

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

PT Austindo Nusantara Jaya Tbk (ANJ) is a holding company of various agribusiness subsidiaries, mainly integrated oil palm plantation (99% revenue) as well as sago starch and vegetable (edamame). We also have a renewable energy unit that produces electricity from biogas that supplies to the State Electricity Company (PLN) as an Independent Power Producer, using the Crude Palm Oil (CPO) mill waste as feedstock. Our products include Crude Palm Oil, Palm Kernel, Palm Kernel Oil, Sago Starch, and Fresh and Frozen Edamame. Our area of operation includes 141,850 Ha oil palm plantations across Indonesia islands, including in North Sumatra (9,988 Ha in Binanga and 9,412 Ha in Siais), Belitung island (17,360 Ha), West Kalimantan (13,880 Ha), Southwest Papua (91,210 Ha, an area of 9,024 hectares have been developed for oil palm plantations and 81,102 hectares have been set aside for conservation area and the remaining is for infrastructure). We have legal land certificates (Hak Guna Usaha/HGU) in all locations. We are also developing a green field plantation in our landbank in South Sumatra (12,800 Ha), on which the land acquisition process is still ongoing.

Our sago business unit is located in Southwest Papua and our edamame business is supported by smallholder farmers in East Java.

We operate our business using the responsible development approach, which consists of targets and projects that strike a balance between prosperity, people and planet. We have a Sustainability Policy that includes no deforestation, no planting of palm oil on peat and no exploitation. Every employee in our company has an individual Key Performance Indicator to contribute to the improvement of people (community) and nature. Many projects (under what we call as Responsible Development Projects) come out from employees' own initiatives. These are managed locally and nationally, depending on the scope of the projects, and monitored by the Head Office, resulting in recognition of our leadership in sustainability efforts. In 2022, our subsidiaries in Belitung (PT Sahabat Mewah dan Makmur/SMM) and in North Sumatera (PT Austindo Nusantara Jaya Agri/ANJA), obtained the Gold PROPER ("PROPER Emas") award, the highest recognition from the Ministry of Forestry and Environment of the Republic of Indonesia for the environmental and social performance by companies operating in Indonesia. SMM has set the landmark in the palm oil industry because it was the first oil palm plantation that received Gold PROPER in 2020 and successfully retained the award in 2021 and 2022 (three consecutive years), while ANJA received the Gold PROPER award in 2021 and retained the award in 2022 (two consecutive years). PROPER award is granted based on strict standardized measurement on various sustainability initiatives and their implementation.

In 2022, we engaged Sustainalytics to rate our ESG risk. We received an excellent score of 18.2 (Low Risk) with ESG Management score of 78.1 (Strong) and we were ranked the first among 95 global agricultural companies and the 10th among 601 global food industry companies assessed by Sustainalytics. This places ANJ in Sustainalytics' 2023 Top-Rated ESG Companies List for the Food Product Industry.

In this report, we have excluded the followings:

1. Data and report from our sago starch production, because the questionnaire does not provide the option of selecting a corresponding category as "other" in a separate line, such as Other - rubber, Other - cocoa, Other - coffee. Furthermore, the impact of this business unit on our group's revenue is currently not material (less than 1%). Sago is a non-timber forest product.
2. Data of the bio-diesel consumption by our contractors or vendors, as it is currently unavailable.
3. The use of forest impacted products, such as palm oil derivatives in household utilities by our workers, as the data is unavailable and not practical to collect.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2022	December 31 2022

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

Timber products

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

Palm oil

Commodity disclosure

Disclosing

Stage of the value chain

Production
Processing
Trading

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Explanation if not disclosing

<Not Applicable>

Cattle products

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

Soy

Commodity disclosure

Disclosing

Stage of the value chain

Production
Processing
Trading

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Explanation if not disclosing

<Not Applicable>

Other - Rubber

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

Other - Cocoa

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

Other - Coffee

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Stage of the value chain

<Not Applicable>

Are you disclosing information on embedded commodities?

<Not Applicable>

Explanation if not disclosing

<Not Applicable>

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Financial control

F0.6

(F0.6) Select the countries/areas in which you operate.

Indonesia

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.8

(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	ID1000270002
Yes, a Ticker Symbol	ANJT IJ

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Palm oil

Activity

Growing/production of raw materials
Harvesting
Milling
Crushing
Exporting/trading

Form of commodity

Fresh fruit bunches (FFB)
Crude palm oil (CPO)
Crude palm kernel oil (CPKO)
Other, please specify (Palm Kernel (PK))

Source

Owned/managed land
Smallholders
Other, please specify (Others refer to: (1) Independent Growers and (2) Independent plantation managed by corporation)

Country/Area of origin

Indonesia

% of procurement spend

41-50%

Comment

Our business involves the integrated cultivating and harvesting of Fresh Fruit Bunches (FFB) from our oil palm plantations and processing the FFB in our palm oil mills to produce Crude Palm Oil (CPO) and Palm Kernel (PK) as a by-product. In Southwest Papua where we have a Palm Kernel Crushing Plant (PKCP), we process the PK into Crude Palm Kernel Oil (CPKO), while in other locations we sell our PK to third parties because we do not have PKCP facilities. We have obtained RSPO certifications for all our oil palm plantations and palm oil and CPKO mills.

In addition to processing the FFB from our plantations, we also purchase FFB from third party plantations consisting of partnership schemes (in which the plantation is managed by our company through a partnership agreement and the land is owned by the community cooperatives), independent growers, independent plantation managed by corporation.

We implement a traceability system to trace the source of the FFB from smallholders, including the location of the plantation and the transaction volume. As of 31 March 2023, we have successfully assisted all our twelve community business entities and one plasma designated area in Southwest Papua to obtain RSPO certifications

In 2022, we harvested a total of 840,581 tons of FFB from our own plantations and purchased a total of 538,483 tons of FFB (73,776 tons from smallholders scheme and 464,707 tons from independent suppliers). In total, we produced 275,769 tons of CPO and 55,011 tons of PK and 1,052 tons of CPKO. We sold these palm products to our third-party buyers which are mainly domestic refineries.

The other by products from CPO processing are palm fibers, empty fruit bunches, palm kernel shells and palm oil mill effluent (POME). We use the palm kernel shells and fibers as biomass fuel in our mills and we sell the excess biomass to buyers that use the by product for energy. In two of our five mills, we have composting plants where we process the empty fruit bunches into organic fertilizers. We apply this organic fertilizers back to the plantations to reduce our inorganic fertilizer volume and to rejuvenate the soils. In one of our plantations we process Palm Oil Mill Effluent (POME) by anaerobic digestion to generate power. The electricity generated are sold to the State Electricity Company to provide electricity to the surrounding communities.

Soy

Activity

Refining & processing
Exporting/trading

Form of commodity

Whole soy beans

Source

Smallholders

Country/Area of origin

Indonesia

% of procurement spend

100%

Comment

We produce edamame, a type of soy bean, which are planted by smallholders under cooperation agreements. We provide, among others, supervision on good agricultural practices which include management of use of fertilizers and pesticides, harvesting, and advocating the use of organic fertilizers. To help maximize their productivity and ensure product quality, our team mentors the farmers during the planting and harvesting process. We are the sole buyers of the product. Procurement percentage is 100% from smallholders (who own the land between 0.2 - 5 Ha) in Jember Regency, East Java. The produce is sorted, sold fresh or processed as frozen vegetables which are then sold to domestic and export market through third party distributors.

We recognize the importance of the origin of our raw material, therefore in September 2021 we started to develop our edamame traceability system to trace the location source of edamame that we purchase, process and sell. The system has been fully implemented since the first quarter of 2022. This system enables us to record all edamame cultivation activities from land selection (previous crops and pesticides information), soil type, water availability, planting data, fertilizers application records, up-keep, harvesting, and transport to factory.

In 2022, our edamame business was supported by 53 smallholders, working on a total of 429 Ha area around Jember, East Java, and has sold 496 tons of frozen edamame and peeled edamame.

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	91-99%	98.6% of ANJ's revenue is contributed by CPO, PK, PKO and FFB. In 2022 our total revenue is USD 269.2 million.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<1%	In 2022, our edamame business sold fresh and frozen edamame at a total revenue of USD 1.7 million. This is an increase from USD 1.0 million in 2021.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.3

(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).

Forest risk commodity

Palm oil

Type of control

Concession/lease

Country/Area

Indonesia

Land type

<Not Applicable>

Area (Hectares)

49409

% Area certified

99

Certification scheme

RSPO producer/grower certification

International Sustainability and Carbon Certification (ISCC)

Other, please specify (Others consist of Indonesian Sustainable Palm Oil (ISPO) Certification, ISO 45001, ISO 14001, SMK3, and PROPER)

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year (2018)

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

1975

Area of natural ecosystems converted during the last 5 years (hectares)

1975

Please explain

Our total landbank for nucleus is 135,187 hectares, from which 1,661 hectares are not planted and 89,532 hectares are designated as high conservation value area. Total RSPO certified landbank is 66,309.55 hectares (including unplanted and high conservation value area) located in in North Sumatra, Belitung, West Kalimantan, and Southwest Papua.

In addition, we also have 12,800 hectares land concession in South Sumatra that is still in the development stage in 2022 and currently not yet eligible for RSPO certification because we have not fully developed the plantation and constructed the mill.

In 2022 we managed a total nucleus planted area of 49,409 hectares consisting of 42,237 hectares of mature area in North Sumatra, South Sumatra, Belitung, West Kalimantan and Southwest Papua.

The average FFB yield per hectare slightly decreased from 20.4 tons in 2021 to 19.4 tons in 2022. We produced 159,232 tons of CPO from FFB from own plantation in North Sumatra, Belitung, West Kalimantan, and Southwest Papua. From those production, 99.9% are Sustainable Product, and less than 1% are Non Sustainable Product. The total revenue from Sustainable Palm Oil certificate sales in 2022 of our own productions is USD 1,735,909. We manage our own plantations under HGU rights based on Indonesian laws, which allow us to operate the land up to 35 years. The land rights can be extended for another 25 years if the requirements are fulfilled.

We developed an area of 1,975 Ha between 2018-2022 for oil palm plantation within our land concession granted by the Government of Indonesia. Our development of oil palm plantation was conducted in accordance with RSPO Principles and Criteria, especially relating to the new planting procedures.

Our plantation in Belitung with a total of 14,303 Ha also has ISCC certification.

Forest risk commodity

Palm oil

Type of control

Scheme/Plasma smallholders

Country/Area

Indonesia

Land type

<Not Applicable>

Area (Hectares)

4289

% Area certified

97

Certification scheme

RSPO producer/grower certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year (2017)

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

In 2022, we managed partnerships with smallholders in North Sumatra (158 Ha from one cooperative under the plasma scheme), Belitung (eight entities with a total of 884 Ha under the voluntary partnership scheme program, 755 Ha of which are already RSPO certified), West Kalimantan (three cooperatives with a total of 2,345 Ha under the plasma scheme, all of which are RSPO certified) and Southwest Papua (902 Ha from one designated plasma area) covering a total planted area of 4,289 Ha, consisting of 4,123 Ha of mature areas. The plasma / voluntary scheme produced 73,776 tons of FFB, of which 73% is RSPO certified. We encouraged and guided these entities to be RSPO certified.

The additional revenue of certificate sales was a total of USD 44,551, all of which was recognized as additional income of the cooperatives.

In each area, we promote the RSPO certification obtained by the smallholders through a special event involving the local government. We also invited other independent cooperatives to attend the event to motivate them to get the same certification. This achievement was also exposed both in internal and external publicity outlets.

Forest risk commodity

Palm oil

Type of control

Outgrowers

Country/Area

Indonesia

Land type

<Not Applicable>

Area (Hectares)

25792

% Area certified

0

Certification scheme

No certified area in this country/area

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year (2020)

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

<Not Applicable>

Please explain

We have achieved 100 % traceability mapping to the plantation of outgrowers. All traceability data is collected manually since 2019 and processed in our web-based traceability system. Our smallholders/ outgrower suppliers are registered in our system, which contain information about the exact location and the land legality status of their plantation. We have developed a system to monitor the FFB they sell to us, involving education and cooperation to the collector/ broker/ transporter. We also provide training and have obtained commitment from our outgrowers not to develop or clear designated forest areas.

We constantly educate smallholders and independent farmers against deforestation and promoting high sustainability standards. We will only stop buying from the smallholders if they develop plantation in the designated forest area from 2020. With the new regulation being released by the Government of Republic of Indonesia, we hope that the status of these lands will be regulatory clarified. In 2022, we purchased 464,707 tons of FFB from outgrowers.

We have also developed and implemented a new mobile application system (eTIS) from 2021 to increase data accuracy and reduce paper use for traceability information.

We have implemented a strict process in reviewing new sourcing areas. We ensure that the newly registered areas are not located in forest gazetted areas.

Forest risk commodity

Palm oil

Type of control

Other type of control, please specify (Based on location permit, still in the process of land acquisition)

Country/Area

Indonesia

Land type

<Not Applicable>

Area (Hectares)

12800

% Area certified

0

Certification scheme

RSPO producer/grower certification

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year (2018)

We have monitored conversion of natural ecosystems during the last 5 years

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

0

Please explain

We are in the process of compensating and acquiring the land from the community based on FPIC (Free Prior and Informed Consent). The land right can only be obtained after we have compensated the land to the community. The land development plan has been prepared and conducted in accordance with RSPO Principles and Criteria. The land mainly consists of land already planted for seasonal crop such as coffee and candlenut.

Forest risk commodity

Soy

Type of control

Outgrowers

Country/Area

Indonesia

Land type

<Not Applicable>

Area (Hectares)

429

% Area certified

100

Certification scheme

Other, please specify (ISO 22000, HACCP (Hazard Analysis and Critical Control Points) and BRC)

Conversion of natural ecosystems monitored during the reporting year, the last 5 years and/or since specified cutoff date

We have monitored conversion of natural ecosystems during the reporting year

We have monitored conversion of natural ecosystems since specified cutoff date, please specify year (2019)

Area of natural ecosystems converted during the reporting year (hectares)

0

Area of natural ecosystems converted since specified cutoff date (hectares)

0

Area of natural ecosystems converted during the last 5 years (hectares)

<Not Applicable>

Please explain

The edamame from the outgrowers (farmers) represent 100 percent of our raw material intake for processing (sorting) the fresh vegetable. While we have 100 percent traceability to the lot of land where the soybeans grow, there is no recognized traceability standard for this commodity. However, we have met the traceability standards required by our export customers in Japan which verified that all edamame to be exported fulfill BRC, ISO 22000, Kosher, FDA and Halal standards. We have verified that all edamame plantations are in areas that have been used as farm lands by the local communities in East Java for generations. We carried out the land verification process by overlaying the location of our land with a government map forest area and visiting the land directly to observe and record land condition using system application (SIGAP) which provides indication of previous plant and pesticide used, water availability, etc. From this verification process, we have obtained reasonable evidences that there were no conversions from forests or forest areas occurring in these edamame plantation areas.

(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.

Forest risk commodity

Palm oil

Country/Area

Indonesia

Type of control

Concession/lease

Land type

Set-aside land

Area (hectares)

89532

% covered by natural forests

98.57

Please explain

We maintain a total of 89,532 Ha conservation areas, or about 66% of the total HGU area. These areas are designated as HCV and HCS area based on independent assessments and regular reviews, as per RSPO requirements.

A total of 3,518.38 Ha within the conservation zone in our Southwest Papua operation has been kept aside for High Carbon Stock Recovery Site. Three progress reports on the management of this area have been published and the management plan is in progress.

