award  
in eight sites



**100%**

of our operations  
have local community programmes in place

## PROGRESS HEADLINE

- A significant new staff appraisal method commenced, yielding training improvements
- No significant changes on turnover, maternity return rates, or diversity
- Work and Estate Living Programme and our Solidarity Programme continue to provide health, education and economic development services

## OUR PEOPLE AND COMMUNITY

### WHY IS THIS IMPORTANT?

Employees are the cornerstone of our success. At the heart of how we do business is how we attract and retain them, and keep them safe at work. The health of our employees is directly linked to their productivity and satisfaction at work. Clear engagement with employees coupled with career development opportunities will improve personal performance, business productivity and product quality. We recognise the potential in each employee and the benefits of a diverse workforce. Respecting human rights is a matter of legal compliance and good business. Our industry recognises this and is moving to achieve certification with RSPO and ISPO which include labour practices and human rights.

### HOW DO WE MANAGE THIS?

Our HR Policies demonstrate that our people management is grounded in legal, moral and commercial principles. As well as complying with regulations, our policies aim to build 'human capital' value in the business for the long-term. As such we have a strategic approach to human resources. This guides how we assess attitude and behaviour, career development support and personal improvement. This then helps inform pay decisions and labour relations.

How does this work on the ground? Formal training ranges from core competencies to leadership. We focus on quality through using a coordinated push of *Total Quality Management* principles and practices. Annual performance reviews are run at management levels as well as in the field. All employees, including casual labourers, have employment contracts and representatives of labour unions meet with our company representatives at least once a year to discuss industrial relations. All labour unions have some level of formal agreement with the company.

We have a fundamental commitment to a safe workplace at estates, mills and refineries. We are improving and consolidating our management systems. Of all our sites, 76% of them have a health and safety management system in place. We have 25 sites are at Gold level under SMK3 certification<sup>11</sup>. Estate and mill managers are trained in SMK3 workplace safety techniques. Safety is regularly communicated to employees, using SMK3 manuals and procedures, work instructions, emergency and first aid procedures. Additionally, every estate, mill and refinery has in place a Health and Safety Committee<sup>12</sup> attended by management and operatives. The Collective Labour Agreement (CLA) covers safety with reference to proper Personal Protective Equipment (PPE) for field workers, an OHS Trustee Committee, training, and grievance mechanisms. Periodic workplace inspection, SMK3 audit, and accident evaluations are also completed with employee representatives.

Our Work and Estate Living Programme also promotes the safety, wellbeing and human rights of our workers and their families. Working with local government and hospitals, educational and infrastructure projects under the Programme include household hygiene, healthy living and access to medical facilities. Consequently, it fosters harmonious relationships with stakeholders.

In line with our Code of Conduct and Sustainable Palm Oil Policy we commit to respect the labour and human rights of employees, business partners and communities. We fully comply with the Indonesian labour laws on human rights issues. Our HR procedures also include our anti-sexual harassment policy in order to protect employees.



See our Code of Conduct, online content at <http://www.indofoodagri.com/code-of-conduct.html>

### WHO ARE WE?

In 2015, IndoAgri employed 38,991 people in permanent full-time positions, and 1,489 people on short-term contracts in Indonesia. Some 92% of our employees work in the field, while the rest comprises management and executive staff. Two thirds of us are based in Sumatra, the rest in Java and Kalimantan. In addition, we also employed 39,796 casual labourers (50% of our total workforce).

- See employees statistics in page 56

### HEALTH AND SAFETY

In 2015, we recorded an Accident Frequency Rate (including casual labour) of 3.0 accidents per million man-hours (2.6 in 2014) and a Lost-Time Accident Rate (LTAR) (including casual labour) of 427.6 man-hours per million man-hours (347.6 in 2014)<sup>13</sup>.

Some 30% of accidents involved foot injuries, 16% hand injuries and 13% eye injuries. We endured seven fatalities at our operations in 2015 (five in 2014)<sup>14</sup>; four of them were casual labourers (two in 2014). Causes of these accidents relate to separate risks such as falling fruit bunches, a crushing incident during road construction, and electrocution. Every tragic accident is formally investigated and senior management visit bereaved families to offer condolences and explain compensation arrangements via Badan Penyelenggara Jaminan Sosial (BPJS, formerly Jamsostek). Workers who are not directly employed by IndoAgri are covered under a separate social insurance scheme. It is mandatory for all relevant employees to wear PPE at all times and exercise SOPs, particularly in electrical engineering tasks. All contractors and casual labourers complete a safety induction before starting work, safety clauses are written into contracts and five-minute safety briefings kick off each day.

### Accident Frequency Rate in 2015

Coverage	Male	Female
<b>By Gender</b>	3.0	0.5
<b>By Region</b>		
Sumatra	3.3	0.7
Kalimantan	3.9	0.4
Others	0.6	-

### Accident Severity Rate in 2015

Coverage	Male	Female
<b>By Gender</b>	459.8	84.2
<b>By Region</b>		
Sumatra	468.2	119.1
Kalimantan	108.3	43.7
Others	897.9	-

Note: All rates per 1,000,000 man-hours. Data for all IndoAgri units. Casual labour is excluded from these particular tables because gender-specific accident data are not yet available for them. We are reviewing casual labour statistics.

We are consolidating our Occupational Health and Safety programme by establishing SMK3 management systems at our sites. A target for 2015 was to complete a baseline accident assessment for all sites. This was completed. We noted in 2015 that three of our facilities (one mill and two plantations) received a zero accident award. Thanks to our P2K3 Committees at each site, the percentage of the total workforce represented in formal joint management-worker health and safety committees is now 100%.