In West Kalimantan, our conservation area provides a habitat for at least eight protected mammal species, based on the International Union for Conservation of Nature (IUCN) and the government, including Malayan sun bears, pig-tailed macaques, maroon leaf monkeys and monitor lizards. This area is part of an Essential Ecosystem Area that have been designated by the government. We work closely with International Animal Rescue Indonesia, the Government's Natural Resources Conservation Agency (BKSDA), and independent environmental researchers.

The conservation area in North Sumatra, adjacent to Siondop Protected Forest, incorporates riparian buffer zones and Forested area that contain the Sambar Deer, Great Argus and the rare nepenthes as well as various other flora.

The conservation area in Belitung, mostly riparian areas, which have been planted with forest and fruit plants, and the Balok forest, is a habitat for *Cephalopachus bancanus ssp. saltator*. We engage the local community to co-manage the forest through various initiatives, including forest patrols, ecotourism and education.

Our Conservation Department ensure that the conservation area is maintained and assigned dedicated resources to conduct regular patrolling and to protect the area from illegal loggers, poachers, and forest fire. We also educate surrounding communities to maintain and conserve the habitat and biodiversity in the forest.

We have a citizen science biodiversity monitoring program called PENDAKI (Care for Biodiversity) to enhance our biodiversity monitoring capabilities. The citizen scientists are mostly ANJ employees who record their encounters with flora and fauna in our areas. More than 1,000 species were recorded so far, including 58 fauna species and more than 25 flora species in Southwest Papua that are in the IUCN Red List, such as the Twelve-wired Bird of Paradise.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	<Not Applicable>
Palm oil	Consumption and production data available, disclosing
Cattle products	<Not Applicable>
Soy	Production data available, disclosing
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Palm oil

Data type

Production data

Commodity production/ consumption volume

840581

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

98.6

Please explain

This refers to the FFB production from our own plantation.

Since December 2021, 100% of our own plantation operations are RSPO certified and follow RSPO principles and criteria including the New Planting Procedures (NPP) for new development.

However, as there is a newly matured plantation from our developing estate in South Sumatra, our percentage of RSPO certified product is still below 100%.

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

1372288

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

88.5

Please explain

This refers to the total FFB processed in our palm oil mills.

Consumption of FFB entering the processing unit (CPO mill), including FFB from own plantation estates and FFB from scheme smallholders, partnership smallholders, independent smallholders and outgrowers.

Total volume verified as DCF is 1,214,378 MT (representing 88.5% of total FFB processed) and total volume of Non-DCF is 157,909 MT (representing 11.5% of total FFB processed). From the total verified DCF, 882,406 MT is DCF consumption volume physically certified by RSPO and 331,972 MT is DCF consumption volume verified through monitoring systems. This composition is explained further in F1.5b.

Forest risk commodity

Palm oil

Data type

Production data

Commodity production/ consumption volume

275769

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

88.8

Please explain

This refers to the total CPO produced by our mills.

We calculate the percentage by comparing the volume of CPO produced from the processing of certified FFB from our own plantation, plasma and partnership plantation with the total CPO production in 2022. Our sustainable CPO produced slightly increased from 61.9% in 2021 to 65% in 2022 due to Plasma/ Partnership that have been certified in 2022.

In addition to the CPO obtained through the Certified FFB (180,072 MT CPO), we also apply monitoring systems to provide Product CPO (64,889 MT CPO) with the DCF category. Therefore, the DCF category accounted for 88.8% of our overall product CPO.

Forest risk commodity

Palm oil

Data type

Production data

Commodity production/ consumption volume

55011

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

87.9

Please explain

This refers to the total Palm Kernel (PK) produced by our mills.

We calculate the percentage by comparing the volume of PK produced from the processing of DCF FFB from our own plantation, plasma, and partnership plantations with the total PK production in 2022.

Our Total Palm Kernel Production is 55,011 MT where 48,342 MT (87.9%) is a PK product with a DCF category, consisting of 14,240 MT is DCF based on internal monitoring and 34,120 MT is RSPO certified DCF. While the product that falls into the Non-DCF category is 6.669 MT (12.1%)

Forest risk commodity

Palm oil

Data type

Production data

Commodity production/ consumption volume

1052

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

This refers to the total Palm Kernel Oil (PKO) produced by our mill.

Palm Kernel Oil (PKO) is produced by our newly operational Kernel Crushing Plant in Southwest Papua. This facility has received RSPO-SCCS (RSPO Supply Chain Certification System) certification in December 2021.

Our Kernel Crushing Plant in Southwest Papua only processes Palm Kernel that are produced from our Palm Oil Mill in Southwest Papua. The entire FFB procured to our Southwest Papua Palm Oil Mill are sourced only from our own managed land (plantation) that have received RSPO and ISPO certifications.

Forest risk commodity

Palm oil

Data type

Production data

Commodity production/ consumption volume

72379.79

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

88.8

Please explain

This refers to the total palm kernel shells produced by our mills.

A total of 72,379.79 tons of shells were produced in 2022, most of these, or 60,114.72 tons were used as fuel for our boilers.

Shells are by product of CPO production, we calculate the percentage based on Consumption of FFB entering the processing unit (CPO mill), including FFB from own plantation estates and FFB from scheme smallholders, partnership smallholders, independent smallholders and outgrowers.

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

60114.72

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

88.8

Please explain

This refers to the total palm kernel shells used by our power plants.

Palm kernel shell used as biomass in the CPO mill. Shells are by product of CPO production, we calculate the percentage based on Consumption of FFB entering the processing unit (CPO mill), including FFB from own plantation estates and FFB from scheme smallholders, partnership smallholders, independent smallholders and

outgrowers.

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

108929

Metric for commodity production/ consumption volume

Cubic meters

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

97.6

Please explain

Palm Oil Mill Effluent used as feed stock for methane gas to generate renewable energy. The percentage is based on DCF FFB process (Certified DCF and verified through monitoring system) of 337,703 Tons divided by the total of FFB process in the Belitung Mill (346,116 Tons) for the year 2022.

Forest risk commodity

Soy

Data type

Production data

Commodity production/ consumption volume

2533

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

100

Please explain

We have internally verified that all edamame plantations are in areas that have been used as farm lands by the local communities in East Java for generations (generally ex-paddy field, tobacco and corn farms).

We carry out the land verification process by overlaying the location of where our smallholders cultivate edamame procured to us with a government map forest area. We also visit the land directly to observe and record land data using our integrated agriculture information system (SIGAP). The land data that we record include history of previous crops, fertilizers and pesticides application, water availability, etc. From this verification, we have obtained evidence that there were no conversions from forests or forest areas occurring in these edamame plantation areas.

As of now, there is no verification by a third party available in the industry for edamame cultivation.

F1.5b

(F1.5b) Provide a breakdown of your DCF and non-DCF volumes relevant to your stage in the supply chain according to how verification is achieved and the highest level of traceability, respectively.

Palm oil – DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

0

% of DCF production/consumption volume verified through monitoring systems

27

% of DCF production/consumption volume physically certified

73

% of non-DCF production/consumption volume from unknown origin

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as country level

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as sub-national area

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as processing facility level

<Not Applicable>

% of non-DCF production/consumption volume traceable to production unit level

<Not Applicable>

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

100

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

<Not Applicable>

Palm oil – Non DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

<Not Applicable>

% of DCF production/consumption volume verified through monitoring systems

<Not Applicable>

% of DCF production/consumption volume physically certified

<Not Applicable>

% of non-DCF production/consumption volume from unknown origin

0

% of non-DCF production/consumption volume traceable only as far as country level

0

% of non-DCF production/consumption volume traceable only as far as sub-national area

0

% of non-DCF production/consumption volume traceable only as far as processing facility level

0

% of non-DCF production/consumption volume traceable to production unit level

100

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

<Not Applicable>

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

100

Soy – DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

0

% of DCF production/consumption volume verified through monitoring systems

100

% of DCF production/consumption volume physically certified

0

% of non-DCF production/consumption volume from unknown origin

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as country level

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as sub-national area

<Not Applicable>

% of non-DCF production/consumption volume traceable only as far as processing facility level

<Not Applicable>

% of non-DCF production/consumption volume traceable to production unit level

<Not Applicable>

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

100

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

<Not Applicable>

Soy – Non DCF

% of DCF production/consumption volume from areas with no or negligible risk of deforestation/conversion

<Not Applicable>

% of DCF production/consumption volume verified through monitoring systems

<Not Applicable>

% of DCF production/consumption volume physically certified

<Not Applicable>

% of non-DCF production/consumption volume from unknown origin

0

% of non-DCF production/consumption volume traceable only as far as country level

0

% of non-DCF production/consumption volume traceable only as far as sub-national area

0

% of non-DCF production/consumption volume traceable only as far as processing facility level

0

% of non-DCF production/consumption volume traceable to production unit level

0

Total percentage of production/consumption volume reported (DCF) [auto-calculated]

<Not Applicable>

Total percentage of production/consumption volume reported (non-DCF) [(auto-calculated)]

0

F1.5c

(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (North Sumatra)

% of total production/consumption volume

43.5

Please explain

Total FFB production in North Sumatra in 2022 was 600,357 MT, consisting of own and external productions. This was equal to 43.5% from total production of 1,379,064 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Bangka Belitung)

% of total production/consumption volume

25.1

Please explain

Total FFB production in Bangka Belitung in 2022 was 346,176 MT, consisting of own and external productions. This was equal to 25.1% from total production of 1,379,064 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (South Sumatra)

% of total production/consumption volume

0.5

Please explain

Total FFB production in South Sumatra in 2022 was 6,594 MT, consisting of own production only. This was equal to 0.5% from total production of 1,379,064 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (West Kalimantan)

% of total production/consumption volume

22.1

Please explain

Total FFB production in West Kalimantan in 2022 was 304,269 MT, consisting of own and external productions. This was equal to 22.1% from total production of 1,379,064 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Southwest Papua)

% of total production/consumption volume

8.8

Please explain

Total FFB production in Southwest Papua in 2022 was 121,669 MT, consisting of own and external productions. This was equal to 8.8% from total production of 1,379,064 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (North Sumatra)

% of total production/consumption volume

42.5

Please explain

Total CPO production in North Sumatra in 2022 was 117,302 MT, consisting of own and external productions. This was equal to 42.5% from total production of 275,769 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Bangka Belitung)

% of total production/consumption volume

26.8

Please explain

Total CPO production in Bangka Belitung in 2022 was 73,769 MT, consisting of own and external productions. This was equal to 26.8% from total production of 275,769 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (West Kalimantan)

% of total production/consumption volume

22

Please explain

Total CPO production in West Kalimantan in 2022 was 60,795 MT, consisting of own and external productions. This was equal to 22.0% from total production of 275,769 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Southwest Papua)

% of total production/consumption volume

8.7

Please explain

Total CPO production in Southwest Papua in 2022 was 23,903 MT, consisting of own and external productions. This was equal to 8.7% from total production of 275,769 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (North Sumatra)

% of total production/consumption volume

52.8

Please explain

Total Palm Kernel production in North Sumatra in 2022 was 29,020 MT, which was equal to 52.8% from total production of 50,011 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Bangka Belitung)

% of total production/consumption volume

29

Please explain

Total Palm Kernel production in Bangka Belitung in 2022 was 15,963 MT, which was equal to 29.0% from total production of 50,011 MT

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (West Kalimantan)

% of total production/consumption volume

18.2

Please explain

Total Palm Kernel production in West Kalimantan in 2022 was 10,028 MT, which was equal to 18.2% from total production of 50,011 MT

Forest risk commodity

Soy

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Jember)

% of total production/consumption volume

100

Please explain

100% of our edamame processing located in Jember, East Java. Total fresh and frozen Edamame and peeled edamame production in 2022 was 2,464 MT.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Southwest Papua)

% of total production/consumption volume

100

Please explain

100% of our Crude Palm Kernel Oil production located in Southwest Papua, equal to 1,052 MT.

F1.5f

(F1.5f) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

Yes

Data type

Consumption

Volume produced/consumed

736465

Metric

Liters

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (North Sumatra)

% of total production/consumption volume

21-30%

Does the source of your organization's biofuel material come from smallholders?

Yes

Comment

The figure represents the volume of diesel used in our plantation from a total quota of 22,783,000 liters of biodiesel allocated to the Padang Lawas, North Padang Lawas, and South Tapanuli Regencies. The Indonesian Government applies B-30 policy (a mandatory requirement of 30 percent mixture of palm oil-based biofuel in diesel fuel) since 2020, and therefore our diesel consumption includes biodiesel from CPO that is produced from FFB procured by smallholders.

Does your organization produce or consume biofuel derived from palm oil?

Yes

Data type

Consumption

Volume produced/consumed

224632

Metric

Liters

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Belitung)

% of total production/consumption volume

6-10%

Does the source of your organization's biofuel material come from smallholders?

Yes

Comment

The figure represents 224,632 liters of diesel used in our operation estate in Belitung to start our mill operation, also for the nursery water pump and the transportation of inbound FFB and outbound CPO from a total quota of 18,589,000 litres of biodiesel allocated to the East Belitung Regency. The Indonesian Government applies B-30 policy (a mandatory requirement of 30 percent mixture of palm oil-based biofuel in diesel fuel) since 2020, and therefore our diesel consumption includes biodiesel from CPO that is produced from FFB procured by smallholders.

Does your organization produce or consume biofuel derived from palm oil?

Yes

Data type

Consumption

Volume produced/consumed

551564

Metric

Liters

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (West Kalimantan)

% of total production/consumption volume

11-20%

Does the source of your organization's biofuel material come from smallholders?

Yes

Comment

The figure represents 551,564.87 liters of diesel used in our estate in West Kalimantan for our mill operations and the transportation of inbound FFB and outbound CPO, from a total of 35,394,000 liters of biodiesel allocated to the Ketapang Regency. The Indonesian Government applies B-30 policy (a mandatory requirement of 30 percent mixture of palm oil-based biofuel in diesel fuel) since 2020, and therefore our diesel consumption includes biodiesel from CPO that is produced from FFB procured by smallholders.

Does your organization produce or consume biofuel derived from palm oil?

Yes

Data type

Consumption

Volume produced/consumed

1513476

Metric

Liters

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Southwest Papua)

% of total production/consumption volume

41-50%

Does the source of your organization's biofuel material come from smallholders?

Yes

Comment

The figure represents 1,513,476 liters of diesel used in our estate in Southwest Papua for our mill operations and the transportation of inbound FFB and outbound CPO, from a total of 1,829,000 litres of biodiesel allocated to the Maybrat Regency and 3,746,000 litres to the South Sorong Regency. The Indonesian Government applies the B 30 policy (a mandatory requirement of 30 percent mixture of palm oil based biofuel in diesel fuel) since 2020, and therefore our diesel consumption includes biodiesel from CPO that is produced from FFB procured by smallholders. With the palm oil tree age profile progressing to maturity, we will produce enough biomass to fire up our turbine, and therefore the use of diesel will be reduced significantly in the near future.

Does your organization produce or consume biofuel derived from palm oil?

Yes

Data type

Consumption

Volume produced/consumed

70447

Metric

Liters

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (East Java)

% of total production/consumption volume

1-5%

Does the source of your organization's biofuel material come from smallholders?

Yes

Comment

The figure represents 70,447.60 liters of diesel in our estate in East Java is for light vehicle transportation, frozen line and boiler operation from a total quota of 83,466,000 liters of biodiesel allocated to the Jember Regency. The Indonesian Government applies the mandatory biodiesel B30 policy. The biodiesel B30 contain a portion of CPO that was produced from FFB procured by smallholders.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Palm oil

Impact driver type

Acute physical

Primary impact driver

Wildfires

Primary impact

Impact on company assets

Description of impact

The adverse weather of intense and prolonged drought (El Nino) also imposes heat wave which increases the risk of wildfire. The wildfire is mostly originated from the surrounding areas of our concession and poses risk when it enters the concession area. We experienced wildfire entering our concession and plasma areas in 2015 and 2019. The impact was severe, as more than 500 Ha plantation assets were lost and impaired.

Primary response

Improve fire management systems in sourcing region(s)

Total financial impact

1900000

Description of response

Our wildfire prevention initiatives include building a closed canal system in the boundary as firewall and water reservoirs as protection. The objective was to prevent forest fires entering from outside of our concessions. We also developed a community-based forest fire prevention system called Kelompok Tani Peduli Api to strengthen our rapid response capabilities to tackle forest fires in our surrounding areas.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Palm oil

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we monitor deforestation/conversion footprint in our supply chain

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Other, please specify (Since 2019 for nucleus and scheme smallholders and 2020 for independent smallholders.)

Known or estimated deforestation/ conversion footprint (hectares)

2958.51

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Since 2016 we have monitored the deforestation for our direct operation (nucleus plantation and scheme smallholders). We identified that 2,958.51 Ha has been converted for development. Based on the recommendation from HCS Recovery site study conducted by an independent third party, we have immediately implemented our remediation action for this conversion by setting aside an area of 3,518.38 Ha (larger than the converted area) as a High Carbon Stock recovery area in Southwest Papua.

Since 2020, we have also monitored the deforestation for our independent smallholders through the following process.

1. Validation and field verification of new palm oil sources
2. Land cover analysis with commercial satellite image as the basis to analyze significant land use change.
3. Aerial monitoring with the use of UAV/Drone every week.

Forest risk commodity

Soy

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we monitor deforestation/conversion footprint in our supply chain

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

During the last 5 years

Known or estimated deforestation/ conversion footprint (hectares)

0

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

We perform formal land survey and assessment for all the edamame plantations proposed by the smallholders that we engage with. We carry out the land verification process by overlaying the location of where our smallholders cultivate edamame procured to us with a government map forest area. We also visit the land directly to observe and record land data using our integrated agriculture information system (SIGAP). The land data that we record include history of crops, fertilizers and pesticides application, water availability, etc. From this verification, we have obtained evidence that there were no conversions from forests or forest areas occurring in these edamame plantation areas.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Palm oil

Value chain stage

Direct operations
Supply chain
Other parts of the value chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

We assess the forest related risk every quarter as part of enterprise risk management process and identify the biggest threat of forest fires, droughts, and flooding. Based on long-term trends, we plan projects to mitigate the risk. During the year we monitor the risk to the detail of every estate, so that preparation for mitigation actions, such as deploying our national forest fire team to a certain area, can be done on a timely basis. In addition, independent assessment of environmental impacts in each estate is done through HCV and HCS analysis at a frequency required by RSPO. We also engage and collaborate with international NGOs, such as Conservation International, TNC or IAR to conduct research to ensure that our conservation area is well-maintained and any risk identified can be mitigated.

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
Sustainability Policy Transparency Toolkit (SPOTT)

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Tariffs or price increases
Loss of markets
Brand damage related to forests risk commodities
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers

Please explain

The Head Office in Jakarta and all business units, each has a system for monitoring of fire hotspots, weather conditions, droughts, rainfall, and water levels in peat areas, using available satellite imagery and reports, GPS technology, and drones. This routine monitoring of hotspots also involves direct ground monitoring by the company's firefighting team to verify and investigate detected hotspots if there is a hotspot identified in an area in vicinity of less than 1 km, 1-2 km, and 2-5 km radius from our border or our plasma's border. Hotspot detection can be inaccurate but the information is valuable to raise the awareness and preparedness of the field team. Our fire squad team will also extinguish wildfire occurring outside of our areas because it is easier to put out a small fire early before it spreads into our areas. With this monitoring and mitigation system, there were no major forest and land fires occurring in all of ANJ business units (including our Plasma) in 2022.

Business units also collaborate with government, communities, and NGOs, to develop and implement monitoring methods of forest areas focusing on protecting conservation areas from any threats (e.g. encroachment, illegal logging, and animal poaching), and on biodiversity inventorying. We have regular forest patrol and biodiversity documentation. Reports on conservation area management are issued monthly, quarterly, and every semester which is submitted to the Natural Resources Conservation Agency in accordance with the regulations.

SPOTT monitors ANJ transparency on forest related issues such as Traceability, Deforestation & Biodiversity, HCV, HCS and impact assessment, Peat and fire, smallholders and suppliers.

In 2022 SPOTT placed ANJ as one of the top Indonesian-based agribusiness companies with the score reaching 91.1% .

For corporate ESG risks, in 2022 we engaged Sustainalytics to rate our ESG risk. We received an excellent score of 18.2 (Low Risk) with ESG Management score of 78.1 (Strong). This score put ANJ at the first rank among 95 global agricultural companies and 10th among 601 global food industry companies assessed by Sustainalytics. This achievement places ANJ in Sustainalytics' 2023 Top-Rated ESG Companies List for the Food Product Industry. Morningstar Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm.

Soy

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

For new areas we carry out verification of land status by our GIS system, overlaying with government land status data, to ensure that the area is not designated by the government as a forest area. We also conduct land survey to every plantation lot before we enter into partnership with smallholder farmers.

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Tariffs or price increases
Loss of markets
Brand damage related to forests risk commodities
Social impacts

Stakeholders considered

Customers
Employees
Investors
Local communities
Regulators
Suppliers

Please explain

Edamame is a seasonal product (2-3 months to cultivate until harvest) and planting is done in smallholder farmlands in East Java. These are traditional farmlands that have been used for generations in the area and hence the risk of forest conversion on these lands are negligible. Although edamame is a seasonal product, our management philosophy is to have long-term partnerships with the farm owners and, therefore, we monitor the availability of water and the fertility of the lands to ensure the supply of our products.

Practices applied in each land plot are regularly recorded, the land use history is checked (which other seasonal products have been planted previously, what pesticides or inorganic fertilizers are used), and mitigation actions (such as irrigation, use of compost and pesticide residue test and land nutrient regeneration) are meticulously implemented for each plot of land. We use weather forecasts, GPS technology, and rainfall measurements to determine which land can be planted with good agronomic results. Based on the trend we decide not to plant in some areas during unfavorable seasons, and on others we will decide how to arrange irrigation measures to keep the land fertility and favorable moisture.

In 2022 we have implemented an electronic traceability system in our edamame plantation. This system enables us to record all edamame cultivation activities from land selection (previous plant and pesticides information), soil type, water availability, land security, planting, fertilizing, up-keep, harvesting, and transport to factory.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, we have mapped the entire value chain	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes, we have mapped the entire value chain	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Palm oil

Scope of value chain mapping

Own operations
Tier 1 suppliers
Smallholders
Customers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

For our own operations, we apply a mobile application system to map the source of internal FFB. The harvesting staff in the field processes the data entry for this purpose. In addition to location information (Block, collection point, vehicles, and GPS coordinates) of the FFB, we also collect FFB quantity and quality data, photographs, and the name of the harvester.

To map the source of external FFB from tier 1 suppliers and smallholders, we apply an electronic traceability information system (eTIS) that we have developed internally. eTIS is available in Google Play Store. With this free application, our suppliers, transporters, intermediaries, and farmers are required to fill in electronic forms, including information about the source of external FFB and transport data.

We are also able to identify all our direct customers based on our contract with them.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Soy

Scope of value chain mapping

Smallholders

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

We partner with farmers to cultivate edamame. All operational activities from plantations to factories have been properly recorded and administered, which include data on planting lots, forest status, previous land use, farmers, land preparation, planting, plant maintenance, harvesting and transport (Harvest Location, Driver Name, Land Weighing, Factory Weigh, Vehicle Data, Departure time).

Since September 2021, we have developed an internal mobile-based application system called SIGAP which is available in Google Play Store. In addition to reducing the use of papers, this application provides convenience for farmers and Field Supervisors to input data and carry out monitoring, thus speeding up the traceability process for edamame both in terms of quantity and quality. We will continue the development of this application in 2022 to the factory, to bring our food safety quality to the next level for our customers, both domestic and international.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

Use of a classification system to determine deforestation and/or conversion risk of sourcing areas	Methodology used for classifying levels of risk	Use of risk classification	Attachment indicating risk classification for each sourcing area (optional)
1 Yes, we use a classification system	<p>Fresh fruit bunches (FFB) are purchased from schemes and independent plantations primarily owned by smallholders. We determined the year of planting for those plantations using our traceability systems and discovered that the bulk (over 95%) of our sourcing areas were planted prior to 2018.</p> <p>We developed an internal risk categorization for our FFB supply based on the possibility of deforestation. The categories are as follows:</p> <ul style="list-style-type: none"> • Low risk: Deforestation is improbable (less than 1% chance). • Moderate risk: There is a medium chance of deforestation (probability 1% to 5%). • High risk: Deforestation is quite likely (probability greater than 5%). 	<p>Based on our methodology, we categorized the risk of our FFB source as follows:</p> <ul style="list-style-type: none"> • Low risk: FFB coming from scheme smallholder cooperatives and corporations which we have assessed that the scheme smallholder cooperative operations and corporations comply with our sustainability policy. Therefore, the risk is minimal. • Our independent smallholders, who are located on non-forest designated land, are also considered low-risk. This is because of a combination of low-risk legal factors and the plants already planted before our cut-off date (98% were planted before 2018 and none after 2020). • Moderate risk: Independent plantation areas that have been registered in our system as a result of our traceability program implementation and their areas are located in land designated as forest. All these areas were planted before 2020. Our independent smallholders, which are located on forest designated land, are considered moderate risk because, although they have land legality issue, the planting were done before 2020, of which a large portion (91%) was planted before 2018. • High risk: Newly registered plantation areas after the implementation of the traceability program. New areas are considered high-risk. We have established procedures for plantation verification to ensure that the new area can fulfill the requirements of our sustainability policy, including not being on forest-designated land. If an area cannot fulfill the requirements, we will not accept fruits from that area. 	

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	<Not Applicable>
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

The Company recognizes that while risks are an inherent part of doing business, it has a responsibility to ensure that such risks are properly identified, evaluated and managed in order to minimize the Company's exposure and ensure that they do not impede the achievement of our business goals and objectives. Our principal objective is to safeguard the long-term continuity of the business by ensuring a consistent, reliable supply of agribusiness products to our customers at a margin adequate to safeguard future growth and ensure stakeholder returns (including shareholders' return, safeguarding of conservation area and community economic growth). Given the capital-intensive and long-term nature of growing and harvesting, we take a proactive, conservative approach to anticipating and neutralizing risks.

We recognize that forest-related risks are critical part in our industry. The process of corporate risk management is as below:

1. Determine the corporate-wide risk exposures and appetite, as well as what opportunities may rise from the risks itself.
2. Formulate the corporate-wide strategic initiatives to manage the Company's exposure and mitigate severe impacts from the risks.
3. Cascade and direct each strategic business unit to make an internal assessment of its risks and control initiatives.
4. Formulate an internal audit plan that includes high-risk areas and enables timely identification of areas for follow-up by management.
5. Perform periodic monitoring of the priority risks and opportunities based on their likelihood and impact to the company objectives.

The risk assessment is based on two factors: (1) the likelihood of the inherent risk to happen without any risk mitigation action, based on historical occurrences and readiness of our risk mitigation to control such risk (2) the impact if such risk would occur in the assessment years.

There are five likelihood categories: remote, unlikely, possible, likely, almost certain. The impact scale is ranging from immaterial impact (< USD 10,000), minor (USD 10,000- USD 100,000), moderate (USD 100,000- 1 million), major/high (USD 1-10 million) to catastrophic impact (with a potential financial impact of 10-> USD100 million, representing >20% of our equity book value).

We define substantive risk as risk within the following category:

1. Likelihood: almost certain with catastrophic impact
2. Likelihood: likely with catastrophic impact
3. Likelihood: almost certain with major impact
4. Likelihood: almost certain with moderate impact
5. Likelihood: likely with major impact
6. Likelihood: possible with catastrophic impact

We have a similar process to assess strategic opportunities, categorizing the likelihood and the potential impact to our Company value. There are five likelihood categories: rare, unlikely, possible, prospective, low-hanging fruits. The impact scale ranges from insignificant impact (< USD 10,000), incremental (USD 10,000- USD 100,000), significant (USD 100,000- 1 million), break-through (USD 1-10 million) to game changer impact (with a potential financial impact of 10- > USD100 million, representing >20% of our equity book value).

We define substantive opportunities as opportunities that fall within the following categories:

1. Likelihood: low-hanging fruits with game changer impact
2. Likelihood: prospective with game changer impact
3. Likelihood: low-hanging fruits with break-through impact
4. Likelihood: low-hanging fruits with significant impact
5. Likelihood: prospective with break-through impact
6. Likelihood: possible with game changer impact

As a plantation company, we assess that forest related risk (forest fire, drought, flood, loss of habitat of the pollinator insects) and opportunities (water reserve, ecotourism, carbon related activities, research ground) as substantive inherent risk and opportunities. The quantity and quality of our own estate production and our supplier's production will be highly dependent on forests as natural water/moisture reservoir, habitat of pollinator insects and stabilizer of temperature. Based on the analysis of inherent risk, we design risk mitigation initiatives. These are periodically monitored and their progress reported and which may give a rise to the identification of new risks and opportunities. With all the risk control that we put and risk mitigation initiatives, we have been able to minimize residual risk related to forest risk exposure in our conservation areas and in the surrounding areas of our plantations.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Palm oil

Type of risk

Acute physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Wildfires

Primary potential impact

Decrease in shareholder value

Company-specific description

In our Sustainability Policy, ANJ committed to Zero Land Burning, in line with RSPO, ISPO and ISCC principles and criteria regarding wildfires. Despite our stringent implementation of zero land burning policy, forest fire is still a substantial material risk, especially from surrounding areas of our concessions during long drought seasons with risks of wildfires or community land clearing occurring from outside our operational boundaries. We take fire prevention and firefighting very seriously because fires are a threat to both the palms in our planted areas and the social and environmental values in our conservation areas. Our initiatives include working with the local community to form a community forest fire prevention team (KTPA), outreaching farmers to stop slash and burn land clearing methods, patrolling forests and providing training and simulation. All our estates implement fire monitoring and response team protocols. We use digital technology to assess potential fire outside our boundaries within 10 km radius. This will allow us to respond to immediate risk if there is a forest fire incident within the radius of our plantations. We implement fire prevention and management protocols in all our estates commensurate with the level of fire risk, such as trained fire-fighting and patrol teams, fire look-out towers, fire warning signs, readiness of fire-fighting equipment, internal and external communication and awareness before and during the dry season.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

10000000

Potential financial impact figure - maximum (currency)

20000000

Explanation of financial impact

We perform distinct forest fire risk mapping for estate in our Group, because our locations are spread throughout different regions in Indonesia. Each estate will have increased/decreased risk of forest fire at different time. We categorize risk as a high risk with a potential financial impact ranging from USD 10 - USD 20 million. Losses include replanting costs of USD 5,000 per ha and opportunity loss for 5-6 years of CPO production revenue. The calculation is as follows, 4 tons of CPO/ha at USD 700/ton is equal to USD 16,800/ha (or 6x4x700). This is then multiplied by 30% EBITDA margin, which results to USD 5,000 in 6 years, arriving at USD 10,000/ha of losses if a forest fire happens. The total amount will depend on the extent of the area estimated to be affected by the fire. Estimations can take the extreme case of 10,000 ha (which is the average size of plantations) or take an expected probability value. We use an estimation that 10% of the average plantation size will be affected by a fire incident, or 1,000 ha at USD 10,000/ha loss, for a total of USD 10 million.