## EMPLOYEE WELFARE

### Estate living standards

Our *Work and Estate Living* Programme promotes the wellbeing and rights of workers and their families. We work closely with the local governments and hospitals to provide essential medical support, facilities and infrastructure for the people living in all our estates.

### Health and Education services on the plantations

Our *Work and Estate Living* Programme team is proud of the facilities and infrastructure provided on our estates. There is a clear focus on sanitation, clean water, waste collection and electricity. The data on page 57 show the education and medical facilities provided. In addition, we provide recreational and worship facilities, vegetable garden plots (see box on page 52). Our 134 on-site water treatment facilities improve domestic and process water quality.

## A HARVESTER VOICE

*"I'm Suhendar, I have worked here for five years. IndoAgri commits to upholding workplace safety and health standards. For instance, we are provided with protective and safety equipment at the workplace. Harvesting is not without risk of workplace accidents, but IndoAgri's safety and security procedures make my work safer and more productive. This means my family is more relaxed while waiting for me at home."*



Employees and their dependents enjoy the medical and educational services free of charge, which are attended by qualified doctors and teachers. We have also established contact with 51 hospitals near our estates in order to effectively handle emergencies. Along with day care centres and kindergartens, you will find primary, secondary and high schools in some of our estates. In new or more remote sites, we work with the local government to develop school facilities in these areas, including free transportation for the children attending schools outside the estates.

- 11 Sistem Manajemen Keselamatan dan Kesehatan Kerja (SMK3), the Indonesian OHS management System that is comparable with the OHSAS 18001:20071
- 12 Known as a Panitia Pembina Keselamatan dan Kesehatan Kerja (P2K3)
- 13 LTAR is calculated as follows: Accident Rate x 1,000,000 man-hours divided by Total Working Hours (Number of employees x 40 hours x 50 weeks). An LTAR is recorded when an employee is referred to a clinic due to a workplace accident, and given leave of absence. Our company-level accident data include casual labourers and other third parties for maintenance and construction work on site.
- 14 Three of these occurred at oil palm operations, three at sugar cane operations, one at a rubber plantation.

## OUR PEOPLE AND COMMUNITY

### THE ROOT OF THE MATTER

The new cultivation programme improves estate living even further: fruit and vegetables grown on site cost less. Watercress and maize are 75% cheaper. Starting in Riau, it is a new project being rolled out across our operations. IndoAgri provides a plot of land, the seed and fertiliser. The employees manage it in a cooperative manner. *“The market gardening project fosters a sense of mutual cooperation and respect – with this program, we get vegetables with ease, and the price is cheaper than the market’s.”* Estate worker, Riau, 2015.



- See also Community subsection in page 53

## LABOUR RIGHTS AND HUMAN RIGHTS

All IndoAgri staff are enrolled under *BPJS*, a government pension plan to which the Group and the employee

respectively contributes 3.7% and 2.0% of the monthly basic salary. Retiring employees enjoy a severance package and other benefits set out by *BPJS*.

### Minimum wages

Our analysis shows that statutory minimum wages paid by IndoAgri increased steadily at a rate similar to previous years. The structure and salary scale of our employees are computed based on their experience level, position and competency. We ensure that all employees are adequately compensated for their work, and we comply with the minimum wage regulations set by the local governments.

### Diversity and equal opportunity

Diversity brings strength and cultural understanding to an organisation. In accordance with our Code of Conduct, equal employment opportunity is given to every employee regardless of religion, ethnicity, gender and other discriminatory factors. There were no incidents of discrimination during the reporting period.

Whilst agriculture is a male-dominated industry, just 15% of us at IndoAgri are female. IndoAgri actively encourages women to join the business, and provides child care facilities in the estates. We keep the jobs of new mothers secure while they are on maternity leave. In 2015, 321 women took maternity leave (1,004 in 2014), 86% (276) returned to the same job position, as compared to 35% in 2014, while the rest are either still on leave or have elected to leave the company.

### Human Rights and security

We track our performance on human rights according to our Code of Conduct and our Sustainable Palm Oil Policy, the aims of which are communicated on site.

We aim to protect the rights of our workers to freedom of association and collective bargaining. Currently, 59% of our operational employees are unionised and 95% of them are protected by a CLA that includes an OHS clause. Employees not included in these arrangements are automatically covered under IndoAgri's OHS policy. As stated in our CLA and company regulation, any change in company policy must first be discussed with employee representatives from the labour union and endorsed by the government before they are announced to employees. No operational changes of sufficient significance have occurred for us to report a typical period of notice given to employees relating to such changes.

IndoAgri's HR policy strictly prohibits the use of underage workers and all forms of forced labour. Each employee's profile is held in our HR data system, including information on age, contract term and photocopies of identification papers. All employees exercise their own free will and work without coercion. Our RSPO-certified sites are regularly monitored according to human rights standards. No operations or suppliers have so far been identified for human rights transgressions, where collective bargaining, freedom from

forced labour or child labour, are at significant risk. To support our employees and casual labourers, we offer free schools to improve access to education. We also recognise the benefits of sharing guidance on good agricultural practices and yield improvement. This allows farmers upstream in our business to remove the need for underage workers in the field, freeing them up to access education.

All our security guards receive basic human rights training to ensure they perform their duties without violating the rights of those they encounter in their work. We have received no complaints or accounts of malpractice in 2015.

We are aware that land transactions and acquisitions may be subject to historic assertions of traditional ownership and land rights. Every land transaction in which IndoAgri is involved follows Indonesian law. We can report no human rights related grievances filed, addressed or resolved in 2015. We make a careful distinction between human rights risk and legal processes in land transactions. Each RSPO certification we work on will acknowledge land rights and any historic uncertainty over ownership, and our HCV assessment in 2014 set out to identify culturally significant sites and graveyards.