In addition to the production loss, the impact of forest fire encroaching our concession to our assets based on historical event is estimated in total amount of USD 10 million.

Primary response to risk

Engagement with local community

Description of response

When they occur, wildfire incidents are usually sourced from areas outside of our plantation's boundaries. As the fire spreads and reaches our areas, it has grown bigger and much more difficult to manage/extinguish. Sources of these wildfires are varied, ranging from land clearing activities by slash and burn to high temperatures in dry areas due to extreme weather. To manage this risk, we engage local communities and local authorities (including the local fire brigades) through establishing various coordination meetings or community-based fire management initiatives such as smallholder farmers firefighting groups (Kelompok Tani Peduli Api/KTPA) or community firefighting groups (Masyarakat Peduli Api/MPA). As of December 2022, we have established 16 KTPA/MPA groups in villages around our concessions assessed as high-risk areas of wildfire, namely five at SMM, two at ANJA, two at ANJAS, four at KAL, and one each at PPM, PMP, and ANJAP. We have a dedicated function at the Head Office that support weather analysis, preparation, and deployment of our firefighting squad to other areas, if needed. Every estate has its own firefighter team, trained in the prevention and management of fire. For every forest fire incident involving our team, we will have a complete report that includes the source of fire, the extent of the burned areas, the time needed to extinguish the fire, and lessons learned for future incidents.

Cost of response

4500000

Explanation of cost of response

The cost of response includes: 1. Remuneration of the fire response team to mitigate fire risk in surrounding areas at about USD 300,000 per year; 2. Training and simulation on forest fire prevention and mitigation, including engaging reputable fire management consultants, at about USD 200,000; 3. Facility and infrastructures, building a closed canal system in the boundary as firewall and water reservoirs as protection. The objective was to prevent forest fires entering from outside of our concessions, at USD 4,500,000 (this is a capital expenditure); 4. Outreach and awareness programs, including giving awards or recognitions to surrounding villages that manages to avoid fire incidents or keep these incidents small, at about USD 200,000 per year. This cost of response is reasonable when compared to the potential cost of managing a large

forest fire.

We also developed a community-based forest fire prevention system (Kelompok Tani Peduli Api) to strengthen our rapid response capabilities to tackle forest fires in our surrounding areas.

Forest risk commodity

Palm oil

Type of risk

Chronic physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Increased severity of extreme weather events

Primary potential impact

Decrease in shareholder value

Company-specific description

With extreme weather events happening more frequently at shorter time intervals, it has become more difficult to manage the consistency of water availability, the population of pollination insects, and flooding or forest fire incidents. While we have explained wildfire risk separately, we would like to focus on the effect of water deficits in palm oil. Oil palm trees need a minimum rainfall precipitation of 120 mm per month. Below this threshold, the trees will experience a water deficit, and the longer this happens, the worse the effect will be to the productivity of the tree. Effects can still be seen even two years after experiencing the water deficit. Additionally, when the weather is too hot and dry or too rainy, fertilizers and other soil nutrition the trees need for their productivity cannot be applied. Our research department has shown that productivity can go down by as much as 30% on trees that have gone through water deficit for longer than two months.

Timeframe

1-3 years

Magnitude of potential impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

8500000

Potential financial impact figure - maximum (currency)

42000000

Explanation of financial impact

We have about 50,000 Ha area planted and with an expected average national productivity of 3.6 - 4 metric ton CPO/Ha, we have an estimate of 200,000 metric tons of CPO produced from our own estates' crops. We buy fresh fruit bunch from surrounding smallholders that produces an additional 80,000 – 100,000 metric tons of CPO per year. If extreme weather can affect our production volume by 30%, this means a loss of 60,000 metric tons of CPO at an estimated price of around USD 700/ton, totalling to USD 42,000,000 of potential losses. Smallholders will also lose their income equivalent to the value of 30,000 metric tons of CPO. With the dispersed location of estates that experience water deficit at different times, we can assume that extreme weather will only affect one estate with a planted area of 10,000 Ha, resulting in a minimum loss of around USD 8,500,000.

Primary response to risk

Adopt regenerative agriculture policies (e.g. Agroforestry)

Description of response

We apply research, conduct experiments, and implement practices that include regenerative agriculture practices, such as the followings: * Use of compost as much as possible, as the application do not depend on weather conditions as much as inorganic fertilizers. * Cover the ground with leaves from pruning to cover the ground and minimize water precipitation. * Water management to avoid floods * Land application of palm oil mill effluents, which is high in soil nutrients * Drip Fertigation * Leaf Analysis of nutrition deficiency.

Cost of response

20000000

Explanation of cost of response

Composting: This initiative converts empty fruit bunches into organic fertilizers using microbes. The application of compost reduces the use of chemical fertilizers, improves soil moisture, and rejuvenates soil structure. As a result, we have seen yield improvements in young mature palms in Belitung while reducing chemical fertilizer use, and its related GHG emissions, by more than 50%. New composting construction will cost USD 3.5 million per site location. In the next five years, we plan to develop another two composting plant facilities in other locations. Our total capital expenditure for five composting plants is USD 17.5 million.

Drip Fertigation: By installing small pipeline systems to distribute water and fertilizers that reach each palm tree, to mitigate the impact of drought and dependency on workers. This initiative involves an initial investment of USD 1,850 per hectare, reducing operational costs by more than 55% while maintaining comparable crop growth, especially during prolonged drought seasons. Until end of 2022, we have installed two pilot projects in two site locations with each location covering 233 Ha. Following our review, we plan to expand with another 150 Ha in each location in each year. The total target area covered by drip fertigation for the next five years shall be 1,440 Ha with a total investment of USD 2.7 million.

In total, the investment to mitigate the impact of long drought is estimated around USD 20 million until 2027.

Forest risk commodity

Soy

Type of risk

Chronic physical

Geographical scale

Farm

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Increased severity of extreme weather events

Primary potential impact

Disruption to sales

Company-specific description

Edamame is a seasonal product with a life cycle of 2-3 months that are very sensitive to water deficits. A two-day water deficit may wipe-off the whole season's harvest. As our business model is to empower smallholder farmers with farm sizes of 0.1-5 ha in scattered locations, it is not feasible for us to build an irrigation system. With weather changes becoming more unpredictable, we may lose revenue and productivity by making the wrong decision whether to start planting or not. The amount produced is sold to serve the export and local markets. Commitments to export customers in terms of volume and quality may not be met if there are weather disruptions.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

280000

Potential financial impact figure - maximum (currency)

700000

Explanation of financial impact

Drought season in East Java typically happens from August to October, so we do not plant during this season. That is about 10 - 25% of our planting acreage. Estimation for 2023 is 10% to 25% times 598 Ha times USD 4,675 which is equal to an estimation of USD 280,000 - 700,000. In the future we will need to increase our planting acreage only in favorable months, to three to four fold, resulting in a higher financial impact if the risk of extreme weather materializes in those periods. The potential impact figure increases in line with the growth of export sales in our soy business.

Primary response to risk

Adopt regenerative agriculture policies (e.g. Agroforestry)

Description of response

We monitor weather forecast more closely and take records of each farmer's plot of land regarding water sources availability to decide where to plant at a certain season. We are also considering the cost and benefit of extracting water from artesian wells to be drilled to water the plot of land.

Cost of response

30000

Explanation of cost of response

This is the cost of three staff and one assistant manager needed to implement the recording, observation, and analysis to support the management in making the decision to plant at certain times.

F3.2**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	<Not Applicable>
Palm oil	Yes
Cattle products	<Not Applicable>
Soy	Yes
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Palm oil

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Other parts of the value chain

Primary forests-related opportunity

Increased demand for certified materials

Company-specific description

We adhere to global sustainability certifications that we already received, such as RSPO certification, ISCC certification for carbon footprints, OHSAS 18001 for Occupational Health and Safety Management and ISO 14001 for Environmental Management System. The market values these certifications from a premium CPO product.

As of December 2022, 100% of our nucleus plantations and 75% of our plasma and partnership were RSPO-certified. This has the potential to increase ANJ's production of RSPO-certified CPO, to meet market demand from certified sustainable palm oil.

We have completed various re-entry protocol and get back to our previous supply chain of certified products, enabling us to sell the sustainable palm oil certificate physically with a much better pricing. We have disclosed our HCS area recovery plan in our website and progresses are reported on a regular basis. Each buyer has their own procedures for re-entry of their supply chain, and once they start buying our CPO, we can also enjoy efficiency from outbound logistic cost of our CPO, as we can transact with buyers closer to our production facility, resulting in a much lower outbound logistic cost.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

200000

Potential financial impact figure – maximum (currency)

2000000

Explanation of financial impact figure

We estimated the financial impact of the increasing value of premium from sustainability certification with physical trading or book and claim for around USD 200,000 - USD 2,000,000. The realization of this amount depends on the pricing of certificate and the volume that can be sold in the market, as sometimes end consumers do not have the demand for certified oil and therefore the intermediate buyers do not need the certificates.

Cost to realize opportunity

92315.99

Strategy to realize opportunity

The cost is based on actual cost of our sustainability compliance department and estate team to retain the achievement of 100% certification of our nucleus plantations and partnership suppliers in 2022 which include the transportation cost, audit cost, meeting cost. This cost will occur every year.

Forest risk commodity

Palm oil

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Other parts of the value chain

Primary forests-related opportunity

Increased availability of products with reduced environmental impact (other than certified products)

Company-specific description

A new market for palm kernel shell is arising. We usually use the palm kernel shell for bio-mas in power generation of our mill, we will need to consider using biogas produced from palm oil mill effluent for power generation in our mill, and sell the palm kernel shell instead. Alternatively, we can sell more palm kernel shell by using multi-stage turbine technology, which reduces the consumption of the palm kernel shell in our mill power generator.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

1300000

Potential financial impact figure – maximum (currency)

7200000

Explanation of financial impact figure

The potential impact estimation is based on the volume of palm kernel shell that we can produce (6.6% of FFB) less the volume used for feedstock in our own mill, times the price (currently around USD 75/metric ton). If we convert the feedstock for our own mills to biogas, nationally we can produce 91,018 Metric ton palm kernel shell, valued at USD6.8 million at current price. But if we did not convert the feedstock for our own mills to biogas, total palm kernel shell sales will be at USD1.3 million.

Besides that, we can generate new revenue by selling the electricity generated by biogas to the National Electricity Company (PLN). The net profit from this project amounted to USD 50,000 - USD 90.000 /year each estate.

Biogas projects also contribute to reducing emissions. One biogas project with a capacity of 1.8 MW can reduce the emission amounting to 50,000-60,000 t/CO2/year.

Cost to realize opportunity

16000000

Strategy to realize opportunity

We will consider using biogas from palm oil mill effluent for power generation in our mill in four of our estates and sell the palm kernel shell and the electricity to the National Electricity Company (PLN). We estimate that the cost for one biogas is approximately USD 4 million with a capacity of 1.8 MW. The implementation of the project is in stages, and we aspire to complete the development by 2030.

Forest risk commodity

Soy

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Other parts of the value chain

Primary forests-related opportunity

Increased growth in the alternative protein market

Company-specific description

Fresh edamame production will always incur second grade of edamame bean, which contain high protein. As edamame belongs to soy genus family, we can use this for tempeh, edamame crispy and other alternative protein market. We can also create edamame starch, which can be used for various alternative protein base material.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

4000

Potential financial impact figure – maximum (currency)

12000

Explanation of financial impact figure

In 2022 we were able to generate an additional revenue amounting to USD 10,344 for 3.8 ton of low grade edamame that was sold as crispy edamame. From a total 8.5 ton potential of low grade edamame produced in 2022 we were only able to utilize 45% to produce as crispy edamame due to limited production machine capacity. We estimate that the opportunity is between USD 4,000 – 12,000.

Cost to realize opportunity

3600

Strategy to realize opportunity

To maximize the opportunity, we can increase the production capacity of crispy edamame by acquiring one additional production machinery (vacuum frying) which costs around USD 700 and increase the working capital (cooking oil and labor cost) of approximately USD 2,900 per year.

Forest risk commodity

Soy

Type of opportunity

Efficiency

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Cost savings

Company-specific description

We plan to use rooftop solar panels to reduce the electricity cost in our frozen line facility in Jember and to reduce the carbon emission. We will cooperate with the third party to implement this project by applying the rental scheme. The total capacity installed is estimated to reach 287.7 kWp in the first stage.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

6633

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We estimate the financial impact of using the solar panel will reduce our electricity cost amounting to USD 6,633 per year, and reduce our emission amounting to 341 t/CO2/year.

Cost to realize opportunity

0

Strategy to realize opportunity

We develop this project and cooperate with the third party by applying a rental scheme with zero investment. We only pay for the electricity generated by the solar panel they installed.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual or committee	Responsibilities for forest-related issues
Chief Executive Officer (CEO)	<p>The CEO decides based on inputs from Sustainability Director (Chief Sustainability Officer) on sustainability strategic direction and its implementation and impacts after considering all C-suite inputs.</p> <p>In 2022, we upheld Sustainability Policies, which form the basis for the Company commitments to minimizing social and environmental impacts and determine implement the sustainability strategy, including projects for Community Involvement and Development (CID), Biodiversity and Conservation, Compliance with sustainability standards, Plasma and Smallholder Partnership and Stakeholder Relations, including national and local governments, international and national NGOs and other key stakeholders. We revisited our material topics through a facilitated process to ensure that they were still relevant.</p>
Director on board	<p>The Board of Directors (BOD) is collectively responsible for managing the Company's interests and objectives in pursuit of its vision and mission, in accordance with the Articles of Association and the prevailing laws and regulations. The BOD is led by the CEO and consists of executive directors.</p> <p>The BOD is accountable to the shareholders through the General Meeting of Shareholders and is supervised by the Board of Commissioners (BOC), which consists of all non-executive directors, and led by the Chairman. The BOC may provide recommendations, inputs and guidance to the BOD.</p> <p>In 2020 and 2021, the Board of Directors decided to continue with the capital expenditure relating to infrastructure for wildfire prevention and management amounting to USD 4.5 million to protect our conservation areas, despite the low-Crude Palm Oil (CPO) prices assumption of only USD 475/Ton for 2020 and USD 550/Ton for 2021.</p>
Board-level committee	<p>The CSR and Sustainability Committee consist of several non-executive directors (BOC) to oversee and monitor the development and implementation by the BOD of the Company's practice of Sustainability, including Responsible Development commitments based on identified environmental, social and economic impacts of the business, as well as related risks and opportunities. The CSR and Sustainability Committee has quarterly meetings with the BOD to discuss issues and aspects reported including updates on sustainability compliance (e.g. RSPO), progress with responsible development projects, environmental and social issues and community grievances, community engagement, government engagement, biodiversity conservation, alignment with SDGs, media attention, and internal sustainability awards system.</p> <p>The CSR and Sustainability Committee then share the meeting result and issues to all BOC (non-executive Board members)</p>
Chief Sustainability Officer (CSO)	<p>CSO or Sustainability Director formulate sustainability strategy as part of overall Company strategy and champion the approval of this strategy with BOD and BOC. CSO then determine relevant program for Sustainability, and provide them to CEO, who will then lead the Board of Directors' meeting to agree on strategy objectives, program to develop and monitoring system of the projects. CSO then lead the translation of the strategy into sustainability projects, monitoring the implementation and need to revise or improve projects based on feedback from the sustainability teams and external parties (NGOs, communities and Government).</p> <p>CSO led several departments, including Conservation, Community Involvement and Development (including cooperatives), and Corporate Communications.</p>
Chief Operating Officer (COO)	<p>COO is in charge to:</p> <ul style="list-style-type: none"> - Ensure all management and agronomic operations follow the Sustainability Policy and Implementation Guidance. - Keep up to date with the latest and best sustainability practices, including RSPO requirements for land clearing or replanting, environmentally friendly technologies to optimize GHG reduction and water usage, pesticides & pest management, reforestation efforts, etc. - Share knowledge with latest developments on sustainability practices throughout the organization. - Manage the compliance as per our SOP and RSPO P&C guidelines - COO reports to the CEO and also actively participates in BOD decision making. In 2020, the COO initiated to measure the carbon stock of our standing biomass in the conservation area as a basis to create a new sustainability model to consolidate ANJ's ESG ambitions. - The COO also formulated long term and short term greenhouse reduction plans to reduce GHG emissions going forward with strong emphasis on regenerative agriculture.
Chief Financial Officer (CFO)	<p>CFO is responsible for internal control system to ensure that all practices consider adherence to our sustainability policies:</p> <ul style="list-style-type: none"> * Determine procedures and form to use in various activities, especially to document traceability and monitoring adherence to our sustainability policies by our smallholders' vendor. * Monitor the tracing and recording of certificate of sustainable palm oil is documented properly * Adherence of sustainability covenants within our credit agreement is fulfilled. (Currently we have Sustainability Linked Loan clause on several our credit agreement. The adherence in our credit agreement is good standing as RSPO members and maintenance of RSPO certification) * Manage ESG rating process * Review business possibilities in carbon related activities, ensuring that our conservation area can generate fund resources for its own management and maintenance <p>CFO report to CEO and actively participate in BOD decision making</p>
Other, please specify (Commercial and Logistics)	<p>Commercial and logistics is responsible to ensure that certificates of sustainable palm oil can be sold optimally in the market. They are also responsible to manage and coordinate reply to queries from buyers regarding our sustainability practices, which are prepared by the relevant departments.</p>

F4.1b

(F4.1b) Provide further details on the board’s oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Monitoring progress towards corporate targets Overseeing acquisitions, mergers, and divestitures Overseeing major capital expenditures Overseeing the setting of corporate targets Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	ANJ management has arranged regular meetings, including monthly management meetings, bi-weekly board-level leadership team to report and discuss strategy implementation progress, climate-related issues, and any sustainability issues, quarterly audit meetings, risk management committee meetings (minimum six times p.a.), quarterly sustainability and CSR committee meetings, quarterly combined BOD-BOC meetings, BOC meetings (six times p.a.), cross-functional sustainability working group meetings (as needed), and monthly sustainability department meetings. These various meetings discuss sustainability issues, climate-related, and forest-related issues as part of their agenda, including related project progress in each business unit, strategy implementation, risk management, mitigation initiatives. Board-level executives and supervising commissioners are involved in the meetings.

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

The criteria for the assessment of the competence of the board in managing forest-related issues include knowledge in forest protection, strong knowledge and experience with concepts such as HCV and HCS, in-depth knowledge of sustainability standards in the agriculture such as RSPO, ISPO, understanding of global sustainability issues and trends, knowledge in biodiversity protection and conservation, wildfire management, no deforestation, land use and legality compliance.

We have a Nomination and Remuneration Committee (NRC), a committee in Board of Commissioners that nominates and select board members by considering their competence on forest-related issues from the environmental as well as political, social, and legal aspects due to the critical nature of these issues in our business. The annual performance of Directors is assessed by the President Director, verified by the President Commissioner (non-executive director) and reviewed by the NRC, and in the case of the President Director, by the NRC. Evaluation of directors include assessments of their performance in managing forest-related issues, such as forest protection, wildfire management, no deforestation, land use and legality compliance etc. The NRC is chaired by an Independent Commissioner (non-executive director) to ensure that nomination, selection, and evaluation processes are unbiased.

We take measures to ensure that our BOD members have sufficient knowledge and skills in sustainability and sustainable development. Board members receive sustainability training and awareness through short courses, workshops and seminars, self-study, and involvement in sustainability-oriented projects.

Our board also build their competence on these issues through their extensive experience, expertise, and exposure in the RSPO principles and criteria (Indonesian National Interpretation Working Group), including RSPO No Deforestation Task Force. They are also active in the PONGO alliance, United Nation Global Compact (UNGC), and other organizations and initiatives that have an emphasis on the environment, conservation, and forest-related issues.

Primary reason for no board-level competence on forests-related issues

<Not Applicable>

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

<Not Applicable>

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Integrating forests-related issues into business strategy Setting forests-related corporate targets Monitoring progress against forests-related corporate targets Assessing forests-related risks and opportunities Managing forests-related risks and opportunities	Quarterly	CEO reports to Corporate Social Responsibility and Sustainability Committee's (non-executive Board Committee) regarding the risk assessment, opportunities assessment, risk mitigation, monitoring, issues, and project progresses. The Committee monitor and provide guidance and advice to the Board of Directors on the development and execution of the corporate social responsibility and sustainability plans of ANJ Group companies.
Chief Sustainability Officer (CSO)	Managing annual budgets relating to the implementation of forest-related policies and commitments Assessing forests-related risks and opportunities Managing forests-related risks and opportunities	More frequently than quarterly	The CSO reports to the CEO and share any forests related risk and its mitigation in bi-weekly Board meeting, emphasizing issues emerging and risk management of forests-relation, incl. potential issues, if any, in HCV/ HCS area, mitigation or management of the issues, project progress of biodiversity observation.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	As part of C-suite employees or board member's performance evaluation, we include 15% weight on responsible development responsibility, including forests-related (conservation) management and Community Involvement and Development projects. Failure or ignorance of this 15% weight will effect total grading in performance appraisal, which will effect the amount of bonus earned. Annual target is determined and progress is evaluated. In 2022 the target for several projects need to be recalibrated as there are limitation of social movement since 2021, which makes the implementation of several projects not feasible. We focused instead of efforts to manage health risk, socialize the risk management to community and help procure necessary health equipment. The flexible changes is done in the middle of performance period.

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain
Monetary reward	Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Chief Sustainability Officer (CSO) Other, please specify (Head, Manager and Staff)	Ending deforestation and/or conversion of other natural ecosystems Increasing commodity volumes with credible third-party certification Increasing traceability of commodity volumes Increased supply chain mapping Improvements in commodity production efficiency – direct operations Improvements in commodity production efficiency – supply chain Engagement in landscape and/or jurisdictional approaches	As part of performance evaluation, we include 15% weight on responsible development initiatives, including forests-related (conservation) management, traceability of FFB, fire prevention & management, sustainability certification and Community Involvement and Development projects. Every year the achievement of project initiatives to target will impact the total grading in performance appraisal, which will affect the amount of bonus earned. For example when our PENDAKI (Care for Biodiversity) program is successful in collecting the biodiversity data, all the employee in the program also received a high score in their performance appraisal, according to their individual contribution in the program.	Each employee and board member has its own annual KPIs for forests-related issues and community involvement and development issues. Achievement will mean good performance appraisal that will link to bonus earned. Supply chain engagement is monitored by the procurement / purchasing manager. Each General manager in the estate is responsible for traceability of its external Fresh Fruit Bunch procurement from smallholders, and traceability report is reviewed by Board of Directors on a monthly basis.
Non-monetary reward	Board chair Board/Executive board Director on board Chief Executive Officer (CEO) Chief Operating Officer (COO) Chief Sustainability Officer (CSO) Other, please specify (Sustainability Managers, operation general managers, EHS manager, Conservation Manager, Community Involvement and Development Manager)	Ending deforestation and/or conversion of other natural ecosystems Increasing commodity volumes with credible third-party certification Increasing traceability of commodity volumes Increased supply chain mapping Improvements in commodity production efficiency – direct operations Improvements in commodity production efficiency – supply chain Engagement in landscape and/or jurisdictional approaches Other, please specify (Being representative of the Company in various Awarding ceremony, seminars and talk)	Being representative of the Company in various awarding ceremony, seminars and talk increase employee satisfaction and engagement to achieve forest related target. We recognize that management of forest-related issue is a collective effort. Therefore, we also provide an award to the Business Unit that demonstrate leadership in the implementation of our forest conservation program, including care for biodiversity program (PENDAKI) and community livelihood program on degraded area to prevent deforestation by community.	We provide opportunities to our people responsible for projects to represent the Company in Award receiving ceremony in relation to sustainability. Internally we started providing appreciation and award night, specially mentioning any contribution of each staff. Also, featuring staff in Instagram, Facebook, internal communication magazines, featuring in our Sustainability Report, all is small reward. Participants of biodiversity documentation may also get reward in terms of shirt with special logo. We also involve internal resources photo contributors and feature selected photographs of good quality featured in our annual report, sustainability report and company's publicity platforms (such as website, internal magazines and social media). Our non-executive board can also spend their holiday visiting our conservation area with our staff guiding them.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)
SR 2022 - ANJT -EN (110523) LOW RES.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

Row 1

Scope

Company-wide

Commodity coverage

Palm oil
Soy

Content

Commitment to eliminate conversion of natural ecosystems
 Commitment to no land clearance by burning or clearcutting
 Commitment to eliminate deforestation
 Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)
 Commitment to remediation, restoration and/or compensation of past harms
 Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
 Adoption of the UN International Labour Organization principles
 Commitment to best management practices for soils and peat
 Commitment to protect rights and livelihoods of local communities
 Commitments beyond regulatory compliance
 Commitment to transparency
 Commitment to stakeholder awareness and engagement
 Commitment to align with the SDGs
 Recognition of the overall importance of forests and other natural ecosystems
 Description of business dependency on forests
 Recognition of potential business impact on forests and other natural ecosystems
 Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy
 List of timebound milestones and targets
 Description of forests-related performance standards for direct operations
 Description of forests-related standards for procurement

Document attachment

2
 ANJ Sustainability Policy-Final.pdf
 ANJ Sustainability Policy Implementation Guidance.pdf

Please explain

For full content of our Sustainability Policy, please check our website: <https://anj-group.com/en/sustainability-approach-and-policies>. The last time we review this policy is 2019, a revision of 2016 policy. In 2019 we separate between the main Sustainability Policy and the Implementation Guidance, making it easier to update the Implementation Guidance that provides a more detailed guideline. Our responsible development concept is the base for our Sustainability Policy. This concept goes beyond regulatory compliance and recognizes interdependency between business and forest and its impact to each other. Our responsible development concept is striving for harmony and balance among business, community and nature conservation to get into a positive impact. We have also publicly disclosed the HCS Recovery Area and the related progress reports. In 2021, we engaged an independent consultant to review our Sustainability Policy and Implementation Guidance with the objective to assess whether our Sustainability Policy and Implementation Guidance are in line with the general best practice and our Sustainability Objectives.

We review our Sustainability Policy once every 5 years, or a shorter period if there is a significant change in the global sustainability standards that warrant us to adjust our Sustainability Policy immediately.

Each year, we develop new strategic initiatives and responsible development projects to ensure that our policies are implemented. Each initiative and project is led by minimum by one Director-level responsibility and is managed day-to-day by cross-functional Head/GM-level management. Most of the projects consist of a project team from various functions and departments. When the projects are completed, the internal audit and compliance department will review them for continuous improvements.

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Forest risk commodity	Public commitments made
Palm oil	Yes
Soy	Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify ((High Carbon Stock (HCS) Recovery Site commitment to compensate 2,959 Ha HCS area cleared from 2016 to 2018. Our recovery area is around 3.518 Ha in Southwest Papua. We are also a member of UN Global Compact.))

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Palm oil

Criteria

No conversion of natural ecosystems
Zero gross deforestation/ no deforestation
No new development on peat regardless of depth
Best management practices for existing cultivation on peat
Restoration and compensation to address past deforestation and conversion
Avoidance of negative impacts on threatened and protected species and habitats
No trade of CITES listed species
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals
Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Operations are in accordance with the UN Declaration on the Rights of Indigenous Peoples
Promotion of gender equality and women's empowerment
Remediate any adverse impacts on indigenous people and local communities
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of forest risk commodities from unknown/controversial sources
Recognition of legal and customary land tenure rights

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2018

Forest risk countries/areas that the cutoff date applies to

Indonesia

Reason for selecting cutoff date

Sector-wide agreement/recommendation

Commitment target date

2021-25

Please explain

Our commitment to Sustainable Development in the Palm Oil Industry was published at the first time in 2016, containing commitment of no peat and no exploitation. On October 31, 2019, we re-issued the policy to making clear our commitments with regards to avoiding and minimizing the impacts of activities on communities and the environment (including no deforestation) in compliance with the Roundtable on Sustainable Palm Oil (RSPO) Principles & Criteria (P&C 2018) and other international standard of Sustainability. Our Sustainability Policy takes into consideration the 17 Sustainable Development Goals (SDGs) and links them to our sustainable development approach. It demonstrates how we practice Responsible Development, especially in the palm oil sector.

The guiding principles of Corporate and Social Responsibility, Transparency and No Exploitation thread through the entire policy. The foundation of this policy has three key elements: 1) Long-term economic viability (Prosperity), (2) Human well-being (People), and (3) Stewardship of natural resources and management of the environment (Planet). This policy aims to balance prosperity, the well-being of people and environmental management.

The policy also covers all vendors in our supply chain. Focusing on upstream part of palm oil industry only, our suppliers are mostly smallholders. We complete the traceability mapping and registration for all our smallholders suppliers. Some of current vendors have not clarified the land use purpose of their land to the Government. We are in the process of assisting the smallholders to clarify the legality of land ownership. In 2022 99% of our products can be traced to the plantation, including smallholders plantation, this is an increase of 98.5% traceable to plantation in 2021.

Below are some descriptions of our specific actions in 2022 to meet our commitment criteria:

1. We are committed to no conversion of natural ecosystems with high biodiversity value and high carbon stocks. We did not open natural ecosystems falling into these categories from November 2018.
2. We commit to no deforestation by ensuring that no deforestation occurs in our own plantation from November 2018 and no deforestation occurs by our external suppliers from 2020.
3. As for our commitment regarding Free, Prior and Informed Consent (FPIC), we ensure the RSPO FPIC principles are followed during our land release process in South Sumatra during 2021.
4. We did not have any restoration or compensation commitments from 2021 onwards.

Our goal is to have all of our palm oil operations implement the commitments outlined in our sustainability strategy by 2025. Because the smallholders in Belitung, West Kalimantan, and Southwest Papua are better organized, this is achievable. However, because we have a large number of independent smallholders in North Sumatra, where the palm trees are already more than 15 years old, we anticipate that our effort to advocate for the smallholders to improve their land status and obtain sustainable standards will take longer because it will require support from the government and various stakeholders. As a result, we have a distinct commitment to not purchasing forest risk commodities from unknown/controversial sources for the North Sumatra business, which is outlined below.