- See more on farmer yield in Sourcing chapter, page 38
- See more on RSPO certification, page 26

## EMPLOYEE DEVELOPMENT: TALENT MANAGEMENT

In order to build a career path for talented individuals, we look at an employee's performance, potential, and role and we listen to their aspirations. In response, a tiered series of training courses helps to develop a range of skills from core competencies to leadership. Training is guided by Total Quality Management principles.

A crucial development in 2015 is an improved appraisal system. All employees from staff-level and above complete an annual performance review. But we also run pilot job evaluation projects on estates.

We like to retain talent, and we recognise that welfare and opportunities for development contribute to the attractiveness of a workplace. We aim to keep turnover low for cost, commercial and reputational reasons. Turnover is virtually unchanged compared to previous years, at 7%. Furthermore, our engagement with employees indicates no significant levels of dissatisfaction or uncertainty. Our new hire data show our recruitment pattern, in terms of gender balance.

- See charts on training, turnover and new hires data on page 56

## CLARITY ON SKILLS GOOD AGRICULTURAL PRACTICES

*"Completed in Lonsum, and underway in SIMP, our new skills assessment process explores staff skills and potential. It's based on interviews, testing, role-play and robust feedback. So my skills, for instance, can be analysed by the HR team, and my expectations are logged. I can now hone the good parts and work on the areas that have been highlighted for improvement. For me, the leadership training helps me run my team better and the counselling helps me plan my career."* Donny Febianto, Funding and Insurance Officer



## A PROSPERING LOCAL COMMUNITY

As a direct result of our operations, we create positive effects on the income and livelihoods of farmers and suppliers, their communities and families. We pay company taxes where we operate and create employment. Our *Solidarity Programme* thus seeks to improve the quality of life in the nucleus and plasma estates through capacity building, education and financial support. Our target under the programme was to set a baseline and have a community development plan for each site by 2015. We use Social Impact Assessments to establish initial information on cultural context, literacy, living conditions and economic conditions of each community before tailoring a programme that suits their needs. We can report that the *community programme* needs of all sites have been assessed and 100% of our sites now have a programme in place, as a result of a development plan. These projects follow a history of economic development projects over recent years and cover education, health, infrastructure, micro-enterprise, farmer training, culture and humanitarian relief.

## OUR PEOPLE AND COMMUNITY

### Community infrastructure and enterprise

Relationships, good agricultural practices, profitability, resilient communities are the ingredients to help manage the complexity of sustainability risks on the ground. Developing infrastructure and fostering enterprise become vital to deliver these ingredients. We also actively contribute in the renovation and repair of public infrastructure such as public schools, roads, bridges, etc. Such infrastructure is delivered by our *Solidarity Programme* on a pro bono basis.

We want to invest in projects that catalyse change. So we have set up 20 Rumah Pintar, or 'smart houses' in our oil palm plantations since 2013. It is a place where locals come together to sell artisanal products and learn new skills. Typically, the centre provides books, children's facilities, and a computer workstation. In 2015, we continued the work to help the enterprises become independent. Our Sustainability Team offers training in the 'smart houses' on entrepreneurship and effective communication.

### Community health matters

Central to this initiative are the Posyandu health clinics, specialising in pregnancy and infant care. We support 206

Posyandu in 32 districts across Indonesia. We are focusing on improving the quality of the clinic buildings, medical equipment as well as capabilities of Posyandu's personnels. We are deepening our involvement: nurses from our estate facilities are helping Posyandu in the community. Such voluntary training allows us to collect data on child health and family welfare. Following the recommendations of the University of Indonesia on Posyandu operation, and through our IndoAgri Sehati programme, the next steps are to improve leadership, structure, community empowerment, planning support, and support in preparing 'needs' assessments.



Weighing activity as part of monthly posyandu event in our estate

### MY VIEW AS A RUMAH PINTAR TUTOR

*"I became the Rumah Pintar tutor at the Begerpang Estate in 2012. I help to deliver IndoAgri's contribution to education and empowerment in the community. Educational equipment, such as books and computers, and a craft centre, help to foster a variety of skills. Children and parents can all benefit too. From baking cookies to recycling waste, we turn many activities into economic opportunity."* Endah Syahreini, Tutor Rumah Pintar Begerpang Estate, North Sumatra.



### THE BUSINESS OF COMMUNITY HEALTH

Working with our partners, we improve the welfare of the children and pregnant women where we operate. Prof. Dr. Endang Achadi, Coordinator of the Positive Deviance Resources Center, University of Indonesia, elaborates:

*"As part of IndoAgri's commitment to improve the Posyandu program, health advisors are guiding community members to 'take ownership' of the program. For example, connecting the growing number of vegetable allotment projects on IndoAgri's estates to the benefits of nutrition will help persuade them".*







Employee and community involved in the cataract surgery programme

As a one of our *flagship* programmes, cleft lip surgery continues successfully to change people's lives. We would like to take this opportunity to put in writing a formal, heartfelt acknowledgement of the dedication and skill of the surgeons. We also want to recognise and thank our partners in the project, and those who diligently search for patients. Cleft lip is a common medical condition affecting many children in Indonesia. Many families cannot afford the simple operation that can transform their children's lives. IndoAgri has targeted to fully sponsor the medical intervention of at least 1,000 children in Indonesia. Parents or legal guardians of children affected can call the contacts for more information.