Forest risk commodity

Palm oil

Criteria

No sourcing of forest risk commodities from unknown/controversial sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2018

Forest risk countries/areas that the cutoff date applies to

Indonesia

Reason for selecting cutoff date

Sector-wide agreement/recommendation

Commitment target date

2026-2030

Please explain

Our Sustainability Policy Implementation Guidance provides a detailed approach for this commitment as follow:

1. We exclude any illegally developed smallholder oil palm in all new engagements with smallholders.
2. For existing smallholders who cannot prove the legality of their land use, we will assist in clarifying the legal land status by working with the government authorities.
3. If this does not work out, we will cease purchasing from these respective smallholders.
4. The No Purchasing policy is only used when it will not harm the livelihoods of the related smallholders, or threatens to escalate into conflict, and as long as it is in-line with the applicable regulations.

Below are some descriptions of our specific actions in 2022 to meet our commitment for no sourcing of forest risk commodities from unknown/controversial sources in our North Sumatra operation:

1. Completion of electronic traceability system implementation with traceability level of more than 99%.
2. Assist smallholders to follow the process made available by the Government of Indonesia to legalize their land use permit.
3. Pilot project for independent smallholders to achieve RSPO certification in the group. The project is started in January 2023.

Given the complexity and large number of independent smallholders in North Sumatra, where palm trees are already more than 15 years old, we anticipate that our advocacy for smallholders to improve their land status and obtain sustainable standards will take longer, as it will require support from the government and various stakeholders.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	21-30	<p>ANJ's vision is to become a world-class agribusiness-based food company that elevates the lives of people and nature. This vision of "world-class" and "elevating the lives of people and nature" means that we need to follow international standards of business conduct, putting forward a balance that is reflected in our responsible development principles: Prosperity, People and Planet. These principles come from our corporate values: Integrity, Respect for People and the Environment, and Continuous Improvement. Our responsible development principles guided us to provide equal share among prosperity of our shareholders, our other stakeholders (including community) and the nature. Our long-term objective is to keep 1 Ha conservation area for every 2 Ha of our planted area (including area planted for plasma program).</p> <p>We keep improving and meeting higher standards every year, aligning our efforts on sustainability to UN 17 SDG's standards, NDPE principles and aspects of sustainability that are of international and national focus.</p> <p>We continue to improve our capacity and ability in sustainability practices so that we can capture the premium value of implementing those practices.</p> <p>An example of the integration of forest related issues is our development in Southwest Papua. As an RSPO member, we started the development fulfilling RSPO requirements. We conducted proper Free, Prior and Informed Consent, and initiated Community Involvement and Development (CID) projects based on the community needs assessment, starting from village capacity building, education, economic empowerment, health access and infrastructure development. We also developed our conservation plan. Through the CID projects, we combined the conservation needs, which integrated what nature needs and community needs. We conduct regular community meetings and socialization on the danger of overharvesting, and forest fire. We also regularly educate the community not to sell endangered species. At the end of 2018, when RSPO adopted the NDPE principles, we stopped our development and try to find a strategy to keep the conservation area within our land right sustainable. As it currently stands our conservation area is bigger (97,682 Ha), compared with our planted area (49,409 Ha), or approximately 2:1 for the Conservation to Planted ratio.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	21-30	<p>Situation: In cascading the long-term business objectives, we prepared an integrated strategy, combining strategy of sustainability, and embedded the sustainability strategy into our overall business strategy.</p> <p>For example: our traceability strategy is to approach the community (our smallholders' suppliers): helping them to obtain legal documentation of their land right, clarifying that their area is not located at forest area and providing socialization on why they should not open or plant in the forest area. We also think over alternative programs that may generate income for them (such as mushroom growing business, that does not require forest clearing), other than just keep planting oil palm.</p> <p>We developed a technology based system using modest hand-phone that enable us to track-down traceability. We also provide a program to motivate the smallholders and the collecting agents to happily support our traceability program.</p> <p>Our next strategy will be to use our database of our smallholders supplier to implement the best agronomy practices that we can share with them. We also created an Instagram account which our suppliers can follow to educate them about our conservation program. We have also started to use a Facebook group account to share knowledge and motivate our smallholders to also conduct sustainable practices.</p> <p>Another example is to include the community in preventing forest fires by forming farmers' associations (Kelompok Tani Peduli Api/KTPA). The members are trained to be forest fire fighters. We provide an incentive scheme to our plasma cooperatives that work together with us to prevent forest fire. We also include Government Agencies (both at the regency and provincial levels) and regularly conduct socialization sessions on how to prevent forest fire. We expanded our analysis of forest fire risk to our neighboring companies and motivate them to work together to be trained and prevent forest fire. We also share the information that we obtain from satellite thermal imaging and weather forecast plus the observation on the ground with the community and government agencies.</p>
Financial planning	Yes, forests-related issues are integrated	11-15	<p>While the overall financial planning is done for the whole cycle of life of oil-palm ((21-30 years), the more detailed financial projection is done for 11-15 years, and keep being rolled over on annual basis. This is due to the fact that the projection of more than 15 years will have less meaning and accuracy for realization. We still keep in our mind that this financial planning is part of the longer overall long-term strategy and business objectives.</p> <p>Within our integrated plan for sustainability, we make sure that every project will have its own feasibility study to ensure its independent sustainability. We will need assumptions and identification of target market, production plan, human resources preparation, selling price, cost and capital expenditures. This discipline allow the sustainability project to grow in stages.</p> <p>For example: We prepared the ability of our plasma area to repay the bank loan, adjusting the cost of integrated management and the advances that they asked with the their capacity to pay based on the oil-palm price development. Our financial projection, balance of bank loan etc. is being communicated to the members of the cooperative to determine what is the healthy distribution of income.</p> <p>In empowering the community in Southwest Papua to earn income and share the impact of our oil-palm existence, we initiated the formation of transportation cooperatives. These cooperatives own trucks, earn income from the FFB transportation that they perform. The income and profit is being recorded and reported to the members. From the income that they earned, they have been able to finance education for their children. After 3 years, one cooperative was motivated to expand their business by buying another truck to further increase their income.</p>

F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Year target was set

2021

Target coverage

Company-wide

Target category

Traceability

Metric

% of volume traceable to traceability point

Traceability point

Plantation

Third-party certification scheme

<Not Applicable>

Base year

2021

Base year figure

90

Target year

2025

Target year figure

100

Reporting year figure

99

% of target achieved relative to base year [auto-calculated]

90

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

We started to develop traceability system in 2019 and finished in 2020. In 2021, we have completed implementation in three estates, and the group wide implementation will finish in 2022.

The traceability system started with gathering the data from all our smallholders' suppliers regarding the legality of their plantation land and mapping the location of the land. This was a very detailed socialization process requiring understanding from the smallholders' suppliers and the collecting agents. We fully (100%) completed the mapping and obtaining the legality information of their land ownership in 2020. With new vendors, we require them to go through selection and registration process first, before supplying fresh fruit bunch to us. We have done socialization on why the suppliers need to provide the data and also obtained their commitment to not expand or do new planting in forest area; otherwise, we may not be able to accept their harvest. Based on our complete mapping, there are some areas of origin located in forest area. As suppliers are smallholders, we do not stop buying from them, as this will stop their income. Instead, we ensure that they stick to their commitment not to open new planting in forest area anymore. These farmers will have to go through a legalization process in accordance with the Indonesian Government Regulation.

We designed an electronic traceability system using QR and android-based mobile application to motivate the collecting agents to provide real-time data for the FFB that they acquire. This system is directly linked to our monitoring system. Checking at the receiving platform is done from our system. This system has enabled us to ensure that the fruit that we receive are fruit originating from the related land registered in our system. Recognizing that it is crucial for our collecting agents to strictly apply the system, we plan to create an incentive program for the collecting agents that fully implement the system. We have created an interdepartmental working group to implement the new system. This group includes team members from Change Management and Information Technology.

In 2022, we have reached 99% traceability for FFB supplied from third party (overall in ANJ Group) and since January 2023 we have successfully achieved 100% traceability level.

Target reference number

Target 2

Forest risk commodity

Palm oil

Year target was set

2015

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

<Not Applicable>

Third-party certification scheme

RSPO (any type)

RSPO producer/grower certification

RSPO Identity Preserved

RSPO Mass Balance

Base year

2011

Base year figure

0

Target year

2025

Target year figure

100

Reporting year figure

80

% of target achieved relative to base year [auto-calculated]

80

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

This target refers to our target to have all our scheme smallholders program to get certification by 2025. The company encourages certification for partnership and plasma suppliers to increase farmer welfare and awareness of sustainable practices. We started this program 3 years ago, until end of 2022 75% of scheme smallholder units which take the form of cooperatives and already produced FFB have been certified and enjoy additional income from the sales of RSPO certified sustainable palm oil. Certification is carried out for all business units managed by the company as a form of commitment to sustainable practices covering social, environmental aspects, compliance with legality, quality improvement, best management. In 2021, our Southwest Papua plantation, including the plasma designated area, obtained RSPO certification. In March 2023, we have completed RSPO certifications for all our scheme smallholders program, well ahead of our initial target which is in 2025. After we certify our plasma area, we will continue the efforts to RSPO-certify the smallholders. As the number of smallholders are many, this will take some time.

Target reference number

Target 3

Forest risk commodity

Palm oil

Year target was set

2021

Target coverage

Company-wide

Target category

Engagement with smallholders

Metric

% of smallholders engaged

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Base year

2021

Base year figure

0

Target year

2030

Target year figure

100

Reporting year figure

9

% of target achieved relative to base year [auto-calculated]

9

Target status in reporting year

Underway

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

Suppliers are an invaluable part of our value chain and vision to foster prosperity where we operate. In our palm oil business, suppliers of oil palm fresh fruit bunches (FFB) fall under three categories: plasma smallholders, partnership smallholders (kemitraan), and third-party suppliers, which include plantation enterprises, agencies, and cooperatives.

We recognize that our FFB suppliers operations can have harmful effects on forests and biodiversity. Opportunities to provide FFB, for instance, may encourage farmers to clear forests and establish oil palm plantations. It is a priority for us to guarantee a stable supply of FFB crops from these suppliers to support our business growth in our communities while also reducing the potential negative impacts of their activities.

This is why we have smallholder empowerment programs and a traceability system in place. We regularly conduct socialization of our sustainability policy and provide assistance to our smallholders regarding technical and good agronomy practices

Assessment of compliance currently include analysis of report and origin of supply. We have completed a robust system of monitoring and started national monitoring. We set traceability target to 100% traceable by 2025 and by end of 2021, we have achieved 98.5%. By end of March 2022, we have achieved 99%. We have also set a target to have all our scheme smallholders (plasma and partnership) to receive RSPO certification by 2025 and all our current out-growers (independent smallholders) to obtain RSPO certification by 2030. By end of 2022, 75% of our scheme smallholders have received RSPO certification.

Target reference number

Target 4

Forest risk commodity

Soy

Year target was set

2019

Target coverage

Product level

Target category

Traceability

Metric

% of volume traceable to traceability point

Traceability point

Farm

Third-party certification scheme

<Not Applicable>

Base year

2019

Base year figure

0

Target year

2025

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year [auto-calculated]

100

Target status in reporting year

Achieved

Is this target linked to a commitment?

Zero net/gross deforestation

Please explain

The traceability of frozen edamame starts from edamame fresh plantation to factory. According to the results of a manual traceability system we have developed, we were able to trace all edamame suppliers to the location of their plantations and confirm that these plantations are not in forest areas or areas converted from forests.

We realize that manual system has limitations for traceability analysis. In September 2021, we started to develop an electronic system called SIGAP for plantations and have completed 90% implementation by the end of 2021. This system enable us to record all edamame plantation activities from seed/fresh edamame production, maintenance, harvesting, and transport to factory. We have completed the implementation of the traceability system (SIGAP) in first quarter of 2022.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions	Description of exclusion
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes	Volume from direct and indirect suppliers	<p>In following RSPO requirements and our Sustainability Policy, we ensure detailed land mapping and documentation of the legality of our concessions and also our smallholder suppliers' planting area. All of our suppliers are smallholders, with the exception of temporary nearby plantation that have not built their own mill.</p> <p>The origin of fresh fruit bunches, number of bunches, tonnage and trucks are recorded based on the plantation area code written by the suppliers/agents/intermediaries/farmers in the delivery order form or mobile application (in mills that have implemented mobile application traceability system called eTIS). The plantation area code consists of the origin data such as plantation location, farmers name, land status, hectare area, year of planting, etc.</p> <p>The collected traceability data is stored in the ANJ Traceability web application system for assessment and analysis. In 2021 we also started to implement a user-friendly digital mobile application (eTIS) allowing direct recording and single data entry to assist our FFB suppliers/agents/intermediaries with data collection and reporting. We complete the implementation of the electronic traceability system in 2022.</p> <p>By the end of 2022, 99% of fresh fruit bunches coming to our mills from all sources (nucleus, scheme and third-party), are traceable to plantation.</p> <p>We are also monitoring the volume of FFB coming from high risk area (area designated as forest) and pursue to increase the volume from lower risk area.</p> <p>We are also developing systems to include smallholder producers from which we source FFB to ensure that there is no new planting since 30 September 2020 in areas in which it is not legally permitted to do so by smallholders. Socialization and explanation on what NDPE policy means, especially the prohibition to clear any designated forest area according to Government Regulation and the consequences of Law evasion, is done by batches of smallholders in every area.</p>	Not applicable	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes	Volume from direct and indirect suppliers	<p>Traceability is done to the planted area using land survey form and ERP system. All of the planted area represent small patches or agriculture land that have been planted for generations, located in East Java. Our team are required to perform land survey about land condition, previous plants, etc. prior to planting edamame in the plantation lot. When the team deemed that the lot is suitable to be planted, the plantation lot will be recorded in manual and ERP system (lot unique number).</p> <p>By the end of 2021 we have developed an electronic IT system (mobile application and web) to further support the traceability system, called SIGAP and available in Google Play Store.</p> <p>In addition to reducing the use of papers, this application provides convenience for farmers and Field Supervisors to input data and carry out monitoring, thus speeding up the traceability process for edamame both in terms of quantity and quality.</p> <p>We have completed the implementation of the traceability system (SIGAP) in first quarter of 2022</p> <p>We will continue the development of this application in 2023 to the factory, to guarantee the protection of our food products for our customers, both domestic and international.</p>	Not applicable	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Palm oil	Plantation	Indonesia	99
Soy	Plantation	Indonesia	100

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes	99
Cattle products	<Not Applicable>	<Not Applicable>
Soy	No, but we plan to adopt a third-party certification scheme within the next two years	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Identity Preserved

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

8

Form of commodity

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Palm kernel meal (PKM)

Volume of production/ consumption certified

26621

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

In 2022 we produced 23,903 metric tons (MT) of crude palm oil (CPO), 1,052 MT of palm kernel oil (PKO) and 1,666 MT of palm kernel meal (PKM) in our Southwest Papua Palm Oil Units. Our Total Productions in all ANJ operations units are 275,769 CPO, 1,052 PKO and 1,666 PKM. Our palm oil production unit in Southwest Papua already certified using RSPO Identity Preserve (IP) system.

For those IP product, we sold the certificate of 22,300 MT of CPO, 675 MT of PKO and 825 MT of PKM. All product all sold using book and claim method.

The balance of certificate cannot be sold, as there is no buyer for the certificate. That progress are reported in the RSPO Annual Communication of Progress. In 2022, our palm oil unit in Southwest Papua is able to maintain our RSPO certification conducting regular internal audits and following up the audit results prior to the main surveillance audit by the third party.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

54

Form of commodity

Crude palm oil (CPO)

Other, please specify (Palm Kernel)

Volume of production/ consumption certified

181373

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Is embedded soy certified through this scheme?

<Not Applicable>

Please explain

In 2022 ANJ produced 275,769 metric tons (MT) of crude palm oil (CPO) and 55,011 MT of palm kernel (PK). From those productions, 148,829 MT of CPO and 32,543 MT of PK are produced by RSPO Mass Balance certified palm plantation units.

In 2022 we sold the certificate of 131,279 MT of CPO using the mass balance method and the certificate for 11,740 MT of CPO as book and claim method. For PK, we also sold 26,222 MT using the mass balance method.

The balance of certificate cannot be sold, as there is no buyer for the certificate. That progress are reported in the RSPO Annual Communication of Progress. In 2022 we are able to maintain our RSPO certifications in all locations that are already certified by conducting regular internal audits at each location and following up the audit results prior to the main surveillance audit by the third party.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Palm oil

Operational coverage

Direct operations

Supply chain

Description of control systems

Companies exercise control through:

1. Establish an internal system / procedure related to monitor the no conversion and / or deforestation commitment.
2. All suppliers, including FFB vendors, are required to show commitment to follow Company's Sustainability Policy.
3. All new sources of Fresh Fruit Bunches are assessed first prior to selling the FFB to the company mills. We implement a strict policy to reject new sources that originated from area designated for forest.
4. Carry out an internal audit to ensure that the prescribed procedures have been carried out.
5. Cooperate with relevant stakeholders to ensure negative issues can be minimized.

Monitoring and verification approach

Geospatial monitoring tool

Ground-based monitoring system

Community-based monitoring

First-party verification

Second-party verification

Third-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Retain & engage

% of non-compliant suppliers engaged

<Not Applicable>

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We set 2018 being the cut-off date for no conversion of forest and peatland commitments for scheme smallholders and 2020 being the cut-off date for no conversion of forest and peatland commitments for out-growers. Our policy is to not procure any fresh fruit bunches supply from areas which were converted and/or deforested after the above cut-off date. We monitor the compliance using the geo-spatial tools and system, including satellite data, and site verification for new suppliers that would like to become our suppliers. Our buyers and stakeholders also monitor this compliance real-time.

The control to monitor our direct operation and supply chain is continuous, in addition to the traceability recording using mobile application (eTIS), every new source of fruits will be verified with the designated area status and also by a ground inspection team to ensure that it is not in area designated as forest or newly opened land.

Through the control system that has been established, the results of non-conformities found are communicated to the supplier and known to the relevant stakeholders. Together with the supplier, an action plan for meeting the discrepancies found is determined. As most of the suppliers are smallholders and their planting is done more than 5 years ago, we emphasize the efforts to process the legality of their land according to Indonesian law. We assist them in processing the actions for this land legality according to the Law.

Forest risk commodity

Soy

Operational coverage

Direct operations

Supply chain

Description of control systems

Company exercise control through:

1. Establish an internal system / procedure related to ground survey to monitor the land condition, including ensuring that the land is previously used for plantation (not newly developed land).
2. All edamame farmers, are required to show commitment with the good agricultural policy.
3. We carry out an internal audit to ensure that the prescribed procedures have been carried out.
4. Cooperate with relevant stakeholders to ensure negative issues can be minimized

Monitoring and verification approach

Geospatial monitoring tool
 Ground-based monitoring system
 First-party verification
 Second-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Exclude

% of non-compliant suppliers engaged

<Not Applicable>

Procedures to address and resolve non-compliance with suppliers

Providing information on appropriate actions that can be taken to address non-compliance
 Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Please explain

Our edamame planted area is relatively small and located in East Java.
 We have internally verified that all edamame plantations are in areas that have been used as farm lands by the local communities in East Java for generations (generally ex-paddy field, tobacco and corn farms).
 We carry out the land verification process by overlaying the location of our land with a government map forest area and also visit the land directly to observe and record land condition using system application (SIGAP) (previous plant and pesticide, water availability, etc) Hence, there were no conversions from forests or forest areas occurring in these edamame plantation areas.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes, from both suppliers and owned/managed land	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	Yes, from suppliers	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Palm oil

Procedure to ensure legal compliance

We conduct several procedures as follow:

1. To ensure the managed area or the supply base does not from the forest area by overlaying with the Spatial Planning Map (Spatial Map). If the supply base comes from the forest area, we do not accept the vendor as our supplier.
2. We then collect legality information of the existing independent smallholders plantation area and afterwards collect the copy of legal document as supporting evidence. This process is ongoing process.
3. Continuous socialization regarding legal compliance and sustainability standards
4. We plan to work together with suppliers and stakeholders to improve the legal documentation for some existing independent smallholders.

Country/Area of origin

Indonesia

Law and/or mandatory standard(s)

ISPO

Other, please specify (Government Regulation No. 108/2015 on amendments to Government Regulation 28/2011 on the Management of Natural Reserve Areas and Conservation Areas; Presidential Decree No.32/1990 on the Management of Protected Areas)

Comment

The Company has a mechanism to update all Indonesia regulation related to forest area to ensure that the we comply with applicable regulations. We work together with Government Agency to supervise the implementation of regulation, including the special forces to supervise Law Implementation (Gakkum of KLH).

Soy

Procedure to ensure legal compliance

We ensure that the farmers we are partnering with in the form of joint operation have all legal document of land ownership. Our Team perform land survey about land condition, including previous plants and legality of land. As the soy type that we plan is edamame and it is planted by the smallholders on farms that have been cultivated for generations, the regulation related to deforestation is not relevant.

Country/Area of origin

Indonesia

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

We check the history of land use to ensure that the farm land does not have any pesticide residue (this is strict requirement of our export market) including previous plants and land legality. Also, we will need to ensure that we are signing a joint operation contract with the land owner, so that there will be no contest by other party. We carry out the land verification process by overlaying the location of our land with a government map forest area and also visit the land directly to observe and record land condition using system application (SIGAP) (previous plant and pesticide, water availability, etc) Hence, there were no conversions from forests or forest areas occurring in these edamame plantation areas.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Palm oil	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects Supporting smallholders to clarify and secure land tenure Prioritizing support for smallholders in high-risk deforestation regions Financial incentives for certified products	4182	Our Sustainability Policy requires protecting forest in our FFB sourcing contract with intermediaries. They cascade this information to all smallholders in their network. We also develop an electronic traceability system that will be used by our suppliers, drivers, and intermediaries to collect and provide a report regarding supply chain mapping. In some locations, we have started to provide agricultural input and chose certain area as pilot project to encourage best practice of agronomy (such as use of compost, softening hard pan area, etc.). Usually after farmers see the result of this best practice of agronomy, they will accept our advice for best agronomy practice. Some suppliers form cooperatives, for which we helped them to get bank financing. We also enter into management service contract (voluntary) to ensure their yield will as good as our own plantation yield. We also regularly hold farmers' day to improve knowledge of best agronomy practice, socialize our Sustainability Policy and practice and communicate and promote the benefit of being RSPO certified. Also, to promote Government's program of replanting for smallholders. As travel limitation due to pandemic is still effective in some regions and the fact that mobile phone and internet connection are improving we also started to introduce Facebook group for our smallholders. By using Facebook Group we are able to socialize our sustainable practices to the smallholders more frequent.
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects Paying higher prices linked to best agricultural practices	53	Our approach in the edamame business is full partnership (joint operation) with smallholders. We are providing capacity building through our field assistant and financial support through giving advances to plant the edamame crop. All plantation lot have a unique identification number and this unique ID will stay in the end product for traceability. We work through formation of farmers' group, the member of which should fill in the land use history and location geospatial map, before we select and sign the joint operation agreement. For new farmers we provide on the ground training through Sekolah Edamame (Edamame School), where we explain in details the agronomy approach in planting Edamame. After this training, we will provide technical assistant through our field assistant to supervise the practice of preparing the land, growing and planting the seeds and moving the seeds into the farm. A close supervision is done to ensure the plant got enough water, adequate fertilizer (We promote use of compost) and save from pest until the harvesting time (67-70 days).
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Palm oil

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping
Capacity building
Financial and commercial incentives

Details of engagement

Supplier questionnaires on environmental and social indicators
Developing or distributing supply chain mapping tool
Supplier audits
Offering on-site training and technical assistance
Disseminating technical materials
Organizing capacity building events
Investing in pilot projects
Paying higher prices linked to best agricultural practices
Financial incentives for certified products

Description of engagement

Because we solely operate in the upstream business of CPO production, the majority of our direct suppliers are cooperatives and agents, while the majority of our indirect suppliers are smallholders. The explanation below is the same as our explanation in working directly with smallholders as mentioned in point 6.7.

In 2022 we directly control the agricultural and financial practices of 13 direct suppliers as they are part of our scheme smallholders program. This suppliers form cooperatives and entered a contract with us (scheme), for which we helped them to get bank financing. We also enter into management service contract (voluntary) to ensure their yield will as good as our own plantation yield.

In addition, we also engage our independent direct suppliers through socialization. We conduct socialization periodically regarding to best management practice for suppliers. We also develop an electronic traceability system that will be use by our suppliers, drivers, and intermediaries to collect and provide a report regarding supply chain mapping. In some location we have started to provide agricultural input and chose certain area as pilot project to encourage best practice of agronomy (such as use of compost, softening hard pan area, etc.). Usually after farmers see the result of this best practice of agronomy, they will accept our advice for best agronomy practice.

We also regularly hold farmers' day to our smallholders as our indirect suppliers, to improve knowledge of best agronomy practice, socialize our Sustainability Policy and practice also communicate and promote the benefit of being RSPO certified. Also, to promote Government's program of replanting for smallholders.

% of suppliers engaged by procurement spend covered by engagement

100

Explain the impact of your engagement on the selected action

Through the implementation of traceability project, we established a set of procedures to verify new sources of FFB before the fruits can be accepted by our mills. The suppliers become aware of our standards regarding traceability and sustainability, and they are willing to follow our sustainability policy.

After the traceability implementation there is no new sources of FFB that do not comply with our sustainability standard.

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 1, Target 2 and Target 3)

Forest risk commodity

Soy

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Other, please specify (We work through formation of farmers' group, the member of which should fill in the land use history and location geospatial map)

Type of engagement

Supply chain mapping
Capacity building
Financial and commercial incentives

Details of engagement

Offering on-site training and technical assistance
Disseminating technical materials
Paying higher prices linked to best agricultural practices
Purchase guarantee linked to best agricultural practices

Description of engagement

In the edamame business, all of our direct suppliers amounting to 53 farmers are the smallholders explained in point 6.7. We are providing capacity building through our field assistant and financial support through giving credit to the 53 farmers. All plantation lot have a unique identification number and this unique ID will stay in the end product for traceability. We work through formation of farmers' group, the member of which should fill in the land use history and location geospatial map, before we select and sign the joint operation agreement. For new farmers we provide on the ground training through Sekolah Edamame (Edamame School), where we explain in details the agronomy approach in planting Edamame. After this training, we will provide technical assistant through

Our field assistant to supervise the practice of preparing the land, growing and planting the seeds and moving the seeds into the farm. A close supervision is done to ensure the plant got enough water, adequate fertilizer (We promote use of compost) and save from pest until the harvesting time (67-70 days).

% of suppliers engaged by procurement spend covered by engagement

100

Explain the impact of your engagement on the selected action

Before planting for Edamame, we have field inspection to ensure that the area is suitable for edamame production as seasonal crop, including ensuring that it is not from forest designated land or area with deforestation history. Therefore we are able to verify that all of our edamame production are Deforestation and Conversion free (DCF).

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Yes

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 4)

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Palm oil

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building

Details of engagement

Developing or distributing supply chain mapping tool

Supplier questionnaires on environmental and social indicators

On-site meetings with indirect suppliers

Offering on-site training and technical assistance

Disseminating technical materials

Participating in workshops

Description of engagement

We have collecting agents and brokers that collect the harvest from their smallholders. For these indirect suppliers we will need the assistance from the collecting agents and brokers to implement our sustainability tools.

We develop an electronic traceability system that will be used by our suppliers, drivers, and intermediaries to collect and provide a report regarding supply chain mapping. We train indirect suppliers to use the traceability system and we promote them to use the system regularly to understand any issues.

Our outreach regarding best agronomy practices and input or pilot projects have not reached the smallholders farmers through this distribution channel. Therefore we also regularly hold farmers' day and on-site training and technical assistance to our smallholders in some areas as our indirect suppliers to improve knowledge of best agronomy practice, socialize our Sustainability Policy and practices as well as communicate and promote the benefit of being RSPO certified. We also promote the Government's replanting program for smallholders.

In all of our operational locations we have created Facebook groups as a communication channel with smallholders. Our strategy is to use social media platform to connect with our smallholders and share our best agronomy and sustainable practices.

Explain the impact of your engagement on the selected action

By using an electronic system for traceability data, the cost of paper forms provided by our agents and intermediaries can be reduced.

By working together with our scheme smallholders to obtain RSPO certification, in 2022 we distributed certified palm oil sales premiums of approximately USD 44 thousand (IDR 637.6 million) to 1,008 smallholders in one cooperative in West Kalimantan and five cooperatives in Belitung that have obtained RSPO certification.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 1, Target 2 and Target 3)

Forest risk commodity

Soy

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building

Details of engagement

Developing or distributing supply chain mapping tool

Supplier questionnaires on environmental and social indicators

On-site meetings with indirect suppliers

Offering on-site training and technical assistance

Disseminating technical materials

Participating in workshops

Investing in pilot projects

Description of engagement

Our edamame business unit is founded on partnerships with local farmers. We carry out internal assessments/screening for all smallholders who want to partner with us, by means of direct interviews with the prospective farmers, as well as explaining the partnership model. If the prospective farmers are deemed capable, they must sign an integrity pact and cooperation contract with us. During the partnership, farmers or farmer groups will receive assistance and training to improve and maximize their yields and ensure they are committed to environmental protection.

Explain the impact of your engagement on the selected action

We have internally verified that all edamame plantations are in areas that have been used as farm lands by the local communities in East Java for generations (generally ex-paddy field, tobacco and corn farms).

We carry out the land verification process by overlaying the location of our land with a government map forest area and also visit the land directly to observe and record land condition using system application (SIGAP) (previous plant and pesticide, water availability, etc) Hence, there were no conversions from forests or forest areas occurring in these edamame plantation areas.

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s) (Target 4)

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

	Criteria for prioritizing landscapes/jurisdictions for engagement	Explain your process for prioritizing landscapes/jurisdictions for engagement
Row 1	Ability to contribute to/ build on existing landscape and/or jurisdictional approaches Company has operational presence in area Risk of deforestation, forests/land degradation, or conversion of other natural ecosystems Risk of fires	We engage in a landscape/jurisdictional approach called Essential Ecosystem Area (KEE) in Ketapang Regency. We have chosen this location because we have a palm oil plantation subsidiary operating in the area. Sustainability and conservation are a key focus in all our locations and we regularly engage with stakeholders such as governments, NGOs, and local communities, to work together to protect forests and biodiversity, and implement sustainable production approaches. Seeing that there were an opportunity and alignment of objectives between stakeholders to form a KEE in the area, we have decided to participate and commit to this initiative.

F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Landscape/Jurisdiction ID

LJ1

Country/Area

Indonesia

Name of landscape or jurisdiction area

Gunung Palung National Park, Mount Tarak Protected Forest and Sungai Putri Forest, located in Ketapang Regency, West Kalimantan Province.