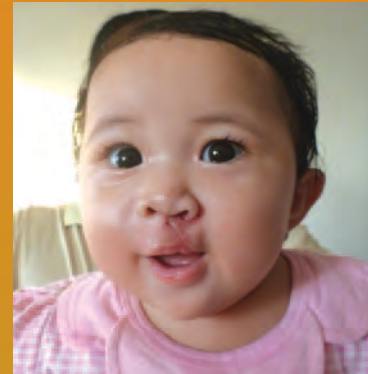
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 Dina +62 81219678831

We encourage all to share information on the programme in order to seek out the children who need help. Up until 2015, we have sponsored 32 operations for 30 children under the cleft lip programme.

Our partners are:

- The Indonesian Army
- Indonesia Association of Plastic Surgeon (PERAPI)
- Indonesian Midwives Association (IBI)
- Gallery Photography Indonesia
- Sumber Waras Hospital, Jakarta
- Gatot Subroto Army Hospital, Jakarta
- Columbia Asia Hospital, Jakarta
- Columbia Hospital Semarang, Central Java
- Doris Sylvanus Hospital, Central Kalimantan
- Zainab Women and Children Hospital Pekanbaru, Riau
- Awal Bros Hospital, Riau Islands
- Kodam 1 Bukit Barisan Army Hospital, North Sumatra
- PT Indomarco Prismatama

Cataract surgery is delivered under our other key programme. In Indonesia, cataracts affect the vision of more than two million people across all age groups. To relieve such visual impairment, we are working with doctors to conduct operations for people local to our estates. In 2015, 571 patients in Sulawesi and Sumatra had their vision successfully restored under this programme.



After first surgery



Dara, after the last surgery  
 A beautiful and happy child

## THE MOST BEAUTIFUL SMILE

Dara was born on 24 December 2013, just an hour shy of becoming a Christmas baby. She was welcomed into this world by midwife Neneh Kuswati. The experienced midwife, who had delivered countless babies over 35 years, immediately noticed that Dara was special. The baby was born with a cleft lip. When the newborn was subsequently abandoned by her parents, Neneh decided to care for Dara and raise the baby as her own legally adopted daughter.

Neneh's selfless act inspired *IndoAgri* to step forward to help out the family. As part of the IndoAgri Sehati Cleft lip programme established in mid 2014, we approached Dr. Arend Ponggawa, Sp.B, Sp.BP-RE to perform a cleft lip surgery on Dara. He is an aesthetic plastic surgeon and our consulting doctor for this programme.

A two-stage operation was performed on Dara. The first operation was to repair the cleft lip; the second one was to correct the oral cavity. Both operations were successfully done in June 2014 and June 2015.

We hope that she grows up as a confident, happy and healthy young girl.

## OUR PEOPLE AND COMMUNITY

### OUR PEOPLE – DATA TABLES

#### Employee Statistics

	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years		Total	
EDUCATION	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Academy and University (Strata 1, 2 and 3)	341	151	1,201	350	651	149	610	87	2,803	737
Diploma (D1-D4)	249	69	400	181	199	120	125	44	973	414
Senior High School	1,885	326	5,519	455	4,692	403	2,301	217	14,397	1,401
Junior High School	580	39	2,493	291	2,294	403	1,107	147	6,474	880
Primary School	812	60	3,710	638	3,230	1,084	2,137	730	9,889	2,512
<b>Total</b>	<b>3,867</b>	<b>645</b>	<b>13,323</b>	<b>1,915</b>	<b>11,066</b>	<b>2,159</b>	<b>6,280</b>	<b>1,225</b>	<b>34,536</b>	<b>5,944</b>
LEVEL										
Manager and Senior Manager	0	3	82	19	175	26	292	29	549	77
Supervisor	14	3	139	58	162	31	109	14	424	106
Staff	331	128	752	149	360	78	287	48	1,730	403
Administrative/Operational	3,522	511	12,350	1,689	10,369	2,024	5,592	1,134	31,833	5,358
<b>Total</b>	<b>3,867</b>	<b>645</b>	<b>13,323</b>	<b>1,915</b>	<b>11,066</b>	<b>2,159</b>	<b>6,280</b>	<b>1,225</b>	<b>34,536</b>	<b>5,944</b>
REGION										
Sumatra	2,098	261	8,781	1,097	7,286	1,554	4,270	849	22,435	3,761
Kalimantan	1,312	203	3,173	521	1,727	364	738	113	6,950	1,201
Others	457	181	1,369	297	2,053	241	1,272	263	5,151	982
<b>Total</b>	<b>3,867</b>	<b>645</b>	<b>13,323</b>	<b>1,915</b>	<b>11,066</b>	<b>2,159</b>	<b>6,280</b>	<b>1,225</b>	<b>34,536</b>	<b>5,944</b>
STATUS										
Permanent Employee	3,476	577	12,651	1,851	10,888	2,152	6,175	1,221	33,190	5,801
Non Permanent Employee	391	68	672	64	178	7	105	4	1,346	143
<b>Total</b>	<b>3,867</b>	<b>645</b>	<b>13,323</b>	<b>1,915</b>	<b>11,066</b>	<b>2,159</b>	<b>6,280</b>	<b>1,225</b>	<b>34,536</b>	<b>5,944</b>

Note: Regarding ethnic diversity of the workforce, no significant difference exists between diversity of our workforce and the host regions where we operate.

#### Training

LEVEL	Training Hours		
	Male	Female	Total
Manager and Senior Manager	724	64	788
Supervisor	1,706	167	1,873
Staff	83,350	2,438	85,788
Administrative/Operational	26,775	1,273	28,048
<b>Total</b>	<b>112,555</b>	<b>3,942</b>	<b>116,497</b>

## Turnover

REGION	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years	
	Male	Female	Male	Female	Male	Female	Male	Female
Sumatra	8%	8%	4%	4%	2%	6%	10%	13%
Kalimantan	16%	19%	9%	10%	7%	6%	10%	14%
Others	29%	19%	6%	8%	2%	2%	11%	14%

## New Hires

REGION	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years		Total	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Sumatra	375	35	449	27	39	3	3	0	866	65
Kalimantan	250	27	300	48	210	24	83	1	843	100
Others	87	43	79	18	16	2	6	0	188	63
<b>Total</b>	<b>712</b>	<b>105</b>	<b>828</b>	<b>93</b>	<b>265</b>	<b>29</b>	<b>92</b>	<b>1</b>	<b>1,897</b>	<b>228</b>

## Welfare (medical facilities – estate and off site)

MEDICAL FACILITIES ON OUR PLANTATIONS 2015							
Medical Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Division Clinic	35	26	14	37	2	1	115
Central Clinic	17	23	16	4	2	2	64
Ambulances	1	13	6	1	0	0	21
Doctors	1	2	1	3	0	0	7
Visiting Doctors	9	21	10	0	2	0	42
Midwife/Nurses	53	81	37	85	4	2	262
Posyandu	59	38	48	42	17	2	206

## Education facilities

EDUCATION FACILITIES ON OUR PLANTATIONS 2015							
Medical Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Day care centres	29	27	53	41	1	0	151
Kindergarten	31	24	2	34	3	5	99
Primary Schools	25	18	2	17	4	4	70
Secondary Schools	5	0	0	4	0	0	9
High Schools	7	0	0	3	0	0	10
Teachers	438	189	19	409	24	14	1,093
Rumah Pintar	4	6	5	4	0	1	20

## GRI G4 CONTENT INDEX

This report uses the Global Reporting Initiative guidelines for sustainability reporting, in accordance option Core of the GRI G4 guidelines. The guidelines contain principles and performance indicators, and guide reporting on a company's corporate governance as well as social and environmental performance.

IndoAgri has not performed any third party assurance on this report.



### GENERAL STANDARD DISCLOSURES

#### General Standard Disclosures

#### Page Number or Direct Response

#### STRATEGY AND ANALYSIS

<b>G4-1</b>	A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	CEO Statement, p8
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#### ORGANISATIONAL PROFILE

<b>G4-3</b>	Name of the organisation.	Business overview (Corporate profile), p12-15, back cover
<b>G4-4</b>	Primary brands, products, and services.	What we make (Our Products, p15-17), Annual Report 2015 → Business Overview, p15 and p36-37
<b>G4-5</b>	Location of the organisation's headquarters.	Inside front cover and back cover. Headquarters: Jakarta. Operations span the entire supply chain, from plantation management and crop production, through to refining, branding and marketing of consumer products.
<b>G4-6</b>	Number and names of countries where the organisation operates	Geographical presence p18-19
<b>G4-7</b>	Nature of ownership and legal form.	IndoAgri is 62.8% effectively owned by PT ISM. IndoAgri is listed on the Singapore Stock Exchange. Annual Report Corporate Structure p5 and p152
<b>G4-8</b>	Markets served	Business overview → Vertically integrated palm oil p15-17. Our branded cooking oils and margarine have consistently dominated Indonesia's consumer market. Each year, we sell nearly 90% of our branded products direct and through local and national distributors, serving approximately 370,000 retail outlets across Indonesia. The rest is exported to 29 countries. Annual Report p148.
<b>G4-9</b>	Scale of the organisation	Business overview, p14-17
<b>G4-10</b>	Workforce statistics	Our People, p50 and p56
<b>G4-11</b>	Percentage of total employees covered by collective bargaining agreements.	Our People → Labour rights and human rights p52
<b>G4-12</b>	Description of our supply chain.	Business overview → Vertically integrated palm oil p16-17; Materiality assessment ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
<b>G4-13</b>	Significant changes during the reporting period	Reader's Guide → Scope and Profile: Inside front cover
<b>G4-14</b>	Application of the precautionary principle	How we manage sustainability in our business p20
<b>G4-15</b>	Externally developed charters, principles, or other initiatives to which we subscribe or endorse.	How we manage sustainability in our business p20-23
<b>G4-16</b>	Memberships of associations and national or international advocacy organisations in which we are active or which we substantially fund.	How we manage sustainability in our business → Partnerships p23; Engaging with Stakeholders ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )

## GENERAL STANDARD DISCLOSURES

General Standard Disclosures		Page Number or Direct Response
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	Scope of report (entities included and excluded in our financial statements)	Business overview → Who we are, p16; Reader's Guide: Inside front cover. Annual Report 2015 → Business Overview, p22-36, p73, p99-100, p110-121 and p150-151
G4-18	Process for defining the report content and the Aspect Boundaries, application of Reporting Principles for Defining Report Content.	How we manage sustainability in our business → Materiality assessment p23; Materiality assessment ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-19	Material Aspects identified	How we manage sustainability in our business → Materiality assessment p20 and p23; Materiality assessment ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
G4-20	Aspect Boundary within the organisation	How we manage sustainability in our business → Materiality assessment p23; Materiality assessment ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
G4-21	Aspect Boundary outside the organisation	How we manage sustainability in our business → Materiality assessment p23; Materiality assessment ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
G4-22	Restatements of information provided in previous reports	Reader's Guide → Scope and profile inside front cover; Environmental performance → GHG emissions p31 and Water use and reduction p35
G4-23	Significant changes from previous reporting periods	Reader's Guide: inside front cover
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24	Stakeholder groups engaged by the organisation.	How we manage sustainability in our business → Partnerships p22-23; Engaging with Stakeholders ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
G4-25	Basis for selection of stakeholders with whom to engage.	How we manage sustainability in our business → Stakeholder engagement p22-23; Engaging with Stakeholders ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
G4-26	Approach to stakeholder engagement	How we manage sustainability in our business → Stakeholder engagement p22-23; Engaging with Stakeholders ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
G4-27	Key topics and concerns raised through stakeholder engagement, our responses.	How we manage sustainability in our business → Stakeholder engagement p23; Engaging with Stakeholders ( <a href="http://www.indofoodagri.com/sustainability-approach.html">http://www.indofoodagri.com/sustainability-approach.html</a> )
<b>REPORT PROFILE</b>		
G4-28	Reporting period	Reader's Guide inside front cover
G4-29	Date of most recent previous report	Reader's Guide inside front cover
G4-30	Reporting cycle	Reader's Guide inside front cover
G4-31	Contact point for questions regarding the report or its contents.	Reader's Guide inside front cover
G4-32	The 'in accordance' option, GRI Content Index	Reader's Guide inside front cover and p58
G4-33	Policy on external assurance for the report.	Reader's Guide inside front cover
<b>GOVERNANCE</b>		
G4-34	Governance structure of the organisation	How we manage sustainability in our business → Sustainability governance p23; Annual Report 2015 p50 Sustainability Governance ( <a href="http://www.indofoodagri.com/sustainability-governance.html">http://www.indofoodagri.com/sustainability-governance.html</a> )
<b>ETHICS AND INTEGRITY</b>		
G4-56	Organisation's values, principles, standards and norms of behavior	Reader's Guide → Our Vision, Our mission, Our Values p1; inside front cover

## GRI G4 CONTENT INDEX

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators		Page Number or Direct Response
<b>CATEGORY: ECONOMIC</b>		
<b>MATERIAL ASPECT: PROCUREMENT PRACTICES/SOURCING</b>		
<b>DMA Sourcing</b>	How the elements in G4 Food Processing Sector Disclosure p20 are considered in the materiality assessment, sourcing processes and supply chain management	Sustainable Palm Oil Sourcing / Why is this important?, How we manage this, p1, p22 and p40
<b>FP1</b>	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source → Audit outcomes p42
<b>FP2</b>	Percentage of purchased volume verified as in accordance with responsible production standards (RSPO)	The information is currently unavailable. Reason for omission: we currently do not require suppliers to be RSPO certified. We are piloting a smallholder supply RSPO certification in a project described in the Report: Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source → Audit outcomes p42
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>MATERIAL ASPECT: MATERIALS</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p26; Materials and crop protection agents p34
<b>G4-EN1 (incl. G4 FP Sector Disclosure EN1 Supplementary)</b>	Materials used by weight or volume	Environmental performance → Materials and crop protection agents p34-35; Business overview → What we make p15-16
<b>MATERIAL ASPECT: ENERGY</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20 and p26
<b>G4-EN3</b>	Energy consumption within the organisation	Environmental performance → Carbon footprint: energy and GHG emissions p30
<b>G4-EN6</b>	Reduction of energy consumption	Environmental performance → Carbon footprint: energy and GHG emissions p31
<b>MATERIAL ASPECT: WATER</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20, p26 and p35
<b>G4-EN8</b>	Total water withdrawal by source	Environmental performance → Water use and reduction p35
<b>MATERIAL ASPECT: BIODIVERSITY</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20 and p26;
<b>G4-EN11 (incl. G4 FP Sector Disclosure EN11 supplementary)</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental performance → Maintaining high conservation value p27-28
<b>G4-EN13</b>	Habitats protected or restored	Environmental performance → Maintaining high conservation value p27-28
<b>G4-EN14</b>	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Environmental performance → Maintaining high conservation value p28; Red list species ( <a href="http://www.indofoodagri.com/high-conservation-value.html">http://www.indofoodagri.com/high-conservation-value.html</a> )
<b>MATERIAL ASPECT: EMISSIONS</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20, p26 and p30
<b>G4-EN18</b>	GHG emissions intensity	Environmental performance → Carbon footprint: energy and GHG emissions p31
<b>G4-EN19</b>	Reduction of GHG emissions	Environmental performance → Carbon footprint: energy and GHG emissions p30-31

**SPECIFIC STANDARD DISCLOSURES**

DMA and Indicators		Page Number or Direct Response
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>MATERIAL ASPECT: EFFLUENTS AND WASTE</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20, p26 and p35-p36
<b>G4-EN22</b>	Total water discharge by quality and destination	Environmental → Waste management, effluents and spills → Waste water p36
<b>G4-EN23</b>	Total weight of waste by type and disposal method	Environmental → Waste management, effluents and spills → Wastes p36
<b>G4-EN24</b>	Total number and volume of significant spills	Environmental → Waste management, effluents and spills → Prevention of spills p36
<b>MATERIAL ASPECT: PRODUCTS AND SERVICES</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20 and p26
<b>G4-EN28</b>	Percentage of products sold and their packaging materials that are reclaimed by category	Environmental → Waste management, effluents and spills → Wastes p36
<b>MATERIAL ASPECT: COMPLIANCE</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20 and p26
<b>G4-EN29</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental → Waste management, effluents and spills → Prevention of spills p36
<b>MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Environmental performance → Why is this important?, How is this managed at IndoAgri? p20 and p26; Sustainable Palm Oil Sourcing / Why is this important?, How we manage this, p40
<b>G4-EN32</b>	Percentage of new suppliers that were screened using environmental criteria	Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source p42. No new suppliers were screened in 2015; We completed 20 internal CPO supplier audits. And 80% of supply to our refineries is from CPO suppliers who have been audited against the IndoAgri Palm Oil Sourcing Policy.
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>MATERIAL ASPECT: EMPLOYMENT</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Our People and Our Community → Why is this important?, How do we manage this? p22 and p50; Annual Report p60
<b>G4-LA1</b>	Total number and rates of new employee hires and employee turnover by age group, gender and region	Our People and Our Community → Our People – Data tables p56; Employee development: talent management p53
<b>G4-LA3</b>	Return to work and retention rates after parental leave, by gender	Our People and Our Community → Our People – Data tables p56

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## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators		Page Number or Direct Response
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Our People and Our Community → Why is this important?, How do we manage this? p22 and p50
<b>G4-LA5</b>	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Our People and Our Community → Health and Safety p50-51
<b>G4-LA6</b>	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Our People and Our Community → Health and Safety p50-51
<b>G4-LA8</b>	Health and safety topics covered in formal agreements with trade unions	Our People and Our Community → Why is this important?, How do we manage this? p50
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Our People and Our Community → Why is this important?, How do we manage this? p22, p50 and p53
<b>G4-LA9</b>	Average hours of training per year per employee by gender, and by employee category	Our People and Our Community → Employee development: talent management p53
<b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Our People and Our Community → Why is this important?, How do we manage this? p22 and p50
<b>G4-LA12</b>	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Our People and Our Community → Our People – Data tables p56; Annual Report 2015 → Corporate Governance p50
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	Sustainable Palm Oil Sourcing / Why is this important?, How we manage this, p22 and p50
<b>G4-LA14</b>	Percentage of new suppliers that were screened using labor practices criteria	Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source p42. No new suppliers were screened in 2015; We completed 20 internal CPO supplier audits. And 80% of supply to our refineries is from CPO suppliers who have been audited against the IndoAgri Palm Oil Sourcing Policy.
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
<b>MATERIAL ASPECT: NON-DISCRIMINATION</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22 and p50; Environmental performance → Why is this important?, How is this managed at IndoAgri? p26; Our People and Our Community → Labour rights and human rights p52
<b>G4-HR3</b>	Total number of incidents of discrimination and corrective actions taken	Our People and Our Community → Labour rights and human rights → Diversity and equal opportunity p52
<b>MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22 and p50; Environmental performance → Why is this important?, How is this managed at IndoAgri? p26; Our People and Our Community → Labour rights and human rights p52
<b>G4-HR4</b>	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	How we manage sustainability in our business p22; Our People and Our Community → Labour rights and human rights → Human rights and security p52;



**SPECIFIC STANDARD DISCLOSURES**

DMA and Indicators		Page Number or Direct Response
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
<b>MATERIAL ASPECT: CHILD LABOR</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22 and p50; Environmental performance → Why is this important?, How is this managed at IndoAgri? p26; Our People and Our Community → Labour rights and human rights p52
<b>G4-HR5</b>	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	How we manage sustainability in our business p22; Our People and Our Community → Labour rights and human rights → Human rights and security p52;
<b>MATERIAL ASPECT: FORCED OR COMPULSORY LABOR</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22 and p50; Environmental performance → Why is this important?, How is this managed at IndoAgri? p26; Our People and Our Community → Labour rights and human rights p52
<b>G4-HR6</b>	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	How we manage sustainability in our business p22; Our People and Our Community → Labour rights and human rights → Human rights and security p52;
<b>MATERIAL ASPECT: SECURITY PRACTICES</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22; Our People and Our Community → Labour rights and human rights p52; Environmental performance → Why is this important?, How is this managed at IndoAgri? p26;
<b>G4-HR7</b>	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	Our People and Our Community → Labour rights and human rights → Human Rights and Security p52
<b>MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22; Environmental performance → Why is this important?, How is this managed at IndoAgri? p26; Our People and Our Community → Labour rights and human rights p52; Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source p42.
<b>G4-HR10</b>	Percentage of new suppliers that were screened using human rights criteria	Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source p42. No new suppliers were screened in 2015; We completed 20 internal CPO supplier audits. And 80% of supply to our refineries is from CPO suppliers who have been audited against the IndoAgri Palm Oil Sourcing Policy.
<b>MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22; Environmental performance → Why is this important?, How is this managed at IndoAgri? p26; Our People and Our Community → Labour rights and human rights p52; Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source p42.
<b>G4-HR12</b>	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Our People and Our Community → Labour rights and human rights p53

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## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators		Page Number or Direct Response
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: SOCIETY</b>		
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22; Our People and Our Community → Why is this important?, How is this managed at IndoAgri? p50; Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source, Relationships: working with farmers, Ensuring sustainable sourcing: resilient communities p42-43
<b>G4-S01</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Our People and Our Community → A prospering local community p53-54
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>		
<b>G4-DMA</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22; Our People and Our Community → Labour rights and human rights p52; Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source p42.
<b>G4-S09</b>	Percentage of new suppliers that were screened using criteria for impacts on society	Sustainable Palm Oil Sourcing → Know the quality: ensuring a sustainable source p42. No new suppliers were screened in 2015; We completed 20 internal CPO supplier audits. And 80% of supply to our refineries is from CPO suppliers who have been audited against the IndoAgri Palm Oil Sourcing Policy.
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>		
<b>ASPECT: CUSTOMER HEALTH AND SAFETY</b>		
<b>DMA/Customer Health and Safety, healthy and affordable food</b>	Generic Disclosures on Management Approach	How we manage sustainability in our business p22; Our Products: Safe, Nutritious and Traceable → Why is this important?, How we manage this p46
<b>G4-PR1 (incl G4 FP Sector Disclosure PR1 supplementary)</b>	Percentage of significant product categories for which health and safety impacts are assessed for improvement	100% of palm oil product categories are assessed for food safety
<b>G4-PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products during their life cycle, by type of outcomes	Our Products: Safe, Nutritious and Traceable → How can we guarantee food safety? p46
<b>G4-FP5</b>	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	Our Products: Safe, Nutritious and Traceable → Traceable and labelled p47
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>		
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>		
<b>G4-FP6</b>	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Our Products: Safe, Nutritious and Traceable → Palm oil and nutrition p46, Traceable and labelled p47
<b>G4-FP7</b>	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	Our Products: Safe, Nutritious and Traceable → Traceable and labelled p47
<b>MATERIAL ASPECT: PRODUCT AND SERVICE LABELING</b>		
<b>G4-DMA/Product labelling</b>	Generic Disclosures on Management Approach/Policies on consumer communication about ingredients and nutrition beyond legal requirements	How we manage sustainability in our business p20-22; Our Products: Safe, Nutritious and Traceable → Why is this important?, How we manage this p46
<b>G4-FP8</b>	Type of information required by the organisation's procedures for product labeling, and percentage of significant product and service categories subject to such information requirements	Our Products: Safe, Nutritious and Traceable → How can we guarantee food safety? p46

# GLOSSARY AND REFERENCES

## **ANALISIS DAMPAK LINGKUNGAN (AMDAL)**

An environment impact assessment which companies are required by law to undertake when starting a business or activity that will have an impact on the environment in Indonesia.

## **BIODIVERSITY**

The variety of life forms within a particular ecosystem, biome, or habitat.

## **BIOLOGICAL OXYGEN DEMAND (BOD)**

A measure of the degree of water pollution by the amount of dissolved oxygen needed by aerobic biological organisms in a body of water to break down organic materials.

## **CARBON FOOTPRINT**

A measure of the total amount of greenhouse gases, including carbon dioxide, methane and nitrous oxides, emitted directly or indirectly by an organisation, event, product or person.

## **CHILD LABOUR**

A person under 18 years of age, according to Indonesian law, who is engaged in work that is mentally, physically, socially or morally dangerous and harmful, and that interferes with that person's schooling.

## **CRUDE PALM OIL (CPO)**

Oil produced from oil palm fruits in milling process.

## **FOOD SAFETY SYSTEM CERTIFICATION (FSSC) 22000**

A food safety certification scheme based on the existing internationally recognised standard ISO 22000 and complemented by other technical standards. This certification aims to provide an effective framework for the development, implementation and continual improvement of a Food Safety Management System (FSMS).

## **FORCED LABOUR**

A person who is coerced to work under the threat of violence, intimidation, or undue stress or penalty.

## **FREE, PRIOR AND INFORMED CONSENT (FPIC)**

The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

## **FRESH FRUIT BUNCH (FFB)**

The fruit bunch harvested from the oil palm tree.

## **GLOBAL REPORTING INITIATIVE (GRI)**

A non-profit organisation that promotes economic sustainability and develops an international standard for sustainability reporting.

## **GREENHOUSE GAS (GHG)**

Gases, such as carbon dioxide, methane and nitrous oxide, which trap solar radiation and contribute to climate change and ozone destruction.

## **HIGH CONSERVATION VALUE (HCV) AREA**

Natural habitat that is considered to be of outstanding significance or critical importance.

## **IMMATURE OIL PALM**

See mature oil palm.

## **INTEGRATED PEST MANAGEMENT (IPM)**

The use of natural pest control techniques to reduce pest populations and replace pesticides and other harmful intervention to minimise risks to human health and the ecosystem.

## **INDONESIA SUSTAINABLE PALM OIL (ISPO)**

A government effort led by the Ministry of Agriculture to support sustainable palm oil agriculture in Indonesia.

## **ISO 14000 SERIES**

A family of international standards for addressing environmental management.

## **IUCN RED LIST**

A list for assessing the extinction risks of species.

## **MATURE OIL PALM**

After planting, the oil palm tree is classified as immature until fresh fruit bunches are produced, which is approximately 30 months later, whereupon the oil palm tree is classified as mature.

## **NUCLEUS**

A system developed by the Indonesian government for estates (nucleus) owned by plantation companies to develop oil palm plots (plasma) near their own plantation for smallholders.

## **OHSAS 18001:2007**

An international occupational health and safety management system specification.

## **PALM KERNEL (PK)**

Seed of the oil palm fruit, which is processed to extract palm kernel oil and other by-products.

## **PANITIA PEMBINA KESELAMATAN DAN KESEHATAN KERJA (P2K3)**

A Health and Safety Committee responsible for monitoring IndoAgri's compliance to the SMK3 in the estates, mills and refineries.

## **PEATLAND**

Land consisting largely of partially decomposed vegetation or peat.

## **PLASMA**

See nucleus.

## **PALM OIL MILL EFFLUENT (POME)**

Liquid waste or sewage produced from the palm oil milling process or refinery.

## **PROGRAMME FOR POLLUTION CONTROL, EVALUATION AND RATING (PROPER)**

An Indonesian regulatory mechanism based on public disclosure of pollution records and environmental performance.

## **ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)**

A non-governmental organisation that promotes the growth and use of sustainable oil palm products through international standards and engagement of stakeholders.

## **SISTEM KESELAMATAN DAN KESEHATAN KERJA (SMK3)**

Occupational Health and Safety system management according to Indonesia regulation.

## **SOCIAL IMPACT ASSESSMENT**

A methodology for analysing, monitoring and managing the social consequences of planned interventions and the social change processes arising from these interventions.

## **STAKEHOLDERS**

A person, group, organisation, member or system that affects or can be affected by an organisation's actions.

## **SUSTAINABILITY**

A long-term balance of social, economic and environmental objectives.

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