Types of partners engaged in the initiative design and implementation

- Subnational government
- National civil society organization(s)
- Local communities
- International company(ies)
- National/local company(ies)

Type of engagement

- Convener: High level of engagement in set-up, design, management and implementation
- Partner: Shared responsibility in the implementation of multiple goals
- Funder: Provides full or partial financial support

Goals supported by engagement

- Improved rate of carbon sequestration (e.g., through restoration)
- Reduced emissions from land use change and/or agricultural production
- Avoided deforestation/conversion of natural ecosystems and/or decreased degradation rate
- Forest fires monitored and prevented
- Natural ecosystems conserved and/or restored
- Biodiversity protected and/or restored
- Decreased ecosystem degradation rate
- Implementation of livelihood activities/practices that reduce pressure on forests
- Reliable commodity traceability and landscape monitoring/data collection system(s)

Company actions supporting approach

- Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative
- Collaborate on management/land use planning in the landscape/jurisdiction
- Share spatial data and land management plans with other stakeholders in the landscape/jurisdiction

Description of engagement

Our company was highly involved in the initiation and formation of the Ecosystem Essential Area (KEE), by engaging with various parties to design and set the objectives of the initiative and developing action plans through a collaborative multi-stakeholder process. We also have a responsibility to facilitate security and patrol activities, lead initiatives for the reforestation of degraded areas and forest enrichment with animal feed trees, and carry out biodiversity monitoring and inventorying. These include providing financial support or funding for these activities, organized in collaboration with other parties. Meanwhile, the government provides advice on the implementation of activities and conducts outreach to the local community surrounding the area. Local communities and NGOs help carry out patrolling activities to help protect the area from activities that pose a threat to the KEE, including those that increase the risk of wildfire.

The management of the KEE has achieved significant results so far in the 12,912 Ha area. Since the initiative, there has been no land-use change and no wildfire incident occurring in the area. The initiative also contributes to the protection of the biodiversity of flora and fauna.

The ongoing involvement and support from stakeholders such as local governments and the surrounding community is evidence that the collaborative approach to managing the KEE has so far been a success.

Engagement start year

2017

Engagement end year

Not defined

Estimated investment over the project period (currency)

27975.33

Is a collective monitoring framework used to measure progress?

Yes, progress is collectively monitored using a shared external framework, please specify (Collaborative monitoring and evaluation by multi stakeholders such as BKSDA, Private Sector and NGO. The framework system that used are IDH SourceUp.)

State the achievements of your engagement so far, and how progress is monitored

Management activities, which included patrol, biodiversity monitoring, remote sensing by the GIS team, and fire prevention, were carried out with the parties participating in the KEE forum. The results of management activities showed that KEE was not damaged by activities, no wildlife conflicts, and no fires in 2022. The multi stakeholders involved in the KEE Forum work together to monitor and evaluate the program.

F6.10c

(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.

Indicate landscape/jurisdiction ID	Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume?	Commodity	% of total production/consumption volume from this landscape/jurisdiction
LJ1	No, we do not produce/consume from this landscape/jurisdiction	<Not Applicable>	<Not Applicable>

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Indonesia

Subnational area

Not applicable

Initiatives

UN Global Compact

Roundtable on Sustainable Palm Oil (RSPO)

International Sustainability & Carbon Certification (ISCC)

Other, please specify (Indonesian Sustainable Palm Oil Forum (FoKSBI), PONGO Alliance)

Please explain

We are a member of UN Global Compact team. Our Vice President Director and Director of Sustainability are actively involved in various RSPO task forces. ANJ is also actively involved in the RSPO Principle and Criteria 2023 Standard Review Task Group. We are also an active member of PONGO Alliance, an alliance of oil palm growers, businesses and NGOs, who jointly advocate for and support the conservation of orangutans and other wildlife within oil palm landscapes. As part of our RSPO involvement we are also a member of the Indonesian Growers Caucus, an industry platform representing the Indonesian palm oil industry in the RSPO. We also engage with policymakers and local governments, local communities, as well as NGOs (e.g. Yayasan Konservasi Indonesia, Tropenbos) on issues that have an impact on forest-related issues in several of our area of operations.

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Engaging with communities

Country/Area

Indonesia

Subnational area

Please specify (East Java)

Initiatives

<Not Applicable>

Please explain

We engage with local communities, mostly with the smallholder farmers, including on environmental aspects, which is vital to the survival and development of the edamame business as we plant the edamame in their land.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Reforestation

Expected benefits of project

Compliance with certification

Compliance with regulation

Contribution to net zero goals

Improvement of water availability and quality

Improvement to sustainability of production practices

Restoration of natural ecosystem(s)

Is this project originating any carbon credits?

No

Description of project

The primary motivation for this project is to comply with RSPO certification but also we are doing beyond the requirements. We are doing reforestation of river buffer, biodiversity inventory, development of jungle track and monitoring of replanting project, based on the Review of Management and Monitoring HCV/Conservation Area. The Company allocated minimum 50 meters on both sides of the riverbank as a river buffer area. The river buffer was planted with forest and fruit trees. Jungle track has been developed in conservation area, that can be used to monitor the conservation area. The reforestation is done as part of our replanting program. Biodiversity inventory is done nationally as our corporate program

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2018

Target year

2030

Project area to date (Hectares)

273.15

Project area in the target year (Hectares)

545.79

Country/Area

Indonesia

Latitude

1.47

Longitude

99.96

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

8432

For which of your expected benefits are you monitoring progress?

- Compliance with certification
- Compliance with regulation
- Contribution to net zero goals
- Improvement of water availability and quality
- Improvement to sustainability of production practice
- Restoration of natural ecosystem(s)

Please explain

This project aims to restore the function of the river ecosystem to ensure availability of water catchment areas, minimizing the contamination of agricultural chemical in the water sources and prevent erosion, as well as to enrich the wildlife food trees in our estate in ANJ Agri Binanga in North Sumatera, We start doing the restoration as part of our replanting program, in total there are more than 3,162 seedling of fruit and forest trees (around 31 Ha) were planted in 2022. Similar project is done in Belitung during its replanting program.

Project reference

Project 2

Project type

Reforestation

Expected benefits of project

- Compliance with certification
- Contribution to net zero goals
- Disaster risk reduction
- Improvement of water availability and quality
- Increase in carbon sequestration
- Reduce/halt biodiversity loss
- Restoration of natural ecosystem(s)

Is this project originating any carbon credits?

No

Description of project

We are doing reforestation of open are within our conservation, river buffer, and steep slope area with forest and fruit trees, based on the Review of Management and Monitoring HCV/Conservation Area. The Company allocated minimum 50 meters on both sides of the riverbank as a river buffer area. Our reforestation program also engages schoolchildren in the surrounding community to increase their awareness of the importance of the forests.

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2018

Target year

2023

Project area to date (Hectares)

123.3

Project area in the target year (Hectares)

141.63

Country/Area

Indonesia

Latitude

1.29

Longitude

99.58

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

1467

For which of your expected benefits are you monitoring progress?

- Compliance with certification
- Contribution to net zero goals
- Disaster risk reduction
- Improvement of water availability and quality
- Increase in carbon sequestration
- Reduce/halt biodiversity loss
- Restoration of natural ecosystem(s)

Please explain

This project aims to restore the function of the river ecosystem to ensure availability of water catchment areas, minimizing the contamination of agricultural chemical in the water sources and prevent erosion, as well as to enrich the wildlife food trees in our conservation area in Siais, North Sumatra. We start doing the restoration as part of our replanting program, in total there are more than 550 seedling of fruit and forest trees such as Pomelia pinnata, Ficus sp., and Macaranga sp. were planted in 2022 with total area of (around 5,5 Ha).

Project reference

Project 3

Project type

Reforestation

Expected benefits of project

- Compliance with certification
- Compliance with regulation
- Contribution to net zero goals
- Improvement of water availability and quality
- Improvement to sustainability of production practices
- Restoration of natural ecosystem(s)

Is this project originating any carbon credits?

No

Description of project

The primary motivation for this project is to comply with RSPO certification but also we are doing beyond the requirements. Reforestation of river buffer and spring buffer, biodiversity inventory and monitoring of replanting project. The Company allocated a minimum of 50 meters on both sides of the riverbank as a river buffer area. The river buffer was planted with forest and fruit plants. The reforestation is done as part of our replanting program. Biodiversity inventory is carried out nationally as a corporate program.

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2015

Target year

2030

Project area to date (Hectares)

43.54

Project area in the target year (Hectares)

214.57

Country/Area

Indonesia

Latitude

-2.88

Longitude

107.97

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

4000

For which of your expected benefits are you monitoring progress?

- Compliance with certification
- Compliance with regulation
- Contribution to net zero goals

Improvement of water availability and quality
Improvement to sustainability of production practice
Restoration of natural ecosystem(s)

Please explain

This project aims to restore the function of the river ecosystem to ensure availability of water catchment areas and prevent erosion, as well as to enrich the wildlife food trees in our estate in Sahabat Mewah dan Makmur in Bangka Belitung. We start doing the restoration as part of our replanting program. In total there are more than 1,500 seedling (around 16 ha) of fruit and forest trees were planted in 2022.

Project reference

Project 4

Project type

Set aside land

Expected benefits of project

Contribution to net zero goals
Increase in carbon sequestration
More inclusive, transparent, and empowering governance processes
Reduce/halt biodiversity loss
Reduction of GHG emissions
Restoration of natural ecosystem(s)

Is this project originating any carbon credits?

No

Description of project

HCS Recovery area in Southwest Papua provided as fulfillment of our voluntary commitment stated during the Re-entry Protocol to our Buyers.

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2020

Target year

Indefinitely

Project area to date (Hectares)

3518

Project area in the target year (Hectares)

3518

Country/Area

Indonesia

Latitude

-1.51

Longitude

132.29

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

24330

For which of your expected benefits are you monitoring progress?

More inclusive, transparent, and empowering governance processes
Restoration of natural ecosystem(s)

Please explain

We have set aside this area as HCS Recovery Area. Our efforts include clarifying the border of this HCS Recovery Area, socialization to local communities on why a HCS Recovery Area is important to keep the natural habitat, monitoring and patrolling the area, documenting biodiversity and preparing this area for research purpose.

In 2021, we engaged the South Sorong and Maybrat Regencies to get their support for the management of the HCS Recovery Area. We have obtained formal support from the South Sorong Regency and from Maybrat Regency in 2022. We also involve local communities from villages around the HCS Recovery Area. In 2022, we have received support from Sumano and Benawa Village to jointly maintain and manage the HCS Recovery Area. We are also exploring to work together with the provincial agency of Natural Resources Conservation.

To clearly mark the boundaries of the HCS Recovery Area, we have installed boundary markers around it. To date, 160 boundary markers have been installed out of the planned 280 that should be placed. In 2021 we have reforested clear area in HCS Recovery Site. In 2022 we regularly monitored the Biodiversity in the HCS area, include monitoring of plant that we have planted.

Project reference

Project 5

Project type

Set aside land

Expected benefits of project

Contribution to net zero goals
Contribution to SBTi target(s)
Creation of green jobs and sustainable livelihoods
Increase in carbon sequestration

Reduce/halt biodiversity loss
Reduction of GHG emissions

Is this project originating any carbon credits?

No

Description of project

These areas are set aside for conservation for the purpose of carbon sequestration. We initially set aside the land to comply with RSPO certification and then planned to use the set aside land for potential carbon related activities.

Where is the project taking place in relation to your value chain?

Project based in area with direct operations

Start year

2021

Target year

Indefinitely

Project area to date (Hectares)

70000

Project area in the target year (Hectares)

70000

Country/Area

Indonesia

Latitude

-1.44

Longitude

132.31

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

46571

For which of your expected benefits are you monitoring progress?

Increase in carbon sequestration
Reduce/halt biodiversity loss
Reduction of GHG emissions

Please explain

This area is within the legal land right of our plantation in Southwest Papua. We have set aside this area for the purpose of carbon sequestration and potential creation of green jobs for this area to maintain itself. In addition to the return to investor, the financial result will be used to provide livelihood projects to the communities surrounding the area to ensure that there will be no leakage.

Project reference

Project 6

Project type

Reforestation

Expected benefits of project

Compliance with regulation

Is this project originating any carbon credits?

No

Description of project

Planting of the area is carried out as part of the requirements to obtain land borrow-use permit from the Ministry of Environment and Forestry

Where is the project taking place in relation to your value chain?

Project based elsewhere

Start year

2021

Target year

2022

Project area to date (Hectares)

13

Project area in the target year (Hectares)

13

Country/Area

Indonesia

Latitude

-0.53

Longitude

134.02

Monitoring frequency

Six-monthly or more frequently

Total investment over the project period (currency)

23062

For which of your expected benefits are you monitoring progress?

Compliance with regulation

Please explain

Planting has been carried out in 2021 in production forest areas where the lands are not forested. The condition of the plants checked in 2022. Upon verification that all requirements have been met, a handover will be carried out with the Ministry of Environment and Forestry with statements that our obligations have been completed.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

No, we are waiting for more mature verification standards/processes

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**Forest risk commodity**

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Land tenure and insecure property rights issues in sourcing regions

Comment

The independent smallholders and growers supplying the Fresh Fruit Bunches ("FFB") to our mills consist of local communities that have diverse background in terms of customs and practices, level of education level, level of income and other demographic attributes. The communication and outreach initiatives need to be tailored and adapted to local customs, using communication material that is easily understood. In areas where a long presence of oil palm plantation existed, the supply chain of palm oil production plays a role in shaping the livelihood of the community. As the population increases, the land becomes scarce and generally the smallholders started opening the nearby forest to cultivate oil palm, even though by regulation it is forbidden.

Within our traceability program we tracked the source of the FFB supplied to our mills from external parties, and we have a policy that we will not accept FFB from newly opened plantations located in forest areas. The complexity is for independent growers who have historically developed the plantations within forest area. We can not just stop the purchase from them as in some cases ours is the only mill within economic distance. However, our policy is clear to not accept FFB from newly opened plantations located in a forest area. With all the communication and outreach initiatives we have put in place, strict policy implementation, as well as a robust traceability system, we have been able to minimize forest conversion in our surrounding concessions.

Forest risk commodity

Soy

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Inexistent or immature certification standards

Comment

Our products of edamame, a novel type of soy, cannot fit into the standard of soy growers

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Palm oil

Coverage

Direct operations
Supply chain
Other parts of the value chain

Main measure

Investment in monitoring tools and traceability systems

Comment

In areas with long presence of palm oil industry, the livelihood of the community mostly depends on the supply chain of palm oil production. In our plantation with plasma scheme, we manage the area allocated for community cooperatives with the same agronomy and sustainability standard with our nucleus plantation. Some of the community members also cultivated palm oil in their private land or community land. As the first step to ensure our supply chains are inline with our sustainability practices, we launched Traceability Project since 2019 with main objective to identify all community farmers and collectors supplying Fresh Fruit Bunch to our mill, the location, district, the status of the land, the cooperatives and the amount of supply from each plantation area to our Mill. In late 2020 we invested in developing internally our digital system for traceability (ANJ e-trace) monitoring tool using a Geographical Information System technology and digital mobile and web application using handheld gadget and web browser. We have completed 100% mapping of our independent smallholders and currently implementing the phase of ANJ e-traceability system in one of our Mill in Belitung island, West Kalimantan and North Sumatra, and the application system is already launched in Android playstore to be used by our supply chain players. The technology that we chose should be user friendly, cost efficient and effective. We have developed the QR system for this purpose.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Greater stakeholder engagement and collaboration

Comment

Engagement and more in-depth socialization on the benefit of our traceability program to the smallholders should be promoted. The traceability system can be used to identify quality issue and productivity enhancement efforts to the smallholder's farmer. There are many programs that can be developed for them to increase their land productivity.

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Development of certification and sustainability standards

Comment

Currently there is no standard for sustainable Edamame product yet.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

There is no additional information or context

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	President Director (CEO)	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms