



# TACKLING CLIMATE CHANGE

THROUGH RESPONSIBLE DEVELOPMENT

# CONTENTS



## PROLOGUE

<b>PROLOGUE</b>	<b>1</b>
About This Report	2
About ANJ Group	3
Sustainability Performance Highlights 2021 (Compared to 2020)	4



## OUR SUSTAINABILITY COMMITMENTS

<b>OUR SUSTAINABILITY COMMITMENTS</b>	<b>6</b>
Message from the CEO	8
Our Values and Sustainability Policy	13
Our Governance	16
Stakeholder Engagement	20
Our Sustainability Impacts and Material Topics	21
Our Strategic Priorities and Commitments	23



## PROSPERITY

<b>PROSPERITY</b>	<b>25</b>
Prosperity and Inclusive Growth	26
Economic Performance and Impacts	27
Sustainable Production and Supply Chain Practices	30
Inclusive Growth	34



## PLANET

<b>PLANET</b>	<b>40</b>
Tackling Climate Change: Working Towards Carbon Neutrality	42
Our Climate Initiatives and Innovations	45
Reducing Emissions and Energy Management	45
Waste Management	55
Water Management	60
Protecting Nature	65
Conservation and Biodiversity Protection	65
Protecting Forests and Peatlands	73



## PEOPLE

<b>PEOPLE</b>	<b>76</b>
Promoting A Positive Working Environment and Local Community Empowerment	78
Positive Working Environment	79
Our Employees	79
Safe and Healthy Workplace	81
Employee Development and Training	87
Diversity and Women's Empowerment	92
Protection of Labor Rights and Abolition of Child Labor	96
Community Involvement and Development	97
Managing Our Impacts	97



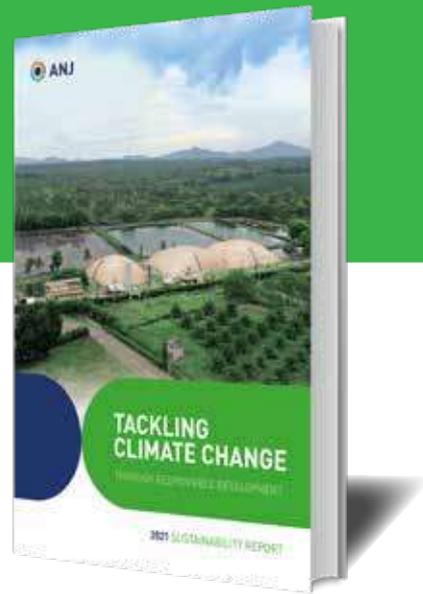
## APPENDIX

<b>APPENDIX</b>	<b>104</b>
Independent Assurance Opinion Statement	106
GRI Content Index	111
Cross-Reference to SDGs	115
POJK 51 Index	116
Notes on Methods and Conversion Factors	118
Feedback Form	121
Abbreviations	123

# 2021

## SUSTAINABILITY REPORT

### TACKLING CLIMATE CHANGE THROUGH RESPONSIBLE DEVELOPMENT



Following the challenges of 2020, the success that we experienced in 2021 was a welcomed change. Strategic planning and good management decisions are paying off, as well as efforts to focus our operations and improve efficiency. Although trade is yet to reach pre-pandemic levels, the unique supply and demand conditions of 2021 favored our operations, allowing the Company to make record-breaking achievements.

Despite the achievements of the past year, we will not allow for the resumption of trade and the high CPO prices to increase ANJ's impact on our planet. We recognize that human-induced climate change is already being felt around the globe as extreme weather events, such as floods, droughts and high temperatures, impact people and their livelihoods. We recognize that agricultural expansion is part of the problem, but responsible companies, like ANJ, can also be a big part of the solution. This year we have intensified efforts to minimize our carbon footprint and be a driver of change in the palm oil industry, towards more sustainable and climate-neutral production. In 2021, we committed to integrating ESG more definitively into our existing business strategy. As a result, we have set ambitious sustainability targets, including achieving Net-Zero Emissions by 2030, which is 30 years ahead of the national target pledged by the government. This may seem ambitious for a palm oil company, but we believe that the benefits of our innovative emissions reduction initiatives are already showing great promise for a carbon-neutral future.

Our research and development team continues to work hard in improving efficiencies and developing new initiatives to mitigate climate change impacts and build the resilience of our operations. Our ongoing projects to reduce GHG emissions, such as more composting and less inorganic fertilizer, fertigation and the recycling of biomass feedstock, continue to yield positive results and lower costs. Our multi-faceted approach to net-zero includes maintaining healthy ecosystems such as waterways and peatlands, and our large areas of High Conservation Value Forest, which play a crucial role in carbon sequestration. We monitor the species in these ecosystems through our innovative citizen science led project called Pendaki, or 'Care for Nature'.

As an industry that produces an essential commodity such as palm oil, we all need to work together to ensure that we adopt new business models which do not transgress the safe operating limits of the earth system's planetary boundaries. ANJ welcomes this challenge, responsible development is at the core of our values, and our people continue to prove that they are committed to going beyond compliance to make our company one that not only mitigates our climate impact but actively tackles the current climate crisis.

## ABOUT THIS REPORT

This is the sixth annual Sustainability Report of PT Austindo Nusantara Jaya Tbk (ANJ), which discloses our economic, social, and environmental performance. This report, published in May 2022 along with our Annual Report, has been prepared in accordance with the GRI Standards for the period from 1 January 2021 to 31 December 2021. It covers all business entities of the ANJ Group contained in our consolidated financial statements, as listed below. [2-2, 2-3]

**Table 01. Entities included in the report (2-2)**

Subsidiary	Location	Type of Business
PT. Austindo Nusantara Jaya Tbk.	Jakarta	Holding company, palm oil production
PT. Austindo Nusantara Jaya Agri (ANJA)	North Sumatra	Palm oil production
PT. Austindo Nusantara Jaya Agri Siais (ANJAS)	North Sumatra	Palm oil production
PT. Sahabat Mewah dan Makmur (SMM)	Bangka Belitung	Palm oil production
PT. Kayung Agro Lestari (KAL)	West Kalimantan	Palm oil production
PT. Galempa Sejahtera Bersama (GSB)	South Sumatra	Palm oil production
PT. Putera Manunggal Perkasa (PMP)	West Papua	Palm oil production
PT. Permata Putera Mandiri (PPM)	West Papua	Palm oil production
PT. ANJ Agri Papua (ANJAP)	West Papua	Sago starch production
PT. Gading Mas Indonesia Teguh (GMIT)	East Java	Vegetables
PT. Austindo Aufwind New Energy (AANE)	Bangka Belitung	Renewable energy

Some information has been restated due to changes in how information is presented, modifications of measurement methods and assumptions, or improved data gathering. Restatement and any implications will be acknowledged in the respective specific disclosures. There are no significant changes to our organization, core business, value chain, and other business relationships from our previous report. [2-4, 2-6]

We have a policy to seek independent external assurance of our report to improve the credibility of its contents and ensure that standards have been properly met. TUV Rheinland has been selected and approved by our Board of Directors to provide Type 2 Moderate Level of Assurance using AA1000 Assurance Standard (2008) under the 2018 Addendum. TUV Rheinland is an independent party that applies unequivocal impartiality, expertise, and professionalism throughout the assurance process. Further information about the assurance and its full statement report is available on pages 106 –110. [2-5]

The Global Reporting Initiative (GRI) content index, which specifies each of the GRI Standards used and lists all disclosures included in the report, is presented in the Appendix to this report. Should any questions regarding the content of this report arise, please contact our Corporate Communications Department at [anj.corcomm@anj-group.com](mailto:anj.corcomm@anj-group.com). [2-3]

# ABOUT ANJ GROUP

(2-1, 2-6)

PT. Austindo Nusantara Jaya Tbk. (ANJ) is an agribusiness company based in Indonesia that aspires to be a world-class agribusiness-based food company that elevates the lives of people and nature. Founded in April 1993 as PT. Austindo Teguh Jaya, the Company adopted its current name in 1998 and became a public company in 2013.

We engage both directly and through subsidiaries in the production and sale of crude palm oil (CPO), palm kernel (PK), palm kernel oil (PKO), and other food crops such as sago and edamame. We also have a renewable energy unit that produces electricity from biogas to power one of our plantations in Bangka Belitung and supplies the State Electricity Company (PLN) as an Independent Power Producer. We are located in North Sumatra, South Sumatra, Bangka Belitung, West Kalimantan, West Papua, and East Java. Our head office sits in Jakarta.

Our palm oil business unit, currently representing 99% of our revenues, integrates the cultivation and harvesting of fresh fruit bunches (FFB) from our oil palm plantations; processing CPO, PK, and PKO; and selling these products. Our oil palm supply chain incorporates several external parties, including independent farmers and cooperatives, from whom we purchase additional palm fruit for processing at all our mills. The CPO, PK and PKO are either sold directly to both domestic and foreign companies for further processing into derivative products or are sold to agents and distributors.

We pioneered Indonesia's first commercial-scale natural sago harvesting and processing operation in South Sorong, West Papua, through our subsidiary that manages a 40,000-hectare concession. The natural sago is harvested from land owned by villagers under customary rights who receive payment for every sago log harvested. We process these logs at our sago mill to produce dry sago starch, which is mainly sold to the domestic food industry but is also available for purchase by consumers under our retail brand called Sapapua®. We are exploring the export market and have sent samples of our sago products to Japan in 2021.

Since 2015, we have been producing fresh and frozen edamame at our subsidiary in East Java that serves both domestic and export markets. Aside from edamame, we have started to develop other vegetables, such as okra. The edamame and okra are cultivated and supplied by local smallholder farmers. Our frozen edamame retail brand is called Edashi.

## Company Name

**PT Austindo Nusantara Jaya Tbk.**



### Head Office

**BTPN Tower, 40th Floor**  
**Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6**  
**Jakarta 12950**  
**Telephone: (62-21) 2965 1777**  
**Fax: (62-21) 2965 1788**



### Date of Establishment

**April 16, 1993**



### Business Activity

Trading, services and operations related to palm oil plantation and processing, as well as trading of palm oil products, sago harvesting and processing, vegetable production and processing (edamame), and renewable energy business.



### Products and Services

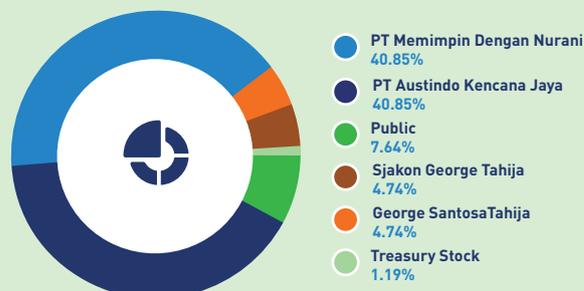
Crude Palm Oil (CPO), Palm Kernel (PK) and Palm Kernel Oil (PKO), Sago, Vegetable (Edamame), and Renewable Energy from Palm Oil Waste.



### Legal Form

- Publicly listed company, listed on the Indonesia Stock Exchange (IDX) since 2013 under the stock code ANJT.
- KBLI Code 01262 (Palm Oil) "Green" category under the Indonesian Green Taxonomy Edition 1.0 (2022), as all operating estates have obtained ISPO and RSPO certification.

### Share Ownership as per 31 December 2021



### Website and social media

[www.anj-group.com](http://www.anj-group.com) [anjgroup.id](https://www.facebook.com/anjgroup.id) [anjgroup.id](https://www.instagram.com/anjgroup.id)

# SUSTAINABILITY PERFORMANCE HIGHLIGHTS 2021 (COMPARED TO 2020)

## PROSPERITY



REVENUE  
(Million USD)

**267** <sup>↑</sup> 62.6%



NET PROFIT  
(Million USD)

**39.7** <sup>↑</sup> 1,695%



## PEOPLE



AVERAGE TRAINING  
HOURS PER EMPLOYEE  
(hours)

**5.8** <sup>↑</sup> 6%



TOTAL PLANTED  
AREA

**50,042** Ha



## PLANET



### NET GHG EMISSION INTENSITY

[TonCO<sub>2</sub>eq/Ton CPO]

**1.25**  **35%**



### WATER INTENSITY

[M<sup>3</sup>/Ton FFB]

**1.09**  **6.0%**



**100%**

of our palm producing plantations are RSPO and ISPO certified.



**60%**

**40%**

of our CPO sales and of our Palm Kernel sales are certified sustainable palm oil by RSPO.



### TOTAL CONSERVATION AREA

**60,985** Ha





SUSTAINALYTICS ESG  
RATING SCORE

**26.1**  
(MEDIUM RISK)



SPOTT SCORE

**82.9%**   
14.7



CDP FOREST SCORE  
PALM OIL

**A-**



CDP WATER SCORE

**B**





# OUR SUSTAINABILITY COMMITMENTS

# MESSAGE FROM OUR CEO (2-22)

**Our recent performance amid challenging times is strong evidence that a sustainable business model built on the triple bottom line creates a more profitable and successful business. As we implement initiatives to mitigate climate change risk and meet emission reduction targets, it has become increasingly evident to us that climate-smart is also business-smart and that operating sustainably is commercially viable.**

## Dear Stakeholders,

I am pleased to share ANJ's 2021 Sustainability Report through which we voluntarily disclose our sustainability performance over the reporting period, covering the health, safety, environmental, community, and economic aspects of our operations in oil palm, sago, vegetables, and renewable energy. This report details our responsible development approach to operating sustainably in landscapes where our core aim is positive outcomes for people, the planet, and the economy. I will update you on our performance, achievements, and challenges in responsible development over the past year.

This year was marked, not only by the ongoing COVID-19 pandemic, but also by numerous extreme weather events from floods to fires, and record-breaking temperatures.

These events serve as a powerful reminder that anthropogenic climate change is a reality and that we must all act now to limit global heating by transitioning to net-zero emissions by 2050. As the United Nations Intergovernmental Panel on Climate Change (IPCC) warns, on the release of its 6th Assessment Report on 28 February 2022, the stakes have never been higher for people, ecosystems, and the planet; climate change is a threat to humanity. As a responsible business, we have an important role to play in lowering the risks of climate change.

Over the past year we have placed a greater emphasis on our ESG journey and ambitions, and ensuring full integration into business strategy. While many of ANJ's



**Lucas Kurniawan**

President Director

climate change initiatives, for example, were started in 2014, they lacked alignment with other divisions and were conducted in a purely operational way. This shift in focus will allow for a more articulate and time-bound narrative on the material topics, which are underpinned by our ESG ambitions. In highlighting these ambitions, the Company has recognized the need to quantify our impact to measure our progress towards achieving targets.

As an industry, agribusiness is highly dependent on finite environmental resources. Our approach to sustainable development is called Responsible Development and ensures that we meet the needs of the present without compromising the needs of future generations. At ANJ,

Responsible Development is founded on three pillars, People (Human wellbeing), Planet (Stewardship of the natural environment) and Prosperity (Long-term economic viability). Together these pillars form our triple bottom line for delivering sustainable outcomes for people, the environment, and the economy. Our recent performance amid challenging times is strong evidence that a sustainable business model, built on the triple bottom line, creates a more profitable and successful business. As we implement initiatives to mitigate climate change risk and meet emission reduction targets, it has become increasingly evident to us that climate-smart is also business-smart and that operating sustainably is commercially viable.

ANJ's subsidiaries span the Indonesian archipelago, across different geographies, many of which are in remote areas. This brings with it challenges; the approach to implementing responsible development must be tailored to the specific location. In 2021, we saw the continued success of our savings and transport cooperatives in West Papua. The associated convenience store which has also played a very important role in improving the local economy by 'rationalizing' the price of staple commodities. Across our palm oil operations, the Plasma and smallholder cooperatives fared well, bringing record profits to the communities involved.

In all of our locations, ANJ strives to contribute to the community through the provision of employment and livelihood programs, as well as access to education and healthcare. We strive to empower people by enabling individuals to realize their true potential and provide them with the skills to improve their lives whilst ensuring a sustainable future for generations to come.

## Strategies

We review and refine our sustainability commitments regularly to adapt to the ever-changing sustainability landscape. Throughout 2021 we upheld our Sustainability Policy, which forms the basis for the Company's commitments to minimizing social and environmental impacts. The RSPO guiding principles of Corporate and Social Responsibility; Transparency; and No Deforestation, No Peat, and No Exploitation (NDPE) are interwoven throughout the Policy, and consideration of the 17 Sustainable Development Goals forms the basis of the Policy.

Although we have made no changes to our Sustainability Policy this year, we revisited our material topics through a facilitated process to ensure that they were still relevant. We have responded to the climate emergency by identifying our GHG emissions and carbon footprint as the highest material risk. This has resulted in further intensification of our commitments to climate change mitigation through setting the ambitious time-bound targets of achieving Net-Zero Emissions by 2030, increasing our renewable energy portfolio to above 60%, and reducing our GHG intensity by 30% and fossil fuel dependence by 20% from the baseline year of 2015 by 2030 and 2025, respectively.

In 2021, we were encouraged by our improved ESG performance, as measured by SPOTT and CDP. Our SPOTT rating increased by 14.7 points from 2020 and

our CDP score for palm oil also saw an improvement from a B- in 2020 to A- in 2021. The CDP assessment went beyond palm oil, seeing both soy (GMIT) and the Group-wide water management receiving a B. This year, we also engaged with Sustainalytics for the first time and received a very good initial ESG performance score of 26.1 (Medium Risk). Of course, sustainability performance is not determined by external recognition alone. Rather, we use the experience as an indicator of our progress and areas in which we can improve.

## Responsible Development Highlights

Many of our ESG and sustainability initiatives and commitments are underpinned by our Responsible Development projects. Throughout 2021, the vast majority of our ongoing responsible development projects saw continued growth. This year, our focus was on redefining our goals and setting more ambitious targets for the future. Therefore, only a handful of new programs were introduced.

We are acutely aware of the materiality of mitigating climate change risk, and we have committed to reduce our operational emissions. Our extensive composting and fertigation initiatives enable us to reduce our GHG emissions while also improving yields and production, and, importantly, lead to significant cost-savings. Predictions from our research and development team have determined that the improved soil condition and yields resulting from composting and fertigation could support a 50% reduction in inorganic fertilizer use in coming years, which would ultimately see a significant reduction in operational costs, as well as a further reduction in GHG emissions. In addressing climate change risks sooner rather than later, ANJ is directly strengthening its sustainability as a profitable business and prolonging its lifespan as a producer of palm oil and other products.

Supply chain traceability is material for the business and integral to our operations. This year we have achieved more than 98.5% traceability of our FFB from third party sources, which is a remarkable achievement. This process was completed in July 2021, well ahead of the September 2021 target. In keeping with our Sustainability Policy, we refuse new sources of FFB from forest areas and socialize our no-deforestation policies to our supply chain. In 2021 we established a new function aimed at enhancing smallholder knowledge and skills by engaging and educating farmers on social and environmental best practices, which includes a total ban on forced or child labor.

Certification is an excellent means of demonstrating to external stakeholders that we are committed to sustainable practices on the ground. In December 2021, we were pleased to receive RSPO and ISPO certification for our producing estates and Plasma in West Papua, thus achieving universal RSPO and ISPO certification at our operating locations. Further positive news for smallholders came with one Plasma at KAL recording profit, and two of the three in KAL receiving RSPO certification. At SMM, five of eight smallholder Kemitraan cooperatives have received RSPO certification. In early 2021, ANJ distributed the premium from RSPO, which is a significant additional income for the Plasma smallholders. In April 2022, ANJ will distribute the additional income from the 2021 RSPO premium. We aim to have all Kemitraan, and Plasma RSPO-certified by 2025. By 2030, we hope to extend this to all smallholders with whom ANJ has a working relationship.

The protection of forests and biodiversity has long been a prominent aspect of our Sustainability Policy. We continue to maintain and manage our HCV areas across all subsidiaries and protect them from encroachment. Since 2020, we have invested heavily in fire prevention through improving management infrastructure and capacity training. The Phase 1 Forest Fire Infrastructure was completed in January 2022, whilst Phase 2 commenced at the end of 2021, and Phase 3 is expected to commence in the second half of 2022. Our aim to engage the workforce in protecting biodiversity in our HCVs and planted areas resulted in the Pendaki system, or Care for Biodiversity, the citizen science-based Responsible Development project, which was initiated in 2019. Pendaki continues to go from strength to strength. To date, over 40,000 observations have been collected by the employees and contractors - an incredible achievement. In 2021, an external expert review of Pendaki concluded that it is a cutting-edge program, through which ANJ has demonstrated its commitment to making biodiversity observations and data collecting a fundamental part of the day-to-day Company operations.

The end of the year saw both SMM and ANJA receive the Gold PROPER award from the Ministry of Environment and Forestry - a most sought-after recognition of both sustainable environmental practices and social innovation. At SMM, our on-site team worked with the local community to initiate a ground-breaking floating paddy program. Not only has this program increased agricultural productivity, thereby improving the local economy, it has also reduced the environmental impact of rice farming and has established a means of production that can withstand the future of more extreme, climate-change-induced, weather phenomena.

This year, the Company invested more in collaborative projects, particularly with local governments. Our program in Belitung is a great example of this, wherein the local government signed an MOU acknowledging the opportunities that ANJ's presence brings to develop the region. In West Papua, despite ongoing challenges in implementing the education program due to the restrictions posed by the COVID-19 pandemic, ANJ welcomed the local government to visit our operations and initiate discussions regarding future collaboration in both the education program and the development of conservation areas. A critical driver of establishing these relationships was that our general managers of operations have become more attuned to their responsibility to address social issues and put relationships as a priority, rather than solely focusing on operational matters.

In KAL, our Desa Mandiri project, which aims to improve the socioeconomic status of local communities and their villages so that they can prosper independently, continued to progress in 2021. During the year, an additional village attained 'Mandiri' status, leaving only one village from the original three without this status. This final village, however, has shown great development in the past year which gives us hope that its recognition as an independent village is on the horizon.

An essential element of our sustainability policy is respecting and upholding the human rights of our employees and the communities with whom we work. All of our employees, with an emphasis on security staff, have received human rights training. This year, ANJ took the next step in its human rights commitments and signed the UN Global Compact as well as the UN Women Empowerment Principles. We also ensure that our grievance mechanism is monitored and functioning optimally so that any complaints are promptly addressed.

Another very important element of our responsible development ethos is promoting gender equality and empowering women, particularly through the gender committees which are established in all estates. As of 2021, the gender committee has realized the need to also protect children. Our West Papua gender committee has been very active in the past year where there are specific challenges related to gender and child protection issues.

This year, our health program proved both its significance and efficacy for our staff and communities. ANJ invested greatly in our health programs this year to manage the COVID-19 pandemic. The highlight of our health program this year was our vaccine drive. By year-end, 93% of our employees received full primary COVID-19 vaccines

(double-vaccinated). While much of the health and safety focus was placed upon mitigating the risk of COVID-19, we maintained an unwavering focus on the day-to-day safety of individuals working at our operations. I am pleased to report that we had no fatal work accidents in 2021, but we still have work to do on improving the health and safety culture at estates.

## Moving Forward

As the year comes to an end, we have identified the steps that our Company must take to drive our sustainability message and achieve our ambitious targets. A key takeaway from our annual review is that a jurisdictional approach to responsible development must be deployed in all of our operating areas. Working in collaboration with partners and the local government is essential to building our capacity to make a lasting change.

As we strive to meet our targets, we must research and apply appropriate means of quantifying our impact. Articulating our ambitions in our areas of operation is a necessary step that we must take so that our

goals are understood by and align with the needs of local communities and other partners. Although our Responsible Development objectives are aligned with the UN Sustainable Development Goals, we must not lose sight of contributing to their achievement.

To close my message, on behalf of the Board of Directors, I would like to thank ANJ's commissioners, management, employees, contractors, smallholder farmers, partners, and our investors for their continued dedication to realizing our sustainability targets.

Our appreciation also goes out to our stakeholders, including local communities in our operating areas, business partners, our partners in the local and national governments, non-governmental and community-based organizations, the scientific community, and the media. We are grateful for your continued support and contribution to ANJ's sustainability journey.

**Lucas Kurniawan**

President Director

# OUR VALUES AND SUSTAINABILITY POLICY

## Company Values

ANJ is committed to responsible business practices which require that we take into consideration ethical, environmental, and social factors when striving for profitability. Our value philosophy of integrity, respect for people and the environment, and continuous improvement is articulated in our Vision, Mission and Values statement, which is available on our website and communicated to all employees and contractors in either Indonesian or English. Our business partners, vendors and investors are made fully aware of our values and all contracts include clauses that convey expectations about upholding our values and sustainable business practices.

Our vision, mission and values were developed and approved by the BOD and BOC and are subject to periodic review to ensure that they are aligned with and reflect the development of our business. The Corporate Vision and Mission were most recently amended in 2018.



## VISION

**To be a world-class agribusiness-based food company that elevates the lives of people and nature.**



## MISSION

- **People and nature oriented:**  
People and nature as the North Star of the Company, guiding every aspect of all business activities.
- **Striving for world-class excellence:**  
A continuous quest to comply with and exceed local and global standards, exercising good corporate governance.
- **Sustainable growth for prosperity:**  
Achieving widespread economic prosperity while being environmentally responsible.
- **Integrity:**  
Doing the right thing at all times, in all circumstances.

## VALUES



INTEGRITY



RESPECT FOR PEOPLE AND THE ENVIRONMENT



CONTINUOUS IMPROVEMENT

We place a high priority on ensuring that all employees uphold the corporate values of integrity, respect for people and the environment, and continuous improvement. New employees are trained to appreciate the corporate vision, mission, and values, with refresher trainings delivered periodically. In 2013, we created the Value Champion system as a means of emphasizing the Company values continuously across the organization at all levels and in all business units.

Value Champions are carefully selected to communicate the corporate values to their colleagues and to monitor the daily implementation of these values. Value Champions are expected to be role models in the implementation of the corporate values. Each month, Value Champions submit a report to a related Value Coordinator on significant practices that are or are not aligned with the corporate values in their business units. The monthly reports are reviewed by the Value Committee at the Head Office in Jakarta, who submits the final report to the Company's Value Guardians, Commissioners George

Tahija and Anastasius Wahyuhadi. Practices that are not aligned with the values are followed up and, depending on the cases, may require further investigation resulting in sanctions. At the end of 2021, the total number of Value Champions across the ANJ Group was 32.

We have also established a whistle blowing system (WBS), called Berani Bicara. Through this channel, any employee, third party vendor, supplier or other stakeholders can report concerns securely and confidentially about suspected misconduct of any kind, including fraud, corrupt practices, breaches of the Code of Ethics or the corporate values, or any violation of laws and regulations by any member or associate of the Company. The system is designed to contribute to the prevention and early detection of misconduct that could be detrimental to the Company or its reputation. It provides a platform for anyone to report suspected misconduct. Whistleblower reports are investigated by the Internal Audit Unit. (2-26)



 Wildlife corridor at KAL

can be revised for continuous improvement or to reflect any changes in the RSPO P&C. In 2021, the Sustainability Policy Implementation Guidance was updated to add more clarity in several sections of the document.

The guiding principles of Corporate and Social Responsibility, Transparency, and No Exploitation are thread throughout 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 economic prosperity, the well-being of people, and environmental stewardship and management.

## Our Sustainability Policy (2-23, 2-24)

The ANJ Sustainability Policy is our commitment to Sustainable Development in our business. It is publicly available and can be accessed on our website <https://www.anj-group.com/en/sustainability-approach-and-policies>. The Sustainability Policy was last updated on October 31, 2019, making our commitments clear with regard to avoiding and minimizing the impacts of activities on communities and the environment in compliance with RSPO Principles & Criteria (P&C 2018) and other international benchmarks. It is formulated in a way that supports the United Nations 17 Sustainable Development Goals (SDGs) and links them to our sustainable development approach. The Sustainability Policy is complemented with an Implementation Guidance that

Our Sustainability Policy asserts our commitment to upholding the human rights of all stakeholders who may be impacted by our operations, particularly our workers and local communities, as stated in the Universal Declaration on Human Rights. Our operations and business practices are guided by the principle of no exploitation and thus we do not, under any circumstances, tolerate any form of exploitation. We practice zero tolerance concerning discrimination based on race, religion, nationality, political views, and physical condition. We strive to practice fairness and provide equal opportunities for all. In 2021, we signed the UN Global Compact, formalizing our commitments to meet our responsibilities in the areas of human



 A truck crossing the border between an oil palm plantation and a conservation area in PMP.

rights, labor, environment, and anti-corruption in all our operations. Our CEO and Sustainability Director take the responsibility, together with the Board of Directors to oversee the implementation of our long-term commitment to the human rights cause.

We are committed to facilitating freedom of association for all our employees and support our employee's rights to form and join unions at their own free will as additional channels to communicate their expectations and aspirations. We have collective bargaining agreements in place that cover 100% of our employees. At SMM, this takes the form of a Collective Labor Agreement (CLA), which is renegotiated every two years between management and employees through the Bipartite Joint Committee. In other subsidiaries, it is in the form of Company regulations, which, along with the CLA, have been registered with and authorized by the Ministry of Manpower and Transmigration. [2-30]

We subscribe to due diligence and the precautionary principle by implementing comprehensive risk management and quality control systems to avoid environmental and social impacts, reduce those impacts, and mitigate residual impacts. We implement an environmental management system that includes Standard Operating Procedures (SOPs) to manage the environmental impacts of our oil palm plantation activities, covering risk areas such as peatlands, water, soil, and marginal land. We are committed to continuously improving our SOPs as new information becomes available or new risks arise.

We have a grievance mechanism in place to allow stakeholders to report complaints or concerns. Grievances can be conveyed directly to our Community Involvement and Development (CID) staff or security personnel in each estate, or through digital channels. Grievances are then recorded and discussed at the estate level and can be escalated depending on the severity magnitude of the case. Every complaint must be followed up within 14 days of receipt. After verification of the complaints and in case of actual negative impacts or violations by the Company, we are committed to resolving issues and engaging in remedial actions. Our grievance procedure was reviewed and verified by an independent third party per the RSPO Principles and Criteria. [2-25]

All of our suppliers are required to agree and fully commit to our Sustainability Policy, to implement and practice the requirement and commitment stated in our Sustainability Policy and allow us to assess their sustainability practices. Any changes to our Sustainability Policy or its implementation guidance are communicated to all suppliers.

We do not believe in coercion or the outright banning of our third-party suppliers if they fall short of complying with our Sustainability Policy. On the contrary, we adopt an inclusive approach by encouraging them to take the required remedial actions, unless there has been a significant violation that indicates bad intentions that endangers our overall business practices or the environment.

## OUR GOVERNANCE

We are strongly committed to upholding the Good Corporate Governance (GCG) principles of transparency, accountability, responsibility, independence, and fairness throughout our business. Our corporate governance framework consists of policies, controls, processes, and standards that cover all aspects of the business and allow for a clear separation of distinct responsibilities, and informed, accountable decision making. The framework is underpinned by the Company's Code of Ethics on Business Conduct and our core values of integrity, respect for people and the environment, and continuous improvement.

### Governance Structure and Composition

ANJ's corporate governance structure consists of three mutually independent bodies, in accordance with Law No. 40/2007 on Limited Liability Companies:

- The General Meeting of Shareholders (GMS): the highest decision-making authority.
- The Board of Commissioners (BOC): provides oversight over the Company's management and advises the Board of Directors.
- The Board of Directors (BOD): has overall responsibility for managing the Company for the benefit of the Company and its shareholders. [2-9]

The general meeting of shareholders (GMS) is the principal forum in which shareholders can exercise their rights to make certain decisions pertaining to the Company, receive reports from the BOC and the BOD on their performance and accountability, and question the actions of the respective Boards. The Company must hold an annual general meeting of shareholders (AGMS) no later than six months after the end of the Company's

financial year. An extraordinary general meeting of shareholders (EGMS) can be convened at any time if deemed necessary. Decisions regarding economic, environmental, and social topics are mandated by the GMS to the BOD and BOC. Both the Board of Commissioners and the Board of Directors are accountable to the GMS.

The highest governance body is comprised of two tiers, the BOD as the executive board, and the BOC as the supervisory board. The Chair of the two-tier governance system is the President Commissioner of the BOC, which is a non-executive position, and the President Director of the BOD, which is an executive role. There are clear procedures in place regarding real or perceived conflicts of interest between the Company and the personal interests of the BOD and BOC. The affiliate relationships between members of the BOD, BOC and the Controlling Shareholders are disclosed in the Company's Annual Report (page 132) and comply with OJK regulations. [2-11, 2-15]

The BOC is composed of eight non-executive commissioners, three of whom are independent. The BOD has five executive directors. The gender composition of the BOC is seven males and one female (12.5% female representation), while the BOD is composed of four males and one female (20% female representation). Both the BOC and BOD run for a term up to the fifth GMS as of their first appointment. The BOC members may hold other positions outside the Company's group, but the BOD members do not. There is no membership of under-represented social groups or stakeholders. More information about our BOD and BOC can be found on our website at <https://www.anj-group.com/en/struktur-perusahaan>. [2-9]

**Table 02. Board of Commissioners (2-9)**

Name	Gender	Position	Term started	Term ends	Independence
Adrianto Machribie		President Commissioner	AGMS 2020	AGMS 2025	
George Santosa Tahija		Commissioner	AGMS 2020	AGMS 2025	
Sjakon George Tahija		Commissioner	AGMS 2020	AGMS 2025	
Istama Tatang Siddharta		Commissioner	AGMS 2020	AGMS 2025	
Anastasius Wahyuhadi		Commissioner	AGMS 2020	AGMS 2025	
J. Kristiadi		Commissioner	AGMS 2020	AGMS 2025	
Darwin Cyril Noerhadi		Commissioner	AGMS 2021	AGMS 2026	
Istini Tatiek Siddharta		Commissioner	AGMS 2021	AGMS 2026	

**Table 03. Board of Directors (2-9)**

Name	Gender	Position	Term started	Term ends
Lucas Kurniawan		President Director	AGMS 2021	AGMS 2026
Geetha Govindan		Vice President Director	AGMS 2021	AGMS 2026
Naga Waskita		Legal Director	AGMS 2017	AGMS 2022
Aloysius D'cruz		Agronomy Technical and R&D Director	AGMS 2021	AGMS 2026
Nopri Pitoy		Finance Director	AGMS 2021	AGMS 2026

## Board Evaluation and Training

The Annual General Meeting of Shareholders evaluates the performance of the BOC and BOD every year based on their annual accountability reports. In addition, both Boards conduct an annual self-assessment of their performance. No external parties were appointed to evaluate the performance of either the BOC or the BOD in 2021. [2-18]

Every year, key performance indicators (KPIs), which are linked to the corporate strategy and implementation plan, including sustainability targets or objectives, are assigned to the BOC and BOD. Each Board member assumes responsibility for at least one of the corporate KPIs for Responsible Development. At the end of the appraisal period, each Board member, including the President Commissioner, self-assesses his or her performance against their respective KPIs. [2-18]

For BOD members, their annual performance is further verified and evaluated by the President Director or, in the President Director's case, by the Nomination and Remuneration Committee (NRC). The results of the assessments are further discussed with the NRC and recommendations are made on the remuneration for the

Directors. The Committee also guides the development of areas of weakness based on the self-assessment results. [2-18]

To embed our commitments in our decision making and execution, we have a policy to include 15% of the management performance, including at the Board level, in the targets of ESG initiatives for the Responsible Development program. Every employee and Board member should contribute to at least one ESG initiative project. Failure to achieve agreed targets will reduce the grading of the respective Board member in their performance appraisal, which will then reduce their performance-based annual bonus. [2-19]

We take measures to ensure that our BOD members have sufficient knowledge and skills on sustainable development to effectively implement our sustainability commitments. Board members receive sustainability training and awareness through short courses, workshops and seminars, self-study, and involvement in sustainability-oriented projects, among others. In 2021, certain members of the BOD attended training related to sustainable development topics, as described in the following table. [2-17]

**Table 04. Training and Development of BOD on Sustainable Development Topics**

No	Trainings	Participants	Date
1	CDP Launch Event: CDP Financial Services Climate and Forests Pilot Results 2020	Lucas Kurniawan	February 24, 2021
2	ESG Risk Rating methodology by Sustainalytics	Istini Siddharta, Lucas Kurniawan, Geetha Govindan, Naga Waskita	May 10, 2021
3	ESG impact introduction by Bain & Company	Istini Siddharta, Lucas Kurniawan, Geetha Govindan	June 14, 2021
4	CDP-AFi: Risk Analysis to Prioritize Action Towards Sustainable Supply Chain	Lucas Kurniawan	July 7, 2021
5	IDX - CEO Meeting (ESG & Sustainability Leadership and Journey)	Lucas Kurniawan	September 30, 2021
6	SEA Green Economy Indonesia Webinar	Lucas Kurniawan	November 3, 2021
7	Greenhouse Gas Training by ANJ's EHS Department	Lucas Kurniawan, Naga Waskita, Nopri Pitoy, Geetha Govindan, Aloysius D'cruz	November 9, 2021
8	PwC Webinar: ESG Value Creation Journey in the Palm Oil Industry	Lucas Kurniawan	November 12, 2021

## Board Nomination Process

Commissioners and Directors are appointed by shareholders at the GMS based on the recommendations of the Company's Nomination and Remuneration Committee (NRC). Candidates may be nominated by at least one shareholder holding a minimum of 10% of the total shares with valid voting rights. Aside from shareholders, other stakeholders are not involved in the process. The nomination and selection process considers criteria of diversity as well as expertise and experience in economic, environmental, and social fields. Independence of board members is also considered, as boards are comprised of professional directors and independent commissioners who are not related to or affiliated with shareholders of the Company, per the provisions of the OJK Regulation No.33/POJK.04/2014. Additionally, the NRC is chaired by an independent commissioner to ensure that the nomination and selection process is as unbiased as possible. Further details on the selection and nomination of the BOD and BOC can be found in the Annual Report on page 120 and 124-125. [2-10]

## Board Remuneration and Compensation

Members of the BOC receive a monthly honorarium, while members of the BOD receive compensation consisting of a basic salary, performance bonus, allowances, benefits and management stock options. All Commissioners and Directors are covered by liability insurance. The amount of the remuneration for both the Commissioners and the Directors is determined by the shareholders at the GMS, based on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee takes the assessment results into account when making recommendations on the remuneration for the Directors. We do not involve external stakeholders or consultants to determine the remuneration of either the BOC or the BOD. Details on remuneration are disclosed in our Annual Report on page 130-131. [2-19, 2-20]

For reasons of confidentiality, we cannot disclose details of the annual compensation ratio of the highest-paid individual compared to the median annual total compensation for all employees, as well as the percentage increase of this annual compensation ratio. [2-21]

## Sustainability Governance

The BOD, under the leadership of the President Director, is responsible for leading, managing and directing day-to-day operations and ensuring that the Company observes

its vision and mission concerning environmental, social, and economic topics, and principles of good governance. All Directors work under the supervision of the President Director. [2-9]

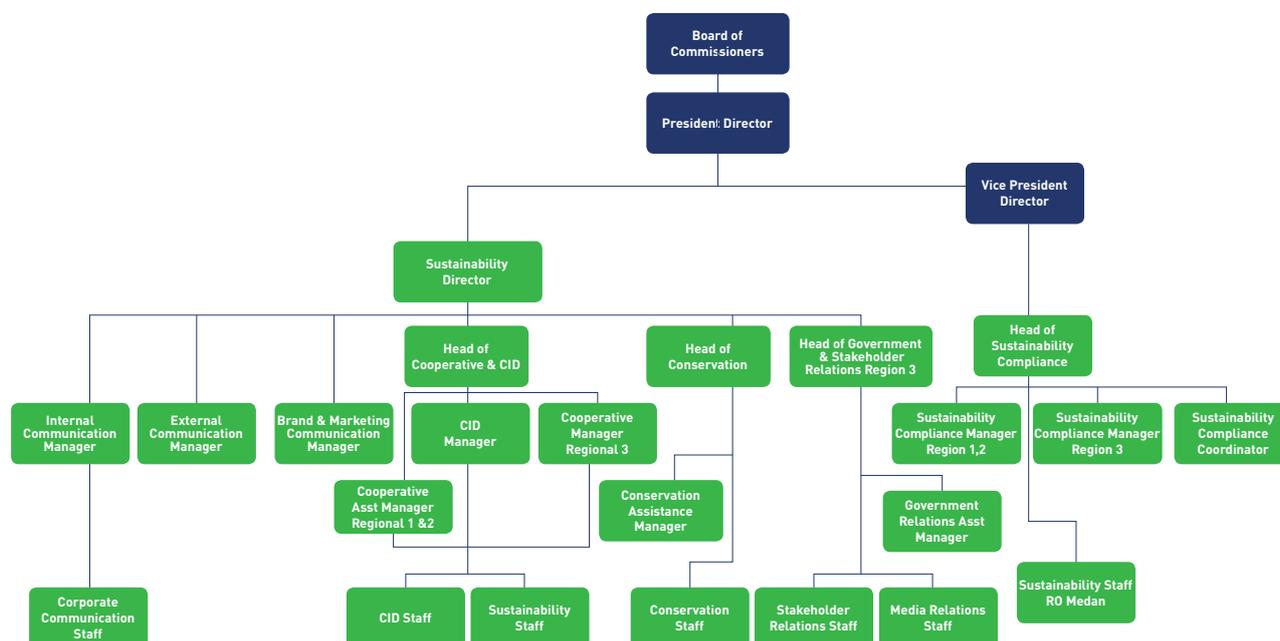
To assist in its supervisory role, the BOC is supported by four Committees chaired by one of the Commissioners. These committees are as follows: the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility (CSR) and Sustainability Committee. [2-12]

The CSR and Sustainability Committee ensures that the BOC can accurately supervise and monitor the Company's CSR and sustainability commitments based on identified environmental, social, and economic impacts of the business, as well as related risks and opportunities. The committee meets quarterly to discuss issues, updates on sustainability compliance, progress with responsible development projects, environmental and social issues and community grievances, community engagement, government engagement, biodiversity conservation, alignment with SDGs, media attention, and sustainability recognitions. The CSR and Sustainability Committee met on four occasions in 2021, with full attendance at every meeting. The Chair of the CSR and Sustainability Committee is Sjakon George Tahija who is also a Commissioner of the Company. [2-12]

The Director of Sustainability is responsible for the development and execution of the Company's sustainability commitments and initiatives. The Director of Sustainability is assisted by a team of senior managers, namely the Head of CID and Cooperatives, Head of Conservation, Head of Government Relations for East Region, Senior Manager of Government Relations for West Region, Internal Communication Manager, and the Corporate Communication Manager. Other departments that relate closely to the sustainability function also work with the sustainability department. These senior managers report quarterly at the CSR & Sustainability Committee meetings and bi-weekly at the ANJ Executive Leadership Team (AELT) meetings attended by the complete BOD, including members from subsidiaries. [2-13]

Considering that sustainable palm oil operations are an essential aspect of our sustainability performance and carbon footprint, the Vice President Director is tasked with overseeing and managing the impacts of our palm oil operations, as well as the risks, and opportunities related to climate change. [2-13]

## Sustainability Governance Structure (2-13)



## Communication of Critical Concerns

Critical concerns can be raised through several channels, such as our Whistleblowing System, the Value Champion system, internal audits, stakeholder meetings, grievance mechanisms, reviews of social and environmental assessments, and the annual shareholders meeting. Critical concerns related to economic, social, or environmental topics are discussed at the CSR & Sustainability Committee meetings and AELT meetings. Another avenue for discussing critical concerns is through joint meetings between the BOC and the BOD. [2-16, 2-26]

Table 05. below shows the nature and total number of critical concerns. These concerns are discussed and investigated further by the BOD and Internal Audit Unit.

**Table 05. Critical Concerns Reported in 2021** [2-26]

No	Description of Cases	Number of Cases		Total Cases
		Major	Minor	
1	Fraud & Manipulation (Integrity related)	11	0	11
2	Non-Compliance with Internal Control SOP	2	125	127
3	Operational Inefficiency	1	11	12
<b>Total</b>		<b>14</b>	<b>136</b>	<b>150</b>

## Cases of Non-Compliance with Laws and Regulations

We strive to meet and exceed local and global standards as well as prevailing laws and regulations. In 2021, there were no significant instances of non-compliance with laws and regulations that resulted in fines or other non-monetary sanctions. [2-27]

# STAKEHOLDER ENGAGEMENT



 An employee discussing edamame cultivation food security project with a local community representative and the Regent of East Belitung, Burhanuddin, initiated by SMM, our subsidiary in East Belitung.

We apply a diverse range of methods for engaging with and listening to stakeholders at local, regional, national, and global levels. Our key stakeholder categories, defined as those who are affected by our operations and provide our social license to operate include employees, suppliers and customers, shareholders, government and regulators, local communities, community-based organizations, non-governmental organizations, business partners, industry peers and associations, and the media. Feedback and concerns are collected from regular engagement and dialogue through formal and informal channels. [2-29]

All of our businesses entities are required to plan, implement, and document stakeholder engagement activities, such as community forums and consultation groups, the implementation of community complaints and grievance mechanisms, representation on specific industry association committees and initiatives, and community programs. The identification and mapping of our stakeholders are carried out internally and are updated through regular engagement with our stakeholders. [2-29]

The COVID-19 pandemic and the consequent social restrictions have affected the frequency and intensity of our engagement with stakeholders. Stakeholder meetings with local communities were more limited with

fewer attendees to comply with COVID-19 restrictions. As much as possible, we maintained contacts with our stakeholders through digital channels and technologies. When this was not possible, we carried out face-to-face meetings by applying strict health and safety protocols.

External stakeholders are engaged to understand and respond to the environmental, social, and economic topics and issues described in the report. Our employees are regularly engaged via internal channels, such as e-mail, newsletter (Simpul) and magazine (Cakrawala), town halls, and inviting feedback through surveys, socializations, and meetings. Key internal announcements and videos are made available in both English and Indonesian. [2-29]

## External Initiatives and Memberships [2-28]

As part of our stakeholder engagement, we actively participate in national and regional associations which promote information sharing and improve standards and compliance among producers and other stakeholders. Other than an annual subscription fee, these memberships involve no material additional cost for the Company.

**Table 06. ANJ's membership in associations in 2021**

Association	Role
Indonesian Public Listed Companies Association (AEI)	Participates as an active member.
Indonesian Palm Oil Producers' Association (GAPKI): Central Office and North Sumatra Branch	Participates in forums to encourage a conducive climate for the palm oil industry, increase capacity for sustainable palm oil, advocate for solutions to problems in the palm oil industry and synergize with the government on related policies.
Association of Large Private Plantations (APBS) Belitung	Participates in forums to coordinate compliance with government policies, discuss solutions to industry problems, and share information.
Indonesian Chamber of Commerce and Industry (KADIN)	Participates in fostering the development of the business community and all its stakeholders, with regard to economic policy formulation and implementation throughout Indonesia.
Indonesian Sago Community (MASSI)	Participates in promoting the development of sago as part of the national food security effort.
Roundtable on Sustainable Palm Oil (RSPO)	Participates actively in two working groups: No-deforestation Task Force and Indonesia National Interpretation
Indonesian Growers Caucus	Participates as a member to promote sustainable palm oil management and best practices and to share insights of common interests in the industry.
Palm Oil & NGO (PONGO) Alliance	Founding member; Chair from January-August 2018 and 2019. Participates in forums to encourage improved management of orangutan populations and their habitats within oil palm plantations, and within larger multifunctional landscapes in which these plantations are operated.
UN Global Compact	Signatory of the UN Global Compact.
Indonesia Corporate Secretary Association (ICSA)	Participates as an active member.

## OUR SUSTAINABILITY IMPACTS AND MATERIAL TOPICS

The content and the material topics covered in this report were determined by an internal process of reviewing, compiling, and identifying issues that we have gathered from a diverse range of stakeholders over the years. This reporting year, however, we did more by having a comprehensive view of our sustainability impacts and determining our sustainability strategy and ESG ambitions. We commissioned the help of a strategic management consulting firm to facilitate the process of embedding sustainability more firmly into our strategic priorities for the next ten years.

Using knowledge and insights accumulated internally as a starting point, we discussed and deliberated through a series of workshops involving our BOD, BOC, and senior executives and managers, to uncover topics that are most material to our business. The process also determined the initiatives to focus on to address our impacts and the targets to aim for to contribute to sustainable development and build a sustainable business.

The management consultants facilitated the discussions, bringing expertise and insights on key sustainability

issues in our industry and stakeholder expectations. An employee survey was carried out involving our staff to understand their views about the most important issues for the Company. Views and insights from the investment community were also gathered through a survey. These inputs have added the perspectives of a wider range of stakeholders to complement the concerns and views that we have already gathered through our ongoing stakeholder engagement.

The most significant impacts were identified through a materiality matrix that considers importance to external stakeholders and importance to our business. These impacts were then aligned with our ambitions and sustainability targets. Through this process, we have determined and grouped several interrelated topics into one and added labor rights as a new material topic comprised of the sub-topics of child labor, forced labor, and freedom of association. Meanwhile the human rights topic was embedded throughout the report in accordance with GRI Universal Standards 2021. This list of material topics and the related subtopics are described in the table below:

Table 07. List of Material Topics

Material topics	Sub-topics	Standard Disclosures	Related SDG
 <b>GHG Emissions and Carbon Footprint</b>	<ul style="list-style-type: none"> <li>• GHG emission and energy efficiency</li> <li>• Waste recycling</li> <li>• Climate risk and adaptation</li> <li>• Water management</li> </ul>	GRI 302, GRI 303, GRI 305, GRI 306	    
 <b>Protecting Forests and Biodiversity</b>	<ul style="list-style-type: none"> <li>• Biodiversity and conservation</li> <li>• Deforestation</li> <li>• Fire prevention and management</li> </ul>	GRI 304.	 
 <b>Supply Chain Practices</b>	<ul style="list-style-type: none"> <li>• Supplier environmental and social practices</li> <li>• Traceability</li> </ul>	GRI 308, GRI 414	  
 <b>Working Conditions</b>	<ul style="list-style-type: none"> <li>• Occupational Health and Safety</li> <li>• Training and education</li> <li>• Diversity and women's empowerment</li> </ul>	GRI 403, GRI 404, GRI 405	   
 <b>Labor rights</b>	<ul style="list-style-type: none"> <li>• Forced labor</li> <li>• Child labor</li> <li>• Freedom of association</li> </ul>	GRI 407, GRI 408, GRI 409	 
 <b>Local communities</b>	<ul style="list-style-type: none"> <li>• Rights of local communities</li> <li>• Community Involvement and Development</li> </ul>	GRI 203, GRI 413	 
 <b>Prosperity and inclusive growth</b>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Innovation and sustainable production</li> <li>• Socio-economic welfare and livelihoods</li> </ul>	GRI 201, GRI 203	   



**Environment**



**Social**



**Governance: Supply Chain**

Our BOD and BOC were deeply involved in the process of determining the material topics and sustainability ambitions. The sustainability reporting team adapted the identified topics to align with sustainability reporting indicators, proposed reporting themes and a list of topics to be included in this report. The BOD reviewed and

agreed on the final theme and topics. Furthermore, BOD members were interviewed during the writing process to gather their views on the sustainability topics relevant to their areas of expertise. This report was reviewed and approved by all BOD members. [2-14]



 A female EHS staff gives a briefing on occupational safety standards to a field worker.

# OUR STRATEGIC PRIORITIES AND COMMITMENTS

From our materiality process, we have determined several strategic priorities to focus on, with specific time-bound commitments. These strategic priorities enable us to focus on areas where we believe we can have the greatest impact.

Ambitions and Priorities	Targets	2021 Achievements
 <b>Reduce carbon emissions and footprint</b>	<ul style="list-style-type: none"> <li>Net- zero emissions/carbon neutral by 2030</li> <li>Reduce GHG intensity for Scope 1 and Scope 2 by 30% in 2030 compared to 2015</li> </ul>	<ul style="list-style-type: none"> <li>Net GHG emission of 333,663 Ton CO<sub>2</sub>eq (PalmGHG)</li> <li>76% net GHG emission decrease compared to the baseline year (2015)</li> <li>GHG intensity for Scope 1 and 2 reduced by 8.6% compared to 2015</li> </ul>
 <b>Increase renewables and reduce fossil fuel dependence</b>	<ul style="list-style-type: none"> <li>Increase renewable energy portfolio to above 60% by 2025</li> <li>Reduce our fossil fuel dependence by 20% by 2025</li> </ul>	<ul style="list-style-type: none"> <li>41% of consumed energy from renewable energy sources</li> <li>10.6% fossil fuel dependence decrease compared to 2017</li> </ul>
 <b>Managing water consumption</b>	<ul style="list-style-type: none"> <li>Reduce water consumption by 5% per annum</li> <li>Achieve water intensity of 1 ton of water for each ton of fresh fruit bunch (FFB) processed by 2027 at the latest</li> </ul>	<ul style="list-style-type: none"> <li>0.2% decrease in water consumption for processing compared to the previous year</li> <li>1.09 ton of water for each ton of FFB processed in 2021</li> </ul>
 <b>Promoting sustainable palm oil to smallholders</b>	<ul style="list-style-type: none"> <li>100% of all plasma and partnership smallholders are RSPO Certified by the end of 2025</li> <li>100% of suppliers to comply with our sustainable palm sourcing commitment by the end of 2030</li> <li>Reach more than 99% traceability of third party FFB by the end of 2025</li> </ul>	<ul style="list-style-type: none"> <li>62% of plasma and partnership suppliers are RSPO certified by the end of 2021</li> <li>44,803 ton of certified FFB purchased in 2021 (9.99%)</li> <li>98.5% traceability for the FFB supplied from third party in 2021</li> </ul>
 <b>Protecting biodiversity</b>	<ul style="list-style-type: none"> <li>Stable population trend for species which trigger HCV</li> <li>Zero human-wildlife conflict in our areas of operation, related to IUCN Threatened and Protected Species, based on Indonesian regulations</li> </ul>	<ul style="list-style-type: none"> <li>More than 40,000 observation records, from our internal citizen science biodiversity monitoring program (Pendaki) since its inception in 2019</li> <li>Externally verified validation of the accuracy of all Pendaki species data by species experts</li> <li>71 fauna species and 39 flora species in the IUCN threatened species list were identified in our areas</li> <li>Launching of Pendaki website and encyclopedia of wildlife identified in SMM</li> </ul>
 <b>Protecting forests and peatlands</b>	Zero major(*) fire incidents No deforestation	<ul style="list-style-type: none"> <li>No major fire incident</li> <li>Integrated fire management infrastructure phase 1 in KAL was substantially completed in 2021. It was completed in January 2022.</li> <li>No new planting and replanting in HCV, HCS, and peat area since the issuance of our sustainability policy on October 31, 2019.</li> <li>No illegal or non-compliant palm oil land use change at ANJ's and FFB suppliers' estates since October 31, 2019</li> <li>No encroachment</li> </ul>
 <b>Creating a positive and safe work environment</b>	<ul style="list-style-type: none"> <li>Zero work-related fatalities</li> <li>Worker access to clean water and sanitation and health facilities by 2025</li> <li>Worker access to recreational and telecommunication facilities by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Zero fatalities in 2021</li> <li>Clean water, sanitation, and health access are provided to all workers</li> <li>Access to recreational facilities is available to all workers</li> </ul>
 <b>Eradication of forced labor, human trafficking, and child labor</b>	<ul style="list-style-type: none"> <li>Facilitate access to primary education facilities for children of workers in all of our operating concessions</li> <li>Zero grievance and findings related to forced labor, human trafficking, and child labor issues</li> </ul>	<ul style="list-style-type: none"> <li>Four out of six (66%) Palm Oil operating concessions have provided access for children of workers to primary education facilities, and all concessions (100%) have provided access to early childhood/ preschool education</li> <li>No grievance and findings related to forced labor, human trafficking, and child labor issues in 2021</li> </ul>

Note: (\*) major incident means an impact of over USD 1 million



**CPO SALES VOLUME**  
(tons)

**268,289**   
11.6%



**TRACEABILITY OF INDEPENDENT  
PALM OIL SUPPLIERS**

**98.5%**



**ECONOMIC VALUE DISTRIBUTED**  
(Million USD)

**226**   
39.7%





# PROSPERITY

## PROSPERITY AND INCLUSIVE GROWTH



-  Socialization of sustainable palm oil practices to independent smallholders to help them apply best agronomy practices and sustainable agriculture principles, to fulfill traceability requirements using eTIS.

**Our economic performance is vital to ensuring that we thrive as a Company and continue to generate positive economic outcomes for our stakeholders. Our overall performance has a direct impact on all elements of our value chain, including smallholder suppliers, and ultimately affects local economic growth.**

We expect our presence and growth to be inclusive, provide opportunities, and be conducive to improving the welfare and livelihood of the communities around us. As we operate in rural areas where agriculture and farming are often key livelihoods and sources of income for the local communities, local farmers and businesses should be involved in our value chain so that they can achieve economic prosperity.

Furthermore, our operations bring opportunities to the local communities and job seekers to work in our estates. These employees and their families then become new consumers with disposable income that can be served by local businesses such as market traders, grocery stores, restaurants, or car and motorcycle repair shops. In other words, our operations eventually become a catalyst for local and regional economic growth by providing opportunities for income in the areas where we operate. [203-2]

Nevertheless, we understand that not all members of the local community are equally capable of making the most of the economic opportunities created by our presence. Therefore, additional measures and investments must be created to help the most marginalized members of the community. We achieve this by running socio-economic empowerment programs and Community Involvement and Development (CID) initiatives so that local communities are able to actively participate in economic development. [203-2]

# ECONOMIC PERFORMANCE AND IMPACTS



 COVID-19 vaccination at ANJA

## Ongoing Impact of The Covid-19 Pandemic

At the macro-economic level, the pandemic continues to affect the business environment and caused a tangible economic slowdown in the last two years. Commodity prices and capital markets were badly affected, dropping to the lowest levels in early 2020. The pandemic triggered uncertainty due to volatility in commodity prices, supply chain disruptions, and reduced demand for commodities, including palm oil.

In the past year, however, the global economy started to recover, creating an imbalance in the supply and demand in many sectors. To speed up economic recovery, the Indonesian Government launched various fiscal and monetary policy measures and focused on mass vaccination schemes. The success of government efforts to vaccinate people, contain the virus, and recover the economy will have a significant impact on our operations and business performance in the coming years. In general, conditions in 2021 were better compared to



those of 2020, as Indonesia's economic growth reached 3.69%, which is modest but positive, with expectations of a rebound in 2022.

We have implemented policies and procedures at all our sites to monitor and manage the risks associated with COVID-19. In 2021, we had to implement measures to contain the pandemic surges caused by emerging variants, such as closing GMIT and ANJAP operations when cases were high. We also had to deal with uncertainties in logistics and the changing demand expectations that have affected the achievement of our targets.

## CPO Price Fluctuations

Palm oil represented 99% of our revenue in 2021. Consequently, CPO and PK prices and sales volume have the biggest influence on our overall performance. CPO and PK prices were relatively high throughout the year, especially between July and November when they increased from USD 850 per ton to USD 1,300 per ton. This upward trend is predicted to continue into 2022, driven by the imbalance of edible oil supply following the labor shortages in Malaysia, the new mandatory domestic sales policy in Indonesia, and the recent conflict in Ukraine, which has seen the CPO price rise to its highest level since 2014.

## CPO Production and FFB Yield Improvements

Our continued focus is to achieve a balanced age profile of palm trees to accelerate future growth through replanting programs, embarking on operational excellence, and increasing productivity by innovation in agronomy, technology, and digital transformations.

In 2021, we produced 838,191 tons of FFB, which is higher than our target of 829,702 tons, and the 2020 production of 785,202 tons. Meanwhile, the CPO production volume from our mills increased from 244,485 tons in 2020 to 262,683 tons in 2021. Of the total CPO production, 162,610 tons are certified sustainable CPO.

Table 08. Sustainable Palm Oil Production in 2021 (in tons)

Sustainable Palm Oil Product	CPO	PK	PKO
Nucleus	152,792	32,772	-
Plasma and Partnerships	9,818	1,586	-
<b>Total Sustainable Product</b>	<b>162,610</b>	<b>34,358</b>	<b>-</b>
<b>Total Production</b>	<b>262,683</b>	<b>51,531</b>	<b>1,080</b>

We have also increased our productivity, as the average FFB yield per hectare grew from 20.1 tons in 2020 to 20.4 tons in 2021, surpassing our target of 19.8 tons. The yield improvements are largely attributable to our ESG initiatives such as using compost to supply organic nutrients to the palm trees whilst maintaining soil moisture levels using drip fertigation, a fertilizer application method using drip irrigation technology, and innovations to improve the pollination process.

## Revenues and Performance

The combination of price increases and productivity improvements resulted in a 62.6% increase in total revenue. As a result, we have posted a net income of USD 39.7 million in 2021, a significant increase compared to USD 2.2 million in 2020. The price increase has also

positively impacted our smallholder suppliers, as our third-party FFB purchases increased from USD 45.2 million in 2020 to USD 68.9 million in 2021.

On average, CPO sales prices increased by 38%, to USD 801 per ton in 2021, significantly higher than our budget of USD 550 per ton. Meanwhile, CPO sales volume increased by 11.6% year-on-year and PK sales volume increased by 6.8%.

Revenue from the sale of non-palm oil products increased by 30.2% to reach USD 2.2 million in 2021. Our revenue from the sale of sago starch reached USD 1.3 million, a 7.4% increase over the previous year. Revenue from edamame also increased by 90.5%, to USD 0.9 million in 2021, following the commencement of the frozen product commercial operations in August 2021.

Table 09. Direct Economic Value Generated and Distributed (Million USD) (201-1)

Description	2021	2020	2019
<b>Economic Value Generated</b>			
Revenue	266.8	164.1	130.4
Dividend Income	0.3	0.1	0.1
Other income	1.8	4.7	15.3
Share of profit of equity- accounted investees	0.0	0.0	0.8
Finance income	0.6	0.8	1.7
<b>Total Economic Value Generated (A)</b>	<b>269.5</b>	<b>169.7</b>	<b>148.3</b>
<b>Economic Value Distributed</b>			
Operating Costs	190.2	134.4	121.3
Employee Wages and Benefits	8.9	8.8	7.5
Payments to Owners of Capital:	0.0	0.0	0.0
Payments to Shareholders	0.9	0.0	0.0
Payments to Creditors	4.5	3.1	1.7
Payments to Government	16.5	9.3	12.6
Community Investments	4.4	5.8	7.4
<b>Total Economic Value Distributed (B)</b>	<b>225.5</b>	<b>161.4</b>	<b>150.6</b>
<b>Economic Value Retained (A-B)</b>	<b>44.0</b>	<b>8.3</b>	<b>(2.3)</b>



 Implementation of mechanized FFB harvesting to increase productivity and CPO quality.

### Defined Benefit Plan Obligations (201-3)

We have a post-employment benefit plan in place for all permanent employees, which follows the requirements set out in the Indonesian Labor Law. The funding of the defined benefit plan is managed through Dana Pensiun Lembaga Keuangan (DPLK) Manulife, an insurance company. The Company contributes 100% of the benefit plan and employees do not contribute. All permanent employees participate in the plan and their consent is not required as participation is mandatory under government regulations. There is no minimum funding requirement under the arrangement with DPLK Manulife. We only engage with Manulife to manage our fund to fulfil our post-employment obligation to employees. At the end of 2021, we contributed a total of USD 2.1 million to the employee retirement plan managed by DPLK Manulife and recognized a post-employment benefits obligation of USD 13.8 million. Considering that the retirement benefit plan does not cover all obligations, we ensure that we can fully meet our post-employment benefits obligations using funds from our operational results and support from our equities, as the total post-employment benefits obligation represents only 3% of our equities.

### Financial Assistance Received From the Government (201-4)

As part of its post-pandemic economic recovery plan, the Government of the Republic of Indonesia launched various fiscal and monetary policies to help boost the private sector. Our employees have enjoyed several incentive programs from the Government, such as a tax relief initiative for the employee income tax (*Pajak Penghasilan or PPh 21*), which in our case reached a total of USD 119,000 in 2021. We were also able to claim USD 5.4 million from the Value Added Tax (VAT) refund acceleration program, a program that gave us the convenience of claiming VAT overpayment without going through a lengthy inspection procedure.

## SUSTAINABLE PRODUCTION AND SUPPLY CHAIN PRACTICES



 An FFB truck driver scans a digital FFB delivery order using the eTIS traceability system.

Our operations involve smallholder farmers as indirect suppliers. In our palm oil business, oil palm fresh fruit bunches (FFB) suppliers fall under three categories: plasma smallholders, partnership smallholders (*kemitraan*), and third-party suppliers comprised of plantation companies, agents, and cooperatives. More than 5,800 farmers and agents are actively involved in our value chain, either independently through agents or as part of a cooperative.

In our vegetable business, we work closely with 44 individual smallholder farmers in an area of 268 hectares in Jember, East Java. Meanwhile, all of our sago starch is derived from natural sago forests owned under customary rights by eight local family clans in West Papua that receive payment for every sago log harvested. All the sago trees are harvested and processed by ANJAP because it is not economical for villagers to do so themselves.

The activities of our suppliers, especially our FFB suppliers, can cause negative impacts on forests and biodiversity. As an example, opportunities to supply FFB might motivate farmers to clear forests to plant oil palm trees. Suppliers might also have limited awareness, understanding and capacity to apply sustainable palm oil practices.

To mitigate these potential negative impacts, all our FFB suppliers are required to meet technical, financial, administrative, and legal criteria to ensure that we do not source from forest areas. Vendors must also

meet environmental, health and safety, and quality standards, as well as the requirements outlined in our Sustainability Policy, and sign an Integrity Pact to comply with our code of conduct. Due diligence and screening are carried out where new suppliers are screened before doing business with us and existing suppliers are reassessed periodically. Additionally, the performance of large FFB suppliers is evaluated against the RSPO's requirements and commitments, and our Sustainability Policy. There were no new suppliers in 2021 and no existing suppliers were terminated due to non-compliance with social and environmental requirements. (308-1, 308-2, 414-1, 414-2)

We recognize that smallholders need support to meet high sustainability standards and requirements. Therefore, we apply the "no purchasing" policy with prudence by considering the livelihood of the concerned individual smallholder farmers. Sudden termination of relationships can be unproductive, harm the well-being of our suppliers, and might create conflict.

We view that a better approach is to support farmers by providing capacity building programs and encouraging them to apply best practices in agronomy and principles of sustainable agriculture, as well as meet traceability requirements. By doing so, we can help smallholders increase their productivity while minimizing the risk of environmental damage and social issues. Applying this approach, we have a target that, by 2030, all our FFB suppliers, including independent smallholders, will comply with our sustainable palm oil policy.

In Indonesia, independent smallholders often have incomplete licensing for their lands. We support independent smallholders to formalize their land-use legality and obtain appropriate land ownership certificates from the authorities. However, we will terminate agreements with suppliers who fail to clarify or solve their land legality issues by our deadline.

Furthermore, we encourage our suppliers to meet the RSPO requirements and obtain RSPO certification. As of December 2021, eight out of thirteen of our partner cooperatives have received RSPO certification, representing 62% of our plasma and partnership suppliers. We believe that we are on track to meet our target of obtaining certifications for all our plasma and partnership cooperatives by 2025. (308-2, 414-2)

In 2021, we produced 9,818 tons of RSPO certified CPO and 1,586 tons of RSPO certified PK from the FFB supplied by our certified plasma and partnerships. A total of 964 farmers from six RSPO-certified cooperatives received the RSPO price premium amounting to IDR 638 million, which was distributed among them. This price premium is evidence of the benefits of certification for our smallholder farmers and we hope that it encourages them to apply and maintain sustainable palm oil practices in their plantations.

The engagement, socialization, and capacity building activities provided to our FFB suppliers are carried out by several departments in our organization, such as the Business Process and Business Development-Smallholders Department, the Plasma and Cooperatives Department, the Commercial Department, the Sustainability Compliance Department, and the ICT and GIS Department. In 2021, we formed a cross-functional unit to better coordinate, formalize, and manage FFB supplier engagement programs and enable us to meet our targets by the set deadlines.

## Traceability

We are committed to ensuring full traceability of our supply chain, per the RSPO requirements and our Sustainability Policy. We embarked on our traceability journey in 2019 to establish traceability to plantation in our palm oil business units that are in commercial operations in North Sumatra (ANJA and ANJAS), West Kalimantan (KAL), and Belitung (SMM). Our program aims to create a reliable system that can capture, process, and report data transparently, thus increasing trust in our supply chain stakeholders and promoting the good reputation of the Company.

We invest in efforts to reach out and engage with our FFB supply chain at every level to discuss our traceability

program and Company sourcing policies. We involve our stakeholders, farmers, agents and suppliers through both formal and informal socialization sessions. This process is necessary to obtain buy-in and participation in establishing reliable traceability data.

We have achieved 98.5% traceability for the FFB supplied from independent parties. With these results, we have met and exceeded our traceability target of 95% traceability. Our new target is to reach more than 99% traceability of third party FFB by the end of 2025.

In 2021, we started a digital transformation initiative to implement an electronic traceability system called eTIS. We aim to successfully apply this system in all our palm oil operations by 2022. The electronic traceability system will enable real-time recording and data entry to help our third-party FFB suppliers in collecting and reporting traceability data, such as FFB weighing results or delivery order information and troubleshooting. We have also monitored land clearing activities around our concessions using an automatic notification system provided by Global Forest Watch.

We hope that the eTIS system can help suppliers to complete traceability administrative forms, which constitute the main hurdle to achieving 100% traceability in some areas. However, the application of this technology is quite challenging in remote areas, thus requiring considerable assistance to make it possible.

All of our traceability data are audited internally every year and audited externally as part of the RSPO certification scheme every year. We hope to further improve our verification of several risks, such as fruit mixing or false reporting, in addition to the current checking method of analyzing the veracity of reported production numbers per hectare.

We are also committed to the traceability of our edamame and sago starch products. In our edamame business, we record the source of the edamame that we process in our frozen factory, including location, cultivation practices, pesticide usage, and farmers' names. In our frozen factory, we also maintain production lots to ensure that the traceability of our finished products follows global food safety standards, such as the ISO 22000 and British Retail Consortium (BRC), that are regularly audited by our business customers. Meanwhile, all of our sago logs originate from our own concessions and are fully traceable to each harvesting block. We also maintain production batch records for the finished product in our Enterprise Resource Planning (ERP) system.

- ➔ FFB trucks waiting in line to be weighed before delivering the fruit to the sortation area.





# INCLUSIVE GROWTH



PPM CID & Corporate Communications Staff engaging with Alirena Foundation students in Benawa Village, South Sorong.

**Our Company is committed to providing equal access to opportunities to all members of the local communities around us with the goal of achieving shared prosperity. We actively carry out community development programs to improve local lives through health, education, and socio-economic empowerment programs, as well as infrastructure development or socio-cultural and religious initiatives. Some programs are implemented in collaboration with experienced NGOs while others are carried out by the Company’s staff through our Responsible Development program. Our programs also involve stakeholders such as local governments and community groups such as farmer and artisan groups.**

Over the years, we have seen that local communities, especially in the West Region, have become more active in taking ownership of the programs we implement. Communities can come to us to discuss issues they face and ask for our expertise to help them solve those issues. As a result, communities increasingly participate in the design and evaluation of our programs. An example of this is the Sawah Apung (floating rice

field) program, which was initiated after local farmers expressed intentions to maximize the use of flooded areas. Using our expertise in agricultural innovation, we proposed to introduce floating rice fields which were later successfully implemented. We see this as a positive development in our intention to empower communities, and we hope that similar trends will take place in other locations as well.

## Socio-Economic Empowerment Program (203-2)

Our socio-economic empowerment programs, among others, are food security programs, Sawah Apung, Tani Mandiri (Independent Farming), Desa Fokus, transportation and savings cooperatives, and Warung Mama.



### Food security program

After successfully starting a food security program through vegetable gardens and catfish farming in East Belitung, the program expanded to also grow edamame and rice. Edamame is a novel crop to the people of East Belitung, but they were quickly able to grow this nutritious commercial product successfully. In 2021, the Subur Jaya farmer group sold a total of 1,138 kg of edamame, while the Mutiara Laut and Mulia Jaya farmer groups produced 588 kg of fresh edamame. Based on this success story, we plan to replicate this program in other areas in 2022.



### Sawah Apung

Our Belitung subsidiary, SMM, pioneered the application of floating rice fields using the *jajar legowo* planting system, a cultivation system where each row of planted rice is separated by empty rows to increase yields. This is an innovative solution for local farmers as they can fully utilize land that was previously non-arable due to prolonged flooding. The program has also introduced other innovations such as using light solar traps to reduce insect pests, and applying Eco Enzyme as an alternative organic fertilizer. In June 2021, the program made its first harvest and was recognized by the Regency Government as a model for cultivating flooded lands in East Belitung. The program involves 36 local farmers.



### Tani Mandiri

In North Sumatra, at ANJA, we collaborated with the community through the Tani Mandiri program to address rat infestation problems in the community's rice fields. The Company introduced *Tyto Alba* or the Barn Owl, a predatory bird, as a pest control measure in these rice fields. Barn Owls are commonly used in oil palm plantations to deal with pest issues. This has achieved a noticeable increase in productivity of community rice fields and a 30% decrease in rat attacks since the project started.



### Desa Fokus

In West Kalimantan, KAL continues to invest in the Desa Fokus (Focus Village) program, a local government program that aims to synergize and integrate village development initiatives, which was initiated in 2020. In 2021, there were significant changes in three targeted villages, namely Kuala Satong Village, Laman Satong Village, and Kuala Tolak Village which have all seen an increase in their *Indeks Desa Membangun* (IDM or Village Development Index), composed of the Social Resilience Index (*Indeks Ketahanan Sosial/IKS*), Economic Resilience



Index (*Indeks Ketahanan Ekonomi/IKE*), and Environmental Resilience Index (*Indeks Ketahanan Lingkungan/IKL*). In 2020, the status of Kuala Satong and Kuala Tolak villages increased from “*Desa Berkembang*” (developing village) to “*Desa Maju*” (advanced village). In 2021, Kuala Tolak managed to achieve “*Desa Mandiri*” (self-sufficient village) status, while Laman Satong Village increased its status from “*Desa Tertinggal*” (underdeveloped village) to “*Desa Maju*” (advanced village). Nevertheless, we believe that many improvements can still be made to achieve self-sufficiency in all our target villages by working together with local government and NGOs.

**Transportation and Savings Cooperatives**

In West Papua, the ongoing cooperative programs continue to grow and benefit those involved. In 2021, a new transport cooperative, operating cargo ships was established at Kais and generated USD 3,200 in profits. The transportation cooperative at Puragi had a total revenue of USD 77,000 during the year and managed to distribute a total of USD 5,000 of the profits to its members. Meanwhile, the transportation cooperative at Sumano was mostly inactive this year as their trucks needed maintenance and were in the process of being repaired.

The savings cooperative continues to provide the easiest and safest way for our employees and local communities to save and transfer money. This access to financial services empowers them to improve the management of family finances. By the end of 2021, the total number of deposits reached USD 41,000 at PPM and USD 24,000 at PMP. In addition, the cooperatives were able to generate sufficient capital to open convenience stores in 2020. These stores have been successful and generated USD 203,000 in revenue at PPM, and USD 77,000 at PMP in 2021.

**Warung Mama**

We replicated the successful Warung Mama initiative at ANJAP in PPM. Warung Mama is an initiative that promotes and facilitates the sale of sago-based food products to empower local women (*mamas*) by teaching them cooking and business skills. The first sale by the new Warung Mama in PPM was made in February 2021 and, as of December 2021, the sales have reached USD 8,400. Warung Mama sources its vegetables from the Sumano and Benawa vegetable gardens programs.



## Education Program



PPM Staff singing along with pre-school students in Benawa Village, South Sorong.

The quality of education in rural and remote areas is often lower than that in large cities in Indonesia, due to inadequate learning facilities. Due to this disparity, we have focused on improving access to quality education for the children of local communities, especially in West Papua. This is a part of our contribution to the Sustainable Development Goal 4 (Quality Education), specifically to achieve inclusive and equitable quality education for all.

In West Papua, our Early Childhood Education (PAUD) and Kindergarten (TK) programs in Sumano and Benawa are still ongoing in partnership with the Alirena Foundation. After running for more than two years, we have seen many significant developmental and academic improvements in our students. In 2021, we added a new teaching subject in our sanitation and hygiene program called Clean and Healthy Living Habits or PHBS, and gardening and poultry farming programs. The PHBS program was successful as up to 80% of children are now routinely bathed, provided with a healthy breakfast, and neatly dressed in school uniforms in preparation for school. Meanwhile, the vegetable garden and poultry farming programs were started as a means of introducing the benefits of growing vegetable crops and raising livestock to increase variety in their diet.

Improvements did not only occur for students but also for parents and local teachers. Local teachers are now able to prepare and develop teaching materials, make teaching aids, use computers, and understand how to manage school administration. The parents are also more aware of applying PHBS in their daily lives and those of their children.

We intend to expand the education programs to cover more areas and to include the Elementary School (SD) level in 2022. We aim to work together with the local government and discussions are ongoing to get their support.

In North Sumatra, we completed an e-Library system at the end of 2021 and introduced it in one of the schools managed by the Austindo Nusantara Jaya Agri Education Foundation, located in Binanga. The e-Library system is designed to accommodate library administration activities that were previously completed manually. The system goes beyond that by including digital school announcements, a summary of school activities, and e-books that can be accessed from anywhere with a cloud server. This increases the flexibility of students to access and read books from home during the weekend or when the school is closed due to pandemic restrictions. We plan to expand the e-Library system to other ANJA Education Foundation schools and add more e-books, not only for the students but also for the teachers.

## Health Program

In all of our locations, we provide health services to our employees that are also open to the general public. Our network of seven main clinics and five smaller support clinics are located in remote areas and staffed by competent doctors, nurses, and midwives, providing easy and accessible healthcare services to local communities where these services are scarce. In compliance with government regulations, our clinics are required to provide health services under the National Health Insurance (*Jaminan Kesehatan Nasional/JKN*) program and, as such, our clinics are part of the wider national health services network. In September 2021, our clinic in West Papua obtained its operating permit from the local government's health office and can start serving JKN



COVID-19 vaccination for children at ANJA.

patients administered by the Healthcare Social Security Agency (*Badan Penyelenggara Jaminan Sosial Kesehatan* – BPJS Kesehatan). Through our community health program, we aim to contribute to the UN Sustainable Development Goal 3, which seeks to ensure healthy lives and promote the well-being of all ages.

We are also active in promoting good sanitation and hygiene behavior, especially during the pandemic.

Our outreach is done through billboards, brochures, and other print media as well as through small group meetings. We also carry out education and awareness activities about the importance of vaccines to the local communities in addition to facilitating the vaccination of employees and their family members in collaboration with government authorities to contribute to the success of the government's vaccination program.



↑ Two trucks cross the Tatakera bridge connecting our two subsidiaries in West Papua, PPM and PMP.

### Infrastructure and Services Investments

Our investments and economic activities in the areas where we operate mean that although we build infrastructure and services to serve our operational needs, they can also be used by local communities. This

includes the building and maintenance of bridges and laterite roads that can significantly reduce travel time and facilitate a faster flow of goods and people, that ultimately drives economic growth. Further details of some of the most significant infrastructure and services investments relevant for this reporting period can be found in the table below.

**Table 10. Significant Infrastructure Investments and Service Supported (203-1)**

Item	Location	Description	Impact
 <p><b>Bridge Construction</b> (Commercial)</p>	<b>ANJA, ANJAS, PPM</b>	<p>Construction of the Barumon Bridge, a 70 meter long and 6-meter-wide bridge, as well as 11 smaller bridges (4 m long and 4 m wide) in areas around ANJA's estate in Simangambat District, North Sumatra, which were built for the transportation of FFB, fertilizers and other necessities. The total investment for the construction of these bridges was IDR 5.65 billion.</p> <p>Construction of nine bridges in the area around ANJAS, North Sumatra, estate with a total investment of IDR 1.43 billion.</p> <p>Construction of the Tatekera Bridge that crosses the Arifin River, West Papua.</p>	<p>These bridges increase access and facilitate economic activities. The bridge also reduces travel time and safety for locals.</p> <p>Local communities from 29 villages are beneficiaries of these bridges.</p>
 <p><b>Construction of clean water facilities</b> (In-kind)</p>	<b>ANJA PPM</b>	<p>Construction of clean water facilities in ten locations, in the form of drilled wells with a reservoir capacity of 2,000 liters in the area around ANJA estate, North Sumatra.</p> <p>Construction of similar clean water facilities at nine locations in Sumano and Benawa villages, West Papua.</p> <p>These facilities are provided due to the lack of community access to clean water.</p>	<p>Clean water facilities improve community access to safe drinking water and water for daily use. Communities previously used rainwater or freshwater from rivers.</p> <p>Communities from two villages benefit from these clean water facilities.</p>
 <p><b>Road construction</b> (Commercial)</p>	<b>ANJAS PPM</b>	<p>Construction of lean concrete roads in 14 locations and casting of concrete roads in five locations in areas around ANJAS estate with an investment of IDR 4.57 billion.</p> <p>The opening of a 2-km long road connecting Tatakera with Sumano, at PPM.</p>	<p>Improve access and connectivity to local communities where public roads are lacking or in poor conditions, reducing travel time and costs. Costs from vehicle maintenance due to poor road conditions can also be reduced.</p> <p>This program has benefitted local communities from three villages.</p>
 <p><b>Maintenance of the Giamarema Jetty</b> (Commercial)</p>	<b>PPM</b>	<p>The Giamarema Jetty is located at Kampung Puragi, near our PPM estate. Although built for the Company's use, the jetty can be used by local communities as well.</p>	<p>The Giamarema Jetty is a more reliable option for local communities to dock their ships compared to the makeshift jetty they used before.</p> <p>People from six villages can benefit from the Giamarema Jetty.</p>
<b>List of services supported</b>			
 <p><b>Health Clinics</b> (Pro bono)</p>	<b>ANJA, ANJAS, KAL, SMM, PMP, PPM, and ANJAP</b>	<p>A network of seven main clinics and five smaller support clinics staffed by a total of six doctors, seventeen nurses, and twenty-two midwives. The clinics were mainly set up to serve our workforce but can also be used by local communities.</p>	<p>Provide accessible healthcare services to employees and their families, contractors, and members of the local community who live near our estate, which are remote areas with limited health care facilities and government provisions.</p>

**Note:**

1. Commercial infrastructure engagements are investments made primarily for the purpose of the Company's business operations.
2. In-kind contributions are non-cash contributions of goods or services.
3. Pro bono services are professional services provided without payment.



PERCENTAGE RENEWABLE ENERGY  
TO TOTAL ENERGY  
[%]

41.13 ↑  
20.06%



WASTE GENERATED  
[TON]

511,842 ↓  
10.06%



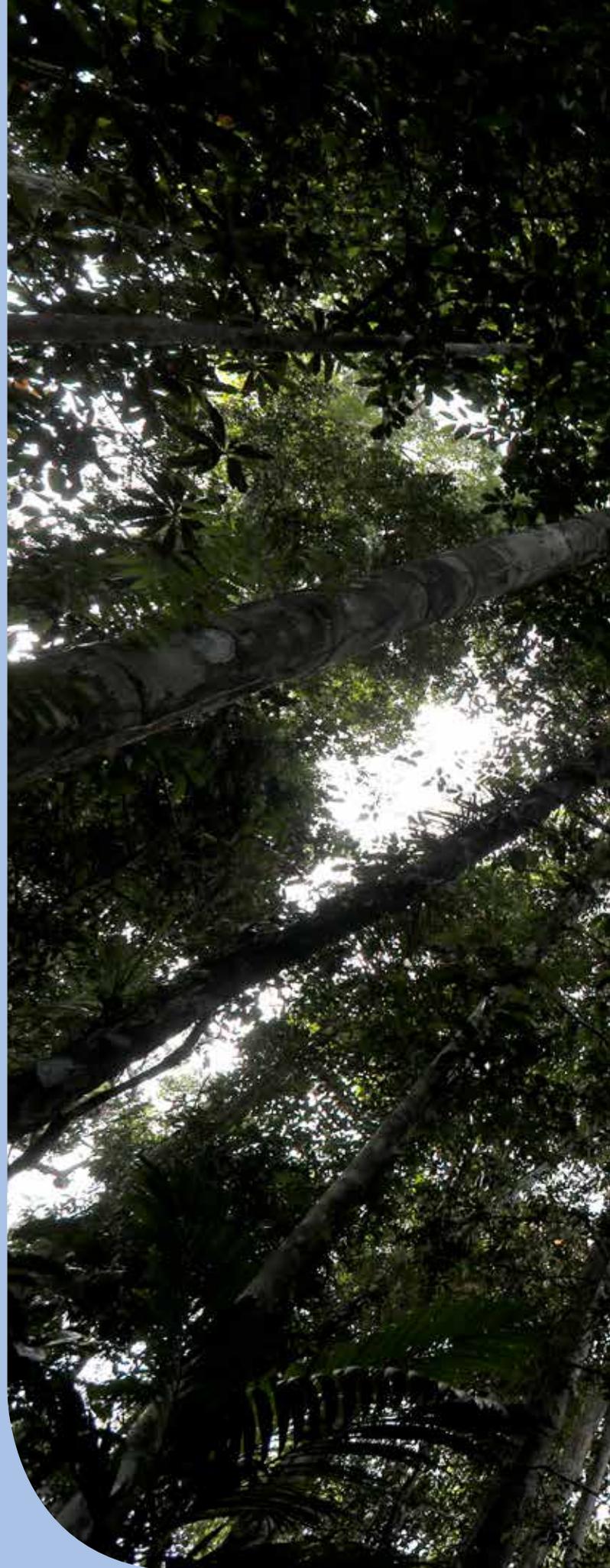
WATER INTENSITY  
[M<sup>3</sup>/TON FFB]

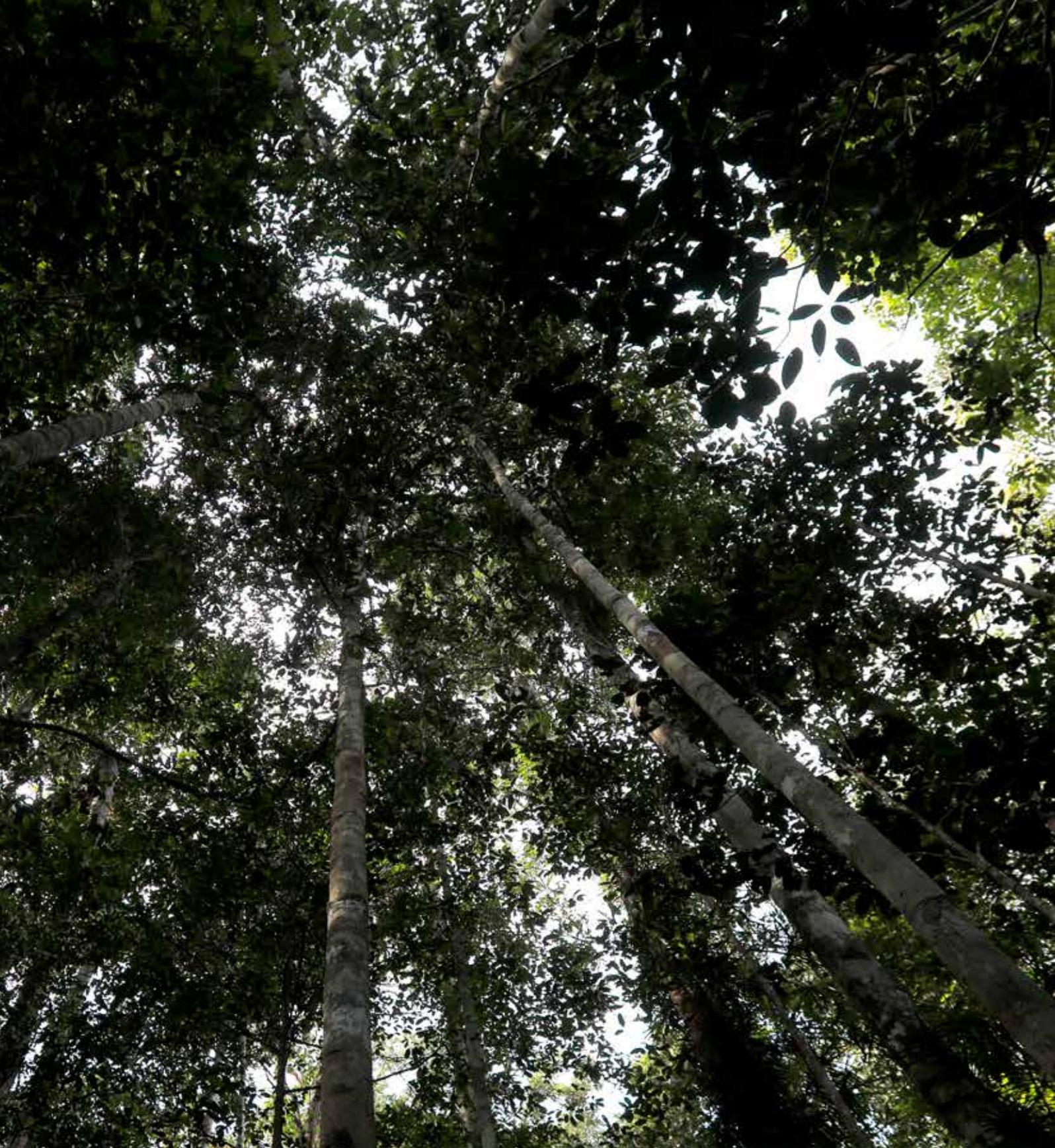
1.09 ↓  
6.03%



NUMBER OF IUCN RED LIST  
THREATENED FAUNA (SPECIES)

71 ↑  
2.9%





# PLANET

Agribusiness operations involve the transformation of the natural landscape in a way that negatively affects the environment, including biodiversity, and in many circumstances contributes to climate change to a lesser or greater extent. Environmental protection, conservation, and best agricultural practices are essential to avoid and mitigate risks, and minimize negative impacts while seeking to generate positive impacts on the planet. Our Group implements sustainable palm oil practices and endeavors to protect the environment, especially in areas deemed as High Carbon Stock and High Conservation Value forests. As an RSPO member, we fully comply with the RSPO Principles and Criteria (P&C, 2018) and New Planting Procedures (NPP) issued in November 2015.

We have set the following high-level commitments and goals in our group-wide Sustainability Policy:

- Responsible development of new areas, incorporating an integrated landscape approach.
- Total protection and conservation of independently identified High Conservation Value-High Carbon Stock (HCV-HCS) forests.

- Zero land clearing for oil palm in independently identified HCV and HCS areas, following RSPO protocols. Development of identified HCS areas pertaining to legacy cases will strictly follow RSPO's requirements.
- No new development in peat areas of any depth, and conservation of peatlands.
- Commitment to reducing greenhouse gas emissions.
- Zero Land Burning.
- Taking precautions when developing on fragile soils, slopes, and waterways (including river basins).

These commitments also apply to our suppliers because of their similar risks and impacts on the environment and biodiversity. Because our environmental performance is affected by the performance of our suppliers and independent farmers, we heavily invest in working with them, building their awareness, and enabling them to meet our environmental standards and commitments.

## TACKLING CLIMATE CHANGE: WORKING TOWARDS CARBON NEUTRALITY



↑ Sampling emissions from a boiler chimney at PMP's palm oil mill.

ANJ Group aspires to achieving net-zero emissions by 2030. We currently understand net-zero as reaching carbon neutrality in our operations following the RSPO P&C definition where "carbon neutrality refers to achieving net-zero GHG emissions by balancing a measured amount of carbon dioxide equivalent (CO<sub>2</sub>e) emissions released with an equivalent amount sequestered or offset." However, we recognize that the meaning of net-zero is evolving, especially in the case of the forest, land, and agriculture sector where consensus guidance about how land use and carbon sequestration should be accounted for is yet to be determined. We understand these questions are presently being discussed by organizations such as the GHG Protocol and Science Based Targets Initiative (SBTi), and we closely follow its developments, with standards expected to be released in 2022 at the earliest.

With this in mind, we have set our target as an aspiration to drive our company's journey and contribution toward slowing the progression of global warming. We are strongly committed to this aspiration and will further specify our net-zero target, as well as the roadmap to reach it when specific standards and guidance for our sector are established.

Considering that almost all of our GHG emissions occur in our palm oil operations, as a sub-target, we are aiming to reduce the GHG emissions intensity of our palm oil unit by 30%, compared to the 2015 baseline, by the year 2030. At a later stage in our sustainability journey, we may set similar targets in our other business units if deemed relevant and significant enough in our overall carbon footprint. As part of our commitment, we also have a target to increase our renewable energy portfolio to above 60% and to reduce our fossil fuel dependence by 20% by 2025.

## Our Approach

To achieve our climate targets, we apply a strategy based on five key aspects. Firstly, we commit to reducing our operational emissions (non-land use change emissions) by 2030. This will be achieved by reducing inorganic fertilizer use and switching to organic fertilizers, consuming more renewable energy and decreasing our dependence on fossil fuels. Furthermore, we intend to implement methane capture initiatives to reduce methane emissions from our palm oil mill effluents or POME. Secondly, we implement Nature Based Solutions (NBS) that consists of harnessing nature's potential to reduce GHG emissions, adapt with climate change, and meet sustainable development goals. This is done

through our conservation and biodiversity protection initiatives, aiming to protect, restore, and manage our ecosystems as an essential part of our best agronomic practices and responsible development approach.

Thirdly, we apply a responsible sourcing approach that focuses on ensuring that our suppliers, mostly smallholders, can meet our high sustainability standards. We provide support and capacity building programs to help them meet RSPO and ISPO requirements as well as encouraging them to obtain certification. The fourth aspect refers to adapting to and mitigating climate risks which is further detailed in the next section about climate impacts and risks.

Finally, we adhere to and actively participate in climate-change related governance and disclosure initiatives. We have participated in the CDP since 2019 and received an A- score in the Forest category in our oil palm business unit in 2021. We participate in the Sustainability Policy Transparency Toolkit (SPOTT) assessment, conducted by the Zoological Society of London (ZSL), and have published an annual Sustainability Report based on GRI standards since 2016. These disclosure and transparency initiatives help us evaluate the effectiveness of our sustainability governance and programs.

Approach	Description	Initiatives
Reducing our operational emissions	Reducing our operational GHG emissions and intensity by 2030	<ul style="list-style-type: none"> <li>Reducing inorganic fertilizer use,</li> <li>Increasing renewable energy and decrease dependence on fossil fuels.</li> <li>Implementing methane capture initiatives</li> </ul>
Implementing Nature Based Solutions (NBS)	Harnessing nature's potential to reduce GHG emissions, adapting with climate change, and meeting sustainable development goals	<ul style="list-style-type: none"> <li>Conservation and biodiversity protection</li> <li>Protecting, restoring, and managing natural ecosystems</li> <li>Sustainable agronomic practices and responsible development</li> <li>Composting</li> </ul>
Responsible sourcing	Ensuring that sustainability and ESG factors are applied in the supply chain.	<ul style="list-style-type: none"> <li>Engagement and capacity building for suppliers</li> <li>Certification support to smallholder farmer cooperatives</li> <li>Traceability system</li> </ul>
Adapting and mitigating to material climate risks	Adjusting to current and future impacts of climate change, and taking measures to reduce the severity of these impacts	<ul style="list-style-type: none"> <li>Increase use of organic fertilizers</li> <li>Drip fertigation</li> <li>Wildfire prevention and management</li> </ul>
Climate-change related governance and disclosures	Participating in ESG disclosure initiatives and standards to ensure transparency and effective governance of climate change	<ul style="list-style-type: none"> <li>Establish ESG targets and RD initiatives led by respective Directors</li> <li>Participating in CDP, SPOTT and ESG Risk ratings by Sustainalytics</li> <li>Publishing Sustainability Reports following GRI standards</li> </ul>

## Climate Impacts and Risks (201-2)

We recognize that climate change carries a detrimental impact on the planet, which will undoubtedly increasingly affect our people, the ecosystem, the communities around our operations, as well as our business. Therefore, adopting business models that mitigate the impacts of climate change, including lowering carbon emissions, is an integral part of our corporate growth strategy and our contribution to the global goal of reducing global warming.



Conservation area at PPM

### Physical Risks

Climate change is already causing higher temperatures and more extreme weather events, such as greater frequency and intensity of rainfall and droughts, which are affecting our agribusiness operations. The elevated atmospheric carbon dioxide levels, which contribute to global warming, also affect our crop yields. We have assessed that global warming constitutes a significant physical risk to our business, potentially lowering our crop yields, making our agricultural management more complicated and costly, and causing disruptions to the global supply of agribusiness commodities.

In our operations, we have observed climate change-related phenomena occurring at an increasingly higher rate and intensity. Extreme weather is manifested as either longer and hotter dry periods, or more intense periods of historically high rainfall. Our operations can be impacted most notably in the following ways:

1. Higher soil moisture evaporation causes water deficiency and degenerates soil structure. This can impact productivity by up to a 20% reduction of the site yield potential, especially in sandy and marginal soils.
2. Changing behavior of insect pollinators disrupts the natural pollination of the palm flowers and the development of palm fruits. The impact on production can reach a 10% reduction in the average FFB weight and an overall 10% reduction in the total production yield.
3. Intense and prolonged drought, including elevated wildfire risk, can cause severe damage to the growth of young palms and the survivability of old palms. The impact of droughts in 2015 and 2019 was substantial, reducing our crops yields by more than 20% compared to the previous year.

4. High intensity rainfall and frequent floods can disrupt the accessibility of roads and bridges during harvesting and reduce production by up to 10%.

### Regulatory and Transitional Risk

Corporations are increasingly expected by investors and customers to adhere to carbon regulations and offer low carbon products. Reporting and disclosure on climate-related issues are rising significantly with high expectations for companies to disclose performance. This includes disclosing GHG emissions, water usage and conservation practices, ESG ratings and benchmarking, and participating in platforms such as the CDP and the SPOTT. We recognize that these pressures generate transitional risks and opportunities related to the shifting of our strategies, policies, business model, or investments to reduce our carbon footprint and impact on the climate.

In the palm oil industry, land-use change policies and stricter sustainability standards and regulations for developing new plantations represent a key transitional risk. There are also policies to reduce fossil fuel consumption and transition to renewable energy in our operations. We also observe the emergence of carbon markets, and we are exploring the opportunity to generate carbon credits from Certified Emissions Reduction (CER) from our renewable energy projects and Voluntary Carbon Unit (VCU) from opportunities in a carbon-funded conservation project.

Each risk and opportunity profile is assessed annually during our strategic review and is reflected in the integration of ESG into our business strategy with the aim to achieve our ESG ambitions and targets. The mitigation of transitional risks is under the responsibility of the Board of Directors, led by our Chief Operating Officer.



 Spraying POME on empty fruit bunches (EFB) to convert them into organic fertilizer.

## Our Climate Initiatives and Innovations (201-2)

We understand the financial implications that climate change poses to our business, incurring potential losses as described above. Therefore, we carefully manage climate change impacts and risks by proactively implementing interventions through agribusiness innovation and research which, as we have observed, can generate opportunities through increased economic and operational efficiency. Our agribusiness innovation and research include the following:

**Composting.** Our composting initiative converts empty fruit bunches into organic fertilizers using microbes. This initiative requires an investment of USD 3-4 million per operational site. The application of compost reduces the use of chemical fertilizers, improves soil moisture, and rejuvenates the structure of the soil. As a result of this initiative, we have seen yield improvements in young mature palms in Belitung while reducing chemical fertilizer use by more than 50%, meaning that GHG emissions from fertilizers are also reduced.

**Drip Fertigation.** By installing small pipeline systems to distribute water and fertilizers that reach each palm tree, we can mitigate the impact of drought and dependency

on workers. This initiative involves an initial investment of USD 1,500 per hectare, to reduce operational costs by more than 55% while maintaining comparable crop growth, especially during prolonged drought seasons.

**Assisted Pollination.** We maintain the population growth of pollinators and mechanically assist the pollination process in areas with a lower population of pollinators. This initiative has improved the overall weight of bunches and the development of fruit sets.

**Wildfire Prevention.** Our fire prevention initiatives include building a closed canal system and water reservoirs as protection boundaries against forest fires from outside of our concessions. We also strengthen our rapid response capabilities to tackle forest fires in our surrounding areas. More details about our fire prevention initiatives can be found in the related section of this report (page 75).

These initiatives form an integral part of our focus and strategy. Therefore, all investments were analyzed with comprehensive financial implications and life cycle cost-benefit analysis in our annual strategic planning and budgeting.

**Table 11: Physical Risks and Financial Implications due to Climate Change**

Physical Risks	Timeframe	Financial Implications	Management Methods	Cost of Actions	Likelihood of Occurrence and Magnitude of Impact
Higher soil moisture evaporation	2 years	USD 1M to 10M per year	Composting	USD 3M per site location	L: High M: High
Behavior of the insect pollinators	1 year	USD 1M to 10M per year	Assisted Pollination	<USD 100k per site	L: High M: Medium
Intense drought and wildfire	2 years	USD 10M to 50M per year	Composting Drip Fertigation Fire Management/ Reservoir	USD 3.5M per site location	L: High M: High
Intense rain and frequent floods	1 year	USD 1M to 10M per year	Water Management	USD 1M per site location	L: Medium M: Medium

## Reducing Emissions and Energy Management

### Our Emissions

Our greenhouse gas emissions come from operational activities (non-LUC) and land use change from planting and replanting in our palm oil business (LUC emissions). Non-LUC greenhouse gasses are emitted mainly from land management practices, such as the application of fertilizers in our plantations that emits nitrous oxide, and extraction or processing, such as from wastewater from our milling activities (palm oil mill effluents or POME), that emits methane.

Another source of GHG emissions is the use of fossil fuel and biomass in our mills, factories, offices, and vehicles. We also use electricity from the national electricity

grid that may use fossil fuels, such as coal or diesel, as an energy source. Additionally, we indirectly emit greenhouse gases from the activities of our supplier plantations, employee travel, and the transport of raw materials, fertilizers, and our agricultural products.

As a company in the plantations and agribusiness industry, we also account for GHG emissions from our land use preparation. This is mainly from clearing lands to plant or replant our oil palm trees and from cultivation in peat soils. These emissions are estimated calculations using the RSPO PalmGHG based on the size of our areas and fixed for 25 years.

**Table 12. Palm Oil GHG Emissions and Emissions Intensity in Ton CO<sub>2</sub>eq (calculated using PalmGHG RSP0 ver.4.0) (305-4)**

Description	2021
<b>Emissions from Plantation</b>	
Land Conversion to Palm Oil	620,373
CO <sub>2</sub> Emission from Fertilizers	23,557
N <sub>2</sub> O Emission from Fertilizers	34,109
Peat Oxidation	578,210
N <sub>2</sub> O Emission from Peat	79,274
Estate Fuel	9,365
Crop Sequestration	(411,933)
Sequestration in Conservation Areas	(152,060)
<b>TOTAL Plantations</b>	<b>780,895</b>
<b>Emissions from Extraction</b>	
POME	118,274
Fuel Consumption	3,976
Grid Electricity Utilization	1,948
Excess Electricity to Housing and Grid	(7,608)
Sale of PKS	(18,001)
<b>TOTAL Extraction</b>	<b>98,588</b>
<b>TOTAL GHG Emissions*</b>	<b>879,483</b>
<b>GHG Intensity per ton of CPO*</b>	<b>3.35</b>

[\*] GHG emissions and intensity for RSP0 certified units only, excluding undeveloped units and other business units.

Our emissions reduction initiatives are concentrated on reducing non-LUC emissions resulting from land management, processing, and energy consumption in our operational activities, while LUC emissions are mitigated through no-deforestation commitments and forest conservation activities.



 A member of SMM staff opening a drip fertigation flow valve.

### Reducing Non-LUC Emissions

Our emissions and energy reduction policy, which is a component of our Sustainability Policy and Environmental Policy, focuses on reducing fertilizer use through improving efficiency and switching to organic fertilizers, increasing the use of renewable energy, reducing fossil fuel dependence, and capturing the methane from our POME as biogas energy. We have also installed electrostatic precipitators (ESP) in some of our mills to control air pollution and remove harmful particulate matter although the system is yet to be put into operation. These initiatives are identified after we have made a life-cycle assessment (LCA) to understand where the highest carbon impacts occur from our production process up to the selling of our products to our buyers (cradle to gate) and where reductions are possible.

### Reducing Inorganic Fertilizers: Composting and Fertigation

Fertilizers contribute to a significant proportion of our emissions. We have reduced inorganic fertilizer consumption through our existing fertigation and composting initiatives. We will continue to reduce this consumption as we expand the composting program to all our estates and scale up the fertigation initiative in the next five years. Applying fertigation, a method of using irrigation systems to inject our plants with a precise amount of fertilizers is much more efficient and can reduce the overall amount of fertilizers. It is also safer for the environment because excessive application of inorganic fertilizers can contaminate soils, and runoff into bodies of water streams causing eutrophication.

Our composting initiative produces organic fertilizers that can be used to reduce the use of inorganic fertilizers. These organic fertilizers, obtained by composting palm fruit waste from our milling activities called empty fruit bunches (EFB), emit less GHG than inorganic fertilizers. In 2021, we used a total of 206,733 tons of organic fertilizers, or 87% of the total fertilizers used.

### Methane Capture

To reduce methane emissions from our POME, we have implemented a methane capture project at our estate in SMM. This POME is captured to generate biogas electricity as a renewable energy source that are sold to the National Electricity Company. Seeing the potential of methane capture in reducing methane emissions while also generating renewable energy, we plan to scale up to other locations by having at least one additional methane capture facility by 2023.

## Renewable Energy Initiatives and Reducing Fossil Fuel Dependence

We target to increase our renewable energy portfolio to above 60% and reduce our fossil fuel dependence by 20% by 2025 across our Group. Currently, about 41% of our energy is sourced from renewable energy, mostly biomass from palm shells and fibers. The biomass is burned to power the turbines at our mills at ANJA, ANJAS, SMM, KAL, PMP, and

ANJAP. We have implemented this initiative for many years which has resulted in a steady increase in renewable energy use and reduced our dependence on diesel. We continue to increase our capabilities in monitoring and recording our overall energy use to better understand our impacts and meet our ESG ambitions.

**Table 13. Total Energy Consumption (302-1)**

Year	Renewables (in GJ)				Non-renewables (in GJ)			Purchased electricity (in GJ)	Electricity sold to National Grid (in GJ)	Total energy consumption (in GJ)
	Biogas	Biomass	Solar Power	Total	Gasoline, Peralite, Kerosene	Diesel	Total			
<b>ANJ Group, including Palm Oil</b>										
2021	3,488	103,459	8	106,954	21,322	147,954	169,276	17,605	33,848	259,988
2020*	3,279	100,109	8	103,396	18,572	202,861	221,433	10,766	33,842	301,753
2019*	2,646	100,317	8	102,971	26,940	192,877	219,817	15,070	25,584	312,274
<b>Palm Oil Unit</b>										
2021	3,488	103,451	8	106,947	21,145	93,013	114,158	10,610	33,848	197,867
2020	3,279	99,745	8	103,033	18,355	146,126	164,482	7,185	33,842	240,857
2019	2,646	99,826	8	102,480	26,541	159,130	185,671	10,497	25,584	273,063

**Notes:**

- \*information restated due to improved calculation.
- Biogas, biomass, and electricity consumption are measured in kWh, the conversion factor is 1 kWh = 3.6 MJ [WRI, 1987]
- Solar power use is estimated based on a 10 hour/day usage of 9W light bulbs, for 30 days/month, measured in kWh. The conversion factor is 1 kWh = 3.6 MJ [WRI, 1987]
- Diesel consumption is measured in liters, the conversion factor is 1 liter = 0.036 GJ [IPCC, 2006]
- Kerosene consumption is measured in liters, the conversion factor is 1 liter = 0.03768 GJ [Statistic Canada, 2005]
- Gasoline consumption is measured in liters, the conversion factor is 1 liter = 0.03466 GJ [Statistic Canada, 2005]
- Peralite consumption is measured in liters, the conversion factor is 1 liter = 0.03276 GJ [deepresource.wordpress.com, 2012; WRI, 1987]

## Efficient Consumption of Energy

To increase energy efficiency and reduce energy consumption, we implement energy innovation initiatives. The highest reduction comes from using excess energy from the biomass-powered turbines powering our mills for other energy needs, such as electricity for housing, shops, places of worship, and other facilities in our estates. We also use energy-saving lamps in our mills and facilities, install solar cells in our estates, and apply various energy-efficient technologies and designs, as described in the Table 14 Below.



Flaring at AANE to burn excess and unused biogas.

Table 14. Energy Reduction (302-4)

No	Program	Type Of Energy Reduced	2021	2020	2019
			(GJ)	(GJ)	(GJ)
1	Using biomass turbines for non-processing energy	Diesel fuel	12,484.1	17,561.8	12,640.2
2	R2G (Rotary Removal Grit)	Electrical	580.5	278.1	806.0
3	Deactivation of pump in Pond 5 in the waste area	Electrical	449.3	224.7	-
4	Reducing power of LTDS 2 Fan	Electrical	404.0	-	-
5	Optimization of High Speed Separator Pumps for mud processing	Electrical	373.4	-	-
6	FFB grading conveyor	Electrical	191.2	-	-
7	Modification of unconventional tin pump system from diesel to electric	Diesel fuel	155.7	108.2	534.9
8	Optimization of electromotor oil pump	Electrical	114.6	-	-
9	Modification of machines from diesel to electric	Diesel fuel	46.1	46.1	46.1
10	Teleconferencing	Diesel fuel	42.7	13.6	7.6
11	Operational transport restrictions for guest and staff pickup Service	Diesel fuel	38.2	38.1	11.7
12	SCADA for Automatization	Electrical	36.9	16.6	33.7
13	Switch to energy saving light bulbs and AC	Electrical	35.4	40.8	97.8
14	AutoMix Treatment	Electrical	15.6	16.0	6.4
15	Installation of automatic switches (Legrand Timer, Photocell)	Electrical	6.3	36.5	-
16	Solar cells	Electrical	0.9	0.2	0.5
<b>TOTAL REDUCTION OF ENERGY CONSUMPTION</b>			<b>14,975.9</b>	<b>18,380.8</b>	<b>14,184.9</b>

Note: Methodologies and conversion factors are described in Appendix 5

Energy Intensity by Total Asset (302-3)



\* information restated due to improvement in data collection

GHG Emissions Monitoring

We calculate GHG emissions from entities under our operational control, namely our mature producing oil palm subsidiaries of ANJA, ANJAS, SMM, KAL, PMP and PPM, our sago and edamame businesses of ANJAP and GMIT, as well as our offices in Jakarta, Medan, and Sorong. We do not count emissions from our renewables business (AANE) to prevent double counting because its emissions are already included in our calculation of SMM

emissions. Our calculations take into account carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O), all of which have been converted to CO<sub>2</sub> equivalent.

Our calculation method is based on the RSPO PalmGHG calculator version 4, which is the most suitable method for measuring our GHG emissions because palm oil is our largest business unit and has the highest impact



 Drip fertigation hose inspection by a field worker at SMM.

on our emissions. For comparability reasons, we have determined the year 2015, the first year we have used PalmGHG, as the base year to track our performance over time. The PalmGHG calculator takes into account carbon sinks and credits, which are not yet considered in the GHG Protocol Corporate Standard, and thus we adapted the data obtained from PalmGHG to meet GHG Protocol Corporate Standard when reporting our overall emissions as a Group.

To measure and monitor our GHG emissions performance, we monitor fuel use, energy use, and fertilizer use, and calculate our emissions in all our operations and offices. We also input data about our land conversion into the PalmGHG calculator to obtain emissions estimates for our LUC emissions. These measurements are regularly audited by independent parties as part of our RSPO and ISPO requirements, as well as by ISCC in SMM. We also implemented a GHG Standard Operating Procedure (SOP) at the beginning of 2021. This SOP takes into consideration the latest developments concerning GHG emissions, including improving our data monitoring system and GHG calculations to ensure the effective and efficient reduction of emissions.

Ozone-depleting substances (ODS) that destroy the ozone layer and cause global warming, such as chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) are not measured. The frozen line factory in our vegetable unit commenced operations in 2021. In compliance with prevailing regulations in Indonesia that seek to gradually prohibit products that emit ODS, our frozen line factory does not use HCFCs and does not emit ODS. (305-6)

## GHG Emissions Performance

Our Scope 1 (direct) emissions comprise emissions from all land use change and replanting, emissions from land management (e.g., fertilizers), and emissions from our mills (e.g., POME, mill fuel). Meanwhile, Scope 2 emissions are indirect emissions from the purchase of electricity from the State Electricity Company. The PalmGHG method accounts for carbon sinks from crop sequestration and sequestration in conservation areas, which are very significant in the context of our operations. The GHG Protocol Corporate Standard currently does not have a consensus method for sequestration accounting. Pending guidance on accounting for land use, land use change, and carbon sequestration from the GHG Protocol, which is still being discussed and developed by the GHG Protocol, we have removed sequestration from the calculation of our indirect (Scope 3) emissions and added emissions from our FFB suppliers. Consequently, our GHG emission information from previous years is restated. We have not yet calculated other indirect emissions from our value chain.

The total GHG emission for the Group in 2021 is 1,495,684 Ton CO<sub>2</sub>eq, which has increased compared to the previous year and the base year. However, our net GHG emissions, which take into consideration carbon sequestration, amount to 333,663 Ton CO<sub>2</sub>eq and is a 76.1% decrease compared to the base year. This reduction is due to the expansion of our conservation areas at PPM and PMP that increases carbon sequestration in our operations (see table 15). Meanwhile, our emissions intensity (Scope 1 and 2) has steadily declined over the years and reached a 6.9% reduction when compared to the base year. As for our net GHG emissions intensity, the reduction is even higher with an 82.7% reduction in intensity compared to the base year.

Table 15. GHG Emissions and Intensity Ratio, ANJ Group (305-1, 305-2, 305-4)

Items	Unit	2021	2020	2019	Base Year
<b>GHG Emissions</b>					
Scope 1 <sup>1</sup>					
ANJ Group	Ton CO <sub>2</sub> eq	1,481,293	1,411,747	1,179,013	1,450,786
Palm oil unit	Ton CO <sub>2</sub> eq	1,476,693	1,408,566	1,175,783	1,450,786
Scope 2					
ANJ Group	Ton CO <sub>2</sub> eq	2,293	2,789	36,792	1,876
Palm oil unit	Ton CO <sub>2</sub> eq	1,970	1,984	35,764	1,876
Scope 3 <sup>2</sup>					
ANJ Group	Ton CO <sub>2</sub> eq	12,098	N/D	N/D	N/D
Palm oil unit	Ton CO <sub>2</sub> eq	12,098	N/D	N/D	N/D
<b>Total GHG Emissions<sup>2</sup></b>					
ANJ Group	Ton CO <sub>2</sub> eq	<b>1,495,684</b>	<b>1,414,536</b>	<b>1,215,804</b>	<b>1,452,662</b>
Palm oil unit	Ton CO <sub>2</sub> eq	<b>1,490,761</b>	<b>1,410,550</b>	<b>1,211,547</b>	<b>1,452,662</b>
<b>Sinks and Credits</b>					
Crop sequestration	Ton CO <sub>2</sub> eq	(418,710)	(413,999)	(332,473)	N/D
Conservation Sequest.	Ton CO <sub>2</sub> eq	(717,702)	(471,635)	(71,925)	(56,251)
Selling shell	Ton CO <sub>2</sub> eq	(18,001)	(51,077)	N/D	N/D
Excess electricity	Ton CO <sub>2</sub> eq	(7,608)	N/D	N/D	N/D
<b>Net GHG Emissions<sup>3</sup></b>					
ANJ Group	Ton CO <sub>2</sub> eq	<b>333,663</b>	<b>477,825</b>	<b>811,406</b>	<b>1,396,411</b>
Palm oil unit	Ton CO <sub>2</sub> eq	<b>328,740</b>	<b>473,839</b>	<b>807,148</b>	<b>1,396,411</b>

**GHG Emissions Intensity (Scope 1&2) – Without Taking Into Account Scope 3 Emission, Sinks, and Credit**

<b>GHG Emissions Intensity (Scope 1&amp;2)</b>					
ANJ Group	Ton CO <sub>2</sub> eq/million USD	2,273.17	2,223.62	1,943.08	3,087.88
Palm oil unit	Ton CO <sub>2</sub> eq/Ton CPO produced <sup>4</sup>	7.76	8.03	7.05	8.49

Notes:

1. Includes LUC emissions, emissions from land management, and emissions from mills
2. Restatement of information from previous years due to adjustments in carbon inventory
3. Net GHG emission based on PalmGHG Calculator, or total GHG Emissions less total sinks and credits
4. Ton CPO produced refers to CPO produced from own estate, plasma, and partnership FFB only

N/D: no data available.

**GHG Emission Intensity (305-4, 305-5)**



\* Ton CPO produced refers to the total CPO produced from our mills

➔ Unloading empty fruit bunches (EFB) to be processed into compost.



To set our net-zero targets, we have attempted to account for our emissions following the draft for public consultation of the “Forest, Land, and Agriculture Science-Based Target Setting Guidance” from the SBTi released in January 2022. According to this draft guidance, companies in the Forest, Land, and Agriculture (FLAG) sector should set FLAG targets,

composed of carbon emissions from land use change and land management, as well as carbon removals from sequestration. Meanwhile, emissions from other activities, such as from palm oil mills, should have a separate non-FLAG target. Based on this categorization, we obtain the total FLAG and non-FLAG emissions as described in table 16.

Table 16. GHG Emissions by Category, in Ton CO<sub>2</sub> eq

FLAG EMISSIONS				
Category	2021	2020	2019	Base Year
<b>LUC</b>				
Land Conversion	620,373	591,453	381,271	353,663
<b>Carbon Sequestration</b>				
Conservation Sequestration	(717,702)	(471,635)	(71,925)	(56,251)
Palm Plant Sequestration	(418,710)	(413,999)	(332,473)	-
	<b>(1,136,412)</b>	<b>(505,132)</b>	<b>(71,925)</b>	<b>(56,251)</b>
<b>Land Management</b>				
CO <sub>2</sub> Emission from Fertilizer	32,925	28,902	20,759	312,812
N <sub>2</sub> O Emission from Fertilizer	34,216	30,245	112,026	113,412
Peat Oxidation	578,21	534,271	539,029	579,189
N <sub>2</sub> O Emission from Peat	79,274	73,250	-	-
Estate Fuel	9,446	6,268	5,215	6,382
	<b>734,070</b>	<b>672,936</b>	<b>677,029</b>	<b>1,011,796</b>
<b>Total FLAG emissions</b>	<b>218,032</b>	<b>759,258</b>	<b>986,375</b>	<b>1,309,207</b>



## NON-FLAG EMISSIONS

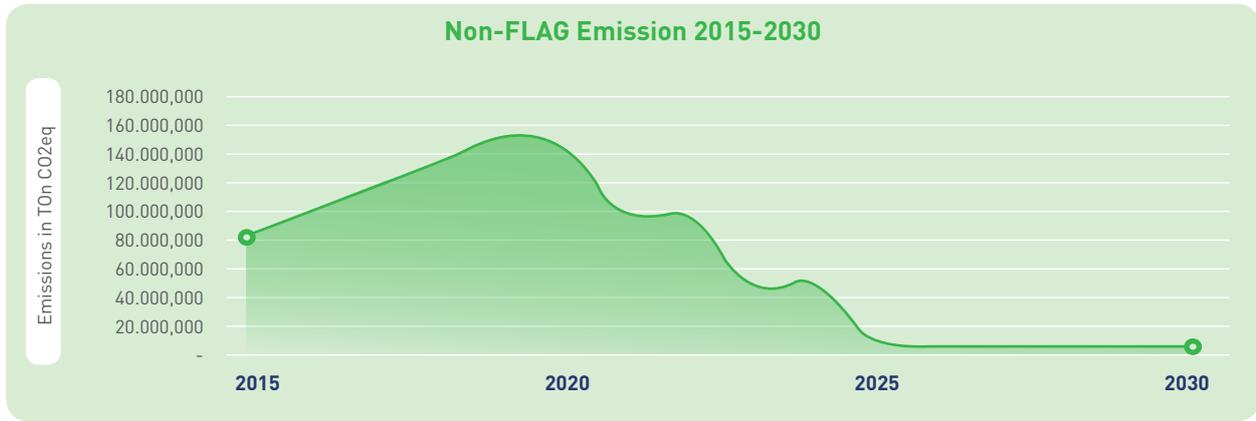
Category	2021	2020	2019	Base Year
<b>Non FLAG (Extraction of Palm Oil)</b>				
Mill Fuel	3,976	1,909	1,999	3,232
POME Emissions	118,274	142,267	115,484	82,094
National Grid Electricity	2,293	2,789	36,792	1,876
Selling Shell	(18,001)	-	-	-
Methane capture	(7,608)	-	-	-
<b>Total non-FLAG emissions</b>	<b>98,933</b>	<b>95,888</b>	<b>154,275</b>	<b>87,203</b>

Our total FLAG emissions have significantly reduced compared to the base year as well as compared to last year, by 90.4% and 83.4%, respectively. This reduction is due to carbon sequestration from our conservation forests as well as from our planted palm trees. Meanwhile, our non-FLAG emissions in 2021 have reduced by 32.5% compared to 2020, although it has increased when compared to the base year. Using SBTi's draft guidance and by making our own estimates and

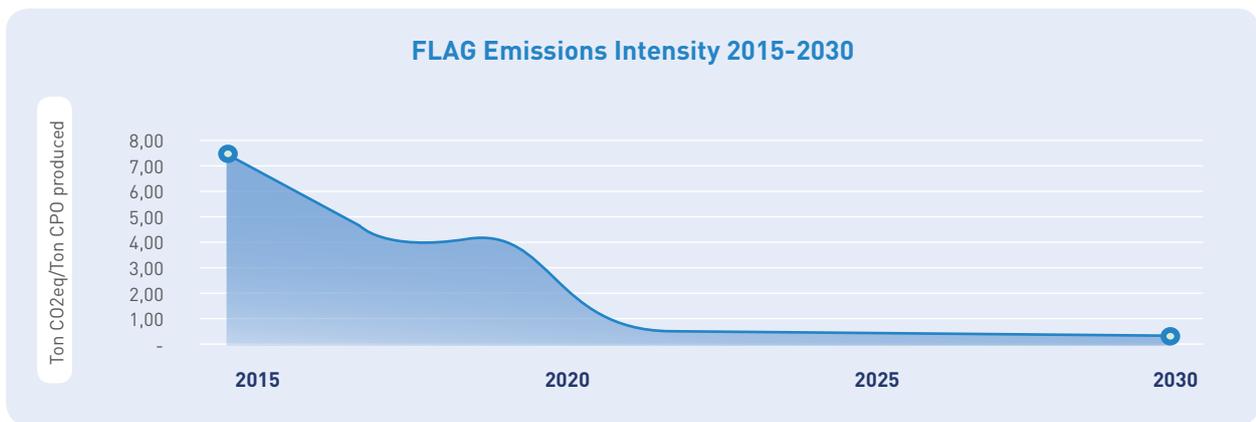
scenarios based on our emissions reduction initiatives, we expect to reach 8,631.67 Ton CO<sub>2</sub>eq for our non-FLAG emissions, and 74,724.66 Ton CO<sub>2</sub>eq for our FLAG emissions by 2030. This exercise, although not audited or verified by independent parties, helps us to have an initial understanding of areas we should focus on to reach our target. We plan to involve independent experts in 2022 to help build scientifically robust emission estimates and reduction scenarios.



Graph 01. Non-Flag Emissions 2015-2030 (own estimate)



Graph 02. FLAG Emissions 2015-2030 (own estimate)



Notes:  
 - Years 2022 to 2030 are based on estimates  
 - Estimations are not audited or verified by independent parties

**Ozone-Depleting Substances (305-7)**

As per regulatory requirements, our EHS department report NOx, SOx and particulate matter emissions to the local Environmental Agency. NOx and SOx are measured every six months in factories and offices as well as in housing areas. Direct particulate counts are measured at the source in the electricity generator and boiler

chimneys. The amount of these emissions throughout 2021 is described in graphic below. The decrease of SOx emissions in 2021 is because several generators are only recorded every three years, per prevailing regulations, and are thus not calculated here.



Notes:  
 1. These emissions cover SMM, ANJAS, ANJA, KAL, and PMP only  
 2. Calculations are made based on site-specific data

—●— NOx kg    —●— SOx kg    —●— Particulate Matter



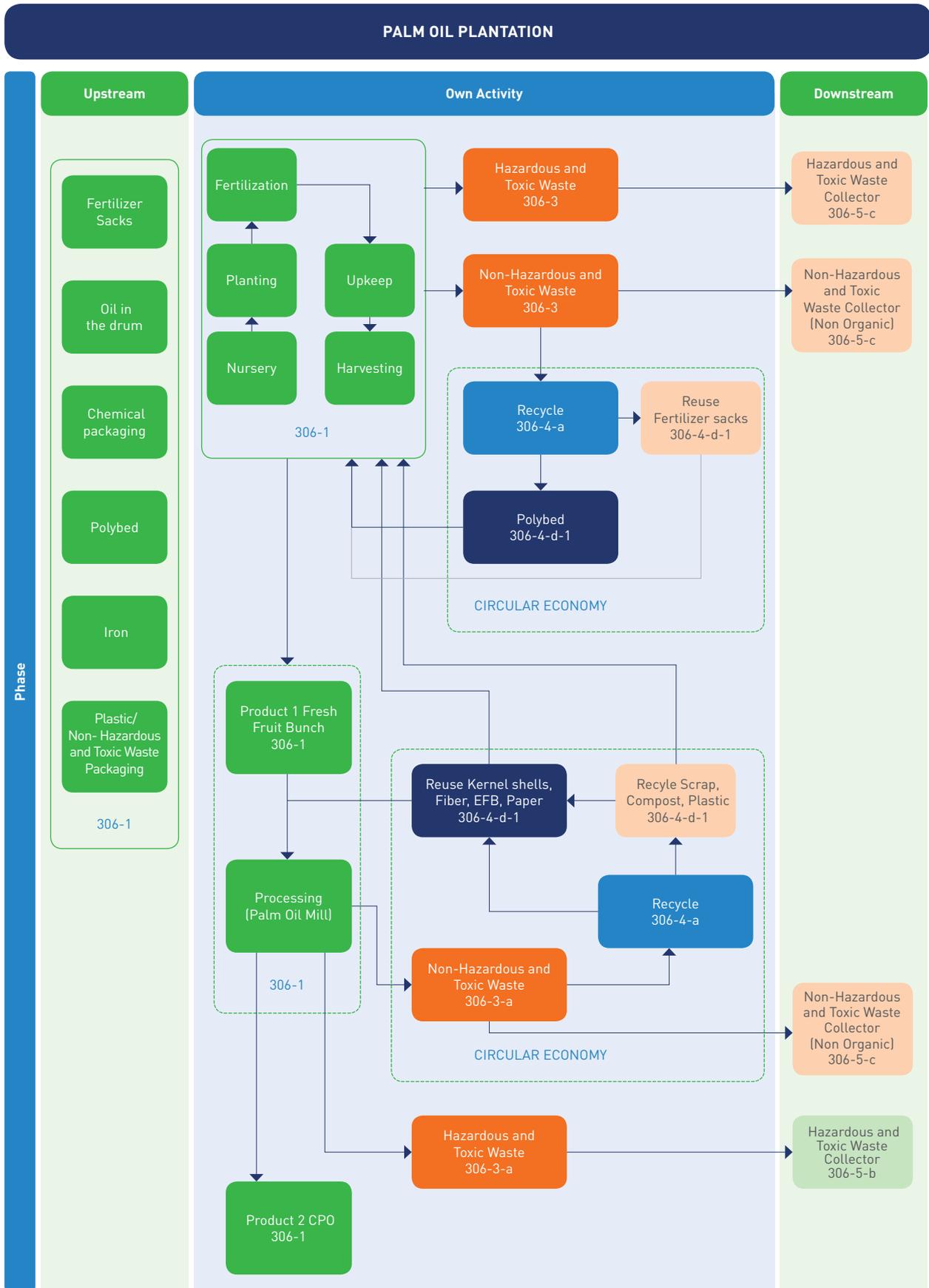
 Waste pond at ANJA's palm oil mill.

## Waste Management

Our operations mostly generate waste from the processing of our oil palm, sago, and edamame crops. Crop waste, or “processing waste”, constitutes more than 99% of the waste that we produce each year. The remainder is categorized as “non-processing waste” and includes spare parts for vehicles and

machines, packaging, paper, and domestic waste from our housing facilities and offices. Our operations also produce hazardous waste, predominantly in the form of used oil and neon bulbs, medical waste, and pesticide packaging.

Flowchart 01. Waste Generation and Significant Waste-related Impacts (306-1)



As part of our Sustainability Policy and Environmental Policy, we implement reduce, reuse, and recycle (3R) programs to manage our waste. Our target is to reduce the overall generation of solid waste from our non-production activities, increase the reuse and recycling of our waste, and minimize uncontrolled landfilling and waste incineration. Our waste management targets are set every five years.

### Crop Waste Recycling

About 90% of our organic crop waste is reused or recycled. Shells and fibers from our palm oil and sago crops are reused as biofuel for our boilers, as an alternative to diesel fuel. Palm oil empty fruit bunches are composted to produce organic fertilizers that we can apply at our plantations instead of inorganic fertilizers

that emit a large amount of greenhouse gases. Due to the success of composting in our palm oil units, in 2021 we started to compost edamame waste in our vegetable units. (306-2)

### 3R Initiatives

We implement the 3R initiatives to reduce amount of waste from our activities. These initiatives include plastic use reduction activities such as avoiding plastic bottled water and encouraging environmentally friendly packaging; and 3R awareness-building activities targeting our employees, suppliers, and contractors. We have also established an incentivized system of rewards to promote our 3R initiatives. A list of our main 3R initiatives can be found in Table 17 below. (306-2)

**Table 17. List of 3R Initiatives (306-2)**

No.	Impact	Initiatives
1	Reduce the use of diesel, inorganic fertilizers, paper, plastic, and organic waste	<ul style="list-style-type: none"> <li>• Palm fiber and kernel shells generated from CPO processing are used as boiler fuel to reduce diesel fuel consumption and reduce waste.</li> <li>• Empty Fruit Bunches (EFB) are composted at our composting plant and then applied to oil palm plants as organic fertilizer to reduce the use of chemical (inorganic) fertilizers.</li> <li>• Reducing paper use by implementing digital technologies such as EPMS (Electronic Plantation Mobile System), eTIS (Electronic Traceability Information System), Digital Capital expenditure and fingerprint-based digital attendance machines.</li> <li>• Reducing plastic consumption by enacting a policy of not providing plastic bags for the customers of employee cooperatives and not supplying packaged drinks at the office.</li> <li>• Reducing organic waste by cultivating maggots for animal feed for local farmers (community project).</li> </ul>
2	Reuse of the following materials: Empty fertilizer sacks Empty fruit bunches Miscellaneous waste Food waste	<ul style="list-style-type: none"> <li>• Empty fertilizer sacks are reused for stabilizing slopes and embankments on Company plantation lands as an effort to prevent erosion and reinforce the soil.</li> <li>• Empty fruit bunches are directly applied as organic fertilizers in oil palm plantations.</li> <li>• Reuse of waste such as tires, steel, pipes, plastic bottles, drums, sacks, etc. as garden accessories, decorations, fences, road signs, breeding media for pollinating insects, planting media used by local communities, etc.</li> <li>• Organic solid waste food waste is composted to be used as organic fertilizer for decorative plants in the housing complex.</li> <li>• Utilization of used Ebor gold pole fiber, a harvesting pole, to make waterpasses. The waterpass is used for measuring double terraces in the replanting area.</li> <li>• Reuse of used chain conveyors as roller conveyers for boilers.</li> <li>• Utilization of scrap metal in mill areas, specifically angle iron and rattan iron, to be used as a fire hose binder.</li> <li>• Reuse of plastic waste for edamame seed processing.</li> <li>• Boiler ash is used for paving roads.</li> </ul>
3.	Recycle scrap metals and plastic	<ul style="list-style-type: none"> <li>• Utilization of scrap metal for making tools to process plastic, known as "plastic choppers". Plastic choppers are used to cut or chop plastic waste.</li> <li>• Utilization of plastic waste with a mixture of boiler ash as raw material for making paving blocks.</li> <li>• Recycling used CPO seals as raw materials for making plastic products.</li> <li>• Using used paper as log sheets.</li> </ul>
4.	Eco-enzyme	Fermentation of organic domestic waste to produce eco enzymes, a multi-purpose liquid that can be used as organic detergents and cleaners.
5.	Liquid smoke	Utilization of scrap wood as liquid smoke (pesticide/natural disinfectant).
6.	Palm cake reuse	Palm cake is used as organic soil fertilizer.

## Waste Disposal

A large majority of our non-hazardous solid waste is disposed of in controlled landfills at our sites, with a smaller proportion being managed by third parties. All of our hazardous waste is managed by licensed third parties to transport, recycle and process waste, as required by law. We ensure that these third parties operate per

prevailing regulations and standards, as outlined in the respective contracts. We monitor and supervise the management of hazardous waste using "Festronik", an online electronic reporting system managed by the Ministry of Environment and Forestry (MoEF). (306-2)

**Table 18. Waste Generated, Diverted from, and Directed to Disposal in Metric Tons (306-3, 306-4, 306-5)**

Year	Category	Waste generated	Diverted from disposal	Reused	Recycled	Other recovery	Directed to disposal
		Ton	Ton	Ton	Ton	Ton	Ton
2021	Production	511,581.9	468,844.8	419,972.79	48,872.00	0.0	42,737.09
	Non-production	183.3	86.7	79.0	7.59	0.0	96.6
	Hazardous	77	0.0	0.0	0.0	0.0	45.6
	<b>Total</b>	<b>511,842.3</b>	<b>468,931.5</b>	<b>420,051.8</b>	<b>48,879.6</b>	<b>0.0</b>	<b>42,879.3</b>
2020	Production	568,848.2	511,437.3	167,355.8	165,027.3	179,054.2	51,029.0
	Non-production	222.2	142.0	80.0	62.0	0.0	30.7
	Hazardous	32.1	0.0	2.0	0.0	0.0	38.7
	<b>Total</b>	<b>569,102.5</b>	<b>511,579.3</b>	<b>167,437.8</b>	<b>165,089.3</b>	<b>179,054.2</b>	<b>51,098.4</b>
2019	Production	534,038.0	487,356.3	124,684.3	180,463.7	182,208.3	46,681.8
	Non-production	194.7	106.9	56.1	50.8	0.0	87.8
	Hazardous	41.1	0.0	0.0	0.0	0.0	41.1
	<b>Total</b>	<b>534,273.8</b>	<b>487,463.2</b>	<b>124,740.4</b>	<b>180,514.5</b>	<b>182,208.3</b>	<b>46,810.6</b>

Note: Data sourced and processed from ANJ's oil palm and sago estates between 2019-2021. Measurement methods and conversion factors are described in Appendix 5.

In 2021, we successfully reduced the amount of non-hazardous waste that we generate at our operations by 10% compared to the previous year. As a result, the amount of waste directed to disposal has also been reduced. The increase in waste reuse and the reduction of waste recycling and other recovery, as shown in Table 20, is mainly caused by improved records and categorization of initiatives, where it was found that many of the initiatives previously categorized as 'recycled' or 'other' should fall into 'reused' category. It should also be noted that the increase in non-production waste directed to disposal is due to improvements in recording this data.

These results show that our 3R initiatives are having a positive impact on our waste management performance.

Despite this, we believe that ANJ can still significantly develop its 3R initiatives. For instance, we can expand our composting initiatives to include domestic waste. We also see possibilities to apply the extended producer responsibility (EPR) principle to our suppliers and increase their involvement to better manage waste in product packaging.

**Table 19. Waste Directed to Disposal in Metric Tons (306-5)**

Year	Category	Directed to Disposal		
		Onsite	Offsite	Total
		Ton	Ton	Ton
2021	Non-Hazardous	42,777.2	56.5	42,833.7
	Hazardous	-	45.5	45.5
	<b>Total</b>	<b>42,777.2</b>	<b>102.0</b>	<b>42,879.3</b>
2020	Non-Hazardous	47,308.3	3,751.4	51,059.7
	Hazardous	-	38.7	38.7
	<b>Total</b>	<b>47,308.3</b>	<b>3,790.1</b>	<b>51,098.4</b>
2019	Non-Hazardous	42,077.9	4,691.6	46,769.6
	Hazardous	-	41.1	41.1
	<b>Total</b>	<b>42,077.9</b>	<b>4,732.7</b>	<b>46,810.7</b>



### Going Green with the 3R Program

A key facet of our responsible development approach is reducing our environmental impact while benefitting our communities through collaborative efforts that lead to lasting change. Our waste management initiative, discussed broadly as the 3R programs, aims to promote the careful management of the waste we and our communities produce and repurposing it, where applicable. The ANJ 3R (Reduce, Reuse, Recycle) programs are currently implemented at four of our operating estates, namely ANJAS, ANJA, SMM, and KAL. We hope to expand the program to all our locations in the near future.

At ANJAS, the operational TPS 3R, or collection and sorting point, is well underway and reaping great benefits for the community. To introduce the program, our on-site staff engaged in regular socialization with the community to promote recycling, composting, and waste collection. Even after the programs were adopted by the local community, we have continued our socialization efforts to provide a space for questions and queries and ensure that best practices are maintained. At this location, we have also implemented a reward system that acknowledges the hard efforts of the community members to separate their organic and inorganic waste and maintain their compost. This provides an incentive for other members of the community to become more involved in the

project. Aside from the environmental benefits of the 3R program in ANJAS, we have integrated several related initiatives that use the program to improve the prosperity of the local people. We source the community with compost from our operational sites, which can be used to improve the quality of their arable land and home gardens. Organic fertilizers have also been sold to the farmers at Padang Sidempuan, providing a more cost-effective and sustainable alternative to inorganic fertilizers. Finally, through the selling of inorganic waste to collectors, the community was able to raise more than 530 USD in 2021 alone.

ANJA observed great success in the 3R program this year. Our on-site staff initiated the responsible development project for household waste management and treatment, through which the community generated 26,132 kg of processed organic waste and 7,406 kg of compost that they directly applied to plants, vegetables, home gardens, and farmland. A further 2,017 kg of inorganic waste, 7,174 kg of plastic, and 5,324 kg of boiler ash from our estate was used to manufacture paving blocks for the benefit of our operations and the community. The waste management program has now been extended to the Tobing Jae village. In 2022, we hope to involve even more communities and socialize best practices throughout the region.



📍 Employees at SMM sort plastic waste for recycling.

The waste separation program was also initiated in KAL this year. In addition, our teams conducted housing assessments and, with the support of the local community, established the home ‘beautification’ program. Through this program, we hope to improve the aesthetic appeal of the local villages by planting hedges, caring for home gardens, and keeping the area clean. By enhancing the living environment, we also improve community wellbeing through bettering mental and physical health.

Operations at KAL began producing eco-enzyme this year and delivered 200 litres to the EHS department. At SMM, the established eco-enzyme project continued to thrive as production reached 10,694 litres by year-end. Here, we also invested heavily in our education

campaign around home composting and composting for farms. Our team was proud to see that, through our program, the community transformed 24.8 tonnes of household waste into valuable compost for their gardens. This year, ANJ built a collaborative working relationship between SMM and the regional environment agency (Dinas Lingkungan Hidup). This relationship facilitated our education program and allowed us to train 25 farmers from Dendang and Simpang Pesak, as well as 16 scouts. The scouts further benefitted from ANJ’s presence through the National Gerakan Peduli Sampah (Care about Garbage Movement) project, which produced 40kg of plastic waste, whilst generating income for the scouts.

## Water Management

### Our Water Impacts

We currently monitor and report our water impacts in our Palm Oil business unit only, where this topic is considered as material. Water usage at our sago and edamame units, as well as in our housing and offices, are hence not included in this report.

Our main water usage is for the processing of palm oil. We only use fresh surface water as our source of water, comprised of surface water, rainwater reservoirs, and rainwater harvesting. After consumption, the wastewater is then discharged to surface water or, in the case of POME, processed and reused. [303-1, 303-2]

**Table 20. Total Water Withdrawal, Discharge and Consumption (in megaliters per year) (303-3, 303-4)**

YEAR	Total withdrawals	Saving at WTP & Distribution for Domestic	WATER USAGE		
			Consumption for processing	Consumption for land application	Total Discharge
2021	2,156.85	772.23	478.84	898.29	7.50
2020	1,885.37	498.06	546.78	830.87	9.66
2019	1,838.70	111.85	871.65	846.13	9.07

Note: All water is withdrawn from and discharged to fresh surface waters

## Our Water Management Commitments

We understand that responsible management of water is necessary because water is a limited, shared and essential resource. The communities near our operations require water to irrigate their lands, as well as to meet daily sanitation and drinking needs. Thus, we must ensure that the water withdrawn for our business activities does not affect the availability of fresh water to the local communities and stakeholders. Furthermore, wastewater and effluents must not pollute the water used by local communities. Water scarcity or pollution might create social conflict within local communities or between communities and the Company.

Our Sustainability Policy and Environmental Policy include commitments to ensure that adequate high-quality water is available and accessible to our operations and, more importantly, the local communities and stakeholders. We have set a target to conserve water and optimize water consumption in our palm oil business by gradually reducing total water consumption by 5% per annum to achieve a water intensity of 1 ton of water per ton of FFB processed by 2027. In 2021, our water intensity was 1.09 tons of water per ton of FFB processed. [303-1]

**Table 21. Water Intensity, Palm Oil**

Year	Water Usage (M <sup>3</sup> )	M <sup>3</sup> /Ton FFB	M <sup>3</sup> /Ton CPO	Change compared to the base year (2015)	
				Water intensity per ton FFB	Water intensity per ton CPO
2021	1,384,622	1.09	5.27	[44.49]%	[26.15]%
2020	1,387,312	1.16	5.67	[40.59]%	[20.50]%
2019	1,726,849	1.49	7.17	[23.96]%	0.45%
2015	1,271,593	1.96	7.14	Base year	Base year



Water pond in a palm oil mill.

## Our Management of Water Resources

We ensure the availability of water and assess the capacity of watersheds to maintain the natural flow and contain any fluctuations in water levels. Annually, water availability in all our locations' river basins is reviewed as part of our business risk review. This risk assessment helps us to formulate our short-term and long-term strategies for water management and overcoming extreme weather challenges. We also take into account the general trends and risks regarding water at the national level. A detailed mitigation plan is designed and implemented based on these insights, including water catchment in arid areas and the construction of water gates to avoid flooding. [303-1]

To mitigate the risk of water pollution, we treat our wastewater discharge in treatment plants to meet regulatory quality standards, build controlled landfills with no open dumping far away from water sources to avoid contamination, enforce the sensible application of fertilizers to avoid runoff, and avoid planting in river buffer zones. We also aim to reduce water withdrawal and maintain water quantity through water conservation such as reservoirs and rainwater harvesting, reusing water in our production process, protecting, and preserving water sources, and making infiltration wells to maintain groundwater storage. These water management initiatives are carried out independently by ANJ. [303-2]

Our FFB suppliers are smallholder farmers who do not operate any processing mills that consume water and we do not believe that their water usage from plant cultivation activities is measurable or can be managed at this time. However, we promote good agricultural practices and sustainable palm oil principles to our independent smallholder farmers, which includes good water management and avoiding planting on steep slopes or flood-prone areas, as per the RSPO guidelines. Furthermore, local communities are involved in maintaining water quality by not polluting water bodies with household waste. [303-1]

### Water Withdrawal

We withdraw all of our freshwater from surface water sources, typically rivers that can sustainably supply water to our mills and factories. In all of our locations, we monitor and measure our water withdrawal by installing flowmeters. This requires supervision and management outside of our jurisdictional boundaries and highlights

the importance of having a landscape-level approach when managing the environment and the ecosystem. [303-1]

According to the Water Risk Atlas of the World Resource Institute, all of our locations are in areas with a low risk of water stress. The ratio of total water withdrawals to available renewable water supplies is below 10%, except at our vegetable unit, GMIT, where there is a medium-high risk of water stress with a ratio between 20-40%. Based on this assessment, we conclude that none of our areas are water-stressed or with a high to extremely high risk of water stress. [303-2]

Groundwater is the main source of water for domestic use in our staff housing areas. We monitor the use of groundwater to avoid depletion and ensure that there is adequate storage to replenish the water supply. Considering that all our locations are in tropical forests areas with high rainfall, we believe that the groundwater sources we use are renewable.

### Water Treatment and Discharge

Water discharge from mill processing is regularly measured, while discharge from domestic use is currently not measured but estimated. Our standard procedure for discharging water follows standards set by regulatory authorities. If a regional government does not have a specific requirement, we will follow the rules set by the Ministry of Environment and Forestry and the Ministry of Health, taking into account the baseline from the Environmental and Social Impact Assessment (AMDAL) document for the specific area. Similarly, reused water shall comply with specific regulatory parameters and standards. We monitor our water impact, both on the waterbodies we discharge into and those we do not, by comparing water samples taken every 3-6 months from the baseline of the AMDAL assessment, allowing us to ensure that they comply with regulatory standards and parameters. [303-2]

The POME from our palm oil mills is directed towards anaerobic effluent ponds to be treated. Following treatment, the POME flows to final aerobic effluent ponds. This effluent can be used for compost processing in two of our concessions or applied on lands to provide additional nutrients in other concessions. In certain locations, domestic wastewater is processed in a wastewater treatment plant to meet regulatory quality standards before being discharged to surface water streams or ponds. In other areas, domestic wastewater that is not polluting or contaminating is directly discharged without treatment.



## Going for Gold – Innovation at ANJ recognized with two Gold PROPER awards



↑ SMM Resident Director, Juli Wankara Purba along with ANJA General Manager, Taupan Sibarani, receiving a Gold PROPER award from the Ministry of Environment and Forestry.

For the second year in a row, ANJ has been awarded Gold PROPER for its engagement with communities and environmental management practices. The PROPER award, which encourages and rewards environmental compliance and the stewardship of business throughout Indonesia, has never previously acknowledged the success of two plantation subsidiaries under a single company, before ANJ.

At a ceremony held on 28 December 2021 at the Vice President's Palace in Jakarta, the Gold PROPER awards were handed out by the Vice President of the Republic of Indonesia, Ma'ruf Amin, and the Minister of Environment and Forestry, Dr Ir. Siti Nurbaya. The theme of this year's event was social innovation. The Vice President highlighted that over the past 24 years, PROPER has evolved into a platform that showcases sustainable business excellence based on green economy principles.

This year, SMM received Gold PROPER for a second consecutive year, while ANJA received its first Gold PROPER – a remarkable achievement and a very

proud moment for ANJ and local government. "Gold PROPER is not only the Company's success, but also brings pride for the Provincial Government of North Sumatra", states Mr Marsius P. Nainggolan, the Head of Environmental Policy at the North Sumatra Province Environmental Service. ANJAS and KAL were both recognized with Blue PROPER awards. The Gold award for SMM and ANJA recognizes not only the best environmental management practice but also the innovative sustainable farming initiatives implemented in the surrounding communities.

In East Belitung, the team at SMM has a strong focus on reducing GHG emissions and promoting 'decarbonization'. SMM has implemented a portfolio of operational energy efficiencies ranging from composting empty fruit bunches to reduce reliance on chemical fertilizers, to methane capture via the biogas plant, which provides renewable energy for the local electricity grid network. As a Director of SMM, Juli Wankara Purba explains, 'The intent of our decarbonization efforts is not confined to our operations but extends to the surrounding

communities where we look for opportunities to help communities to mitigate and adapt to the climate change.’ One such initiative, ‘the floating paddy’ project, is already showing promising results for the Suka Maju Farmer’s Group in Jangkang Village. Here, ANJ has helped to introduce a new method to grow paddy rice on floating rafts in swampy land or flood-prone areas. The program utilizes seasonal floods to maintain stable growing conditions regardless of the rainfall intensity. The SMM team has also taught the farmer’s group how to implement more sustainable crop management techniques such as making compost from household waste, as well as using solar-cell traps to reduce insect infestations. This project is a good demonstration of how adapting to the higher rainfall conditions has put an end to the significant problems that local farmers faced with the constant flooding of their arable land.

Drs. Burhanudin, the Regent of East Belitung, comments, “In the future, we hope that the innovative environmental and community approaches demonstrated at SMM can be applied more widely in East Belitung Regency, ultimately supporting regional development.”

In North Sumatra, the local farmers surrounding ANJA are faced with different challenges. Crop pests (rats, sparrows, and insects) are one of the most concerning with crop failures reaching 60% in recent years. The team at ANJA identified a range of environmentally friendly solutions to reduce crop losses by pests as part of the Tani Mandiri Program with the community of Tobing Jae Village. Currently, the only pest control solution is the use of pesticides, which is not a sustainable option. The team at ANJA are well-versed in environmentally-friendly forms of pest control, and through the Tani Mandiri Program shared new farming techniques and knowledge with the farmers. These pest control initiatives are relatively low cost, simple to implement, and sustainable. Rat population control is based on the introduction of a natural predator, in this case, the Barn Owl, of which ten birds, and nest boxes were provided to the farmers. To deter insects, *Turnera subulata*, a natural form of pest control, was planted in a medium made from rice straw waste and empty fruit bunches, proving that for every expensive or environmentally unfriendly approach, such as pesticides, there is a sustainable alternative. Even more simple were the sparrow deterrent devices installed in the fields. This suite of alternative pest control techniques will go a long way to improving

the ecological balance of the farmer’s fields whilst reducing pesticide use.

Mr. Nainggolan, who over the past few years has observed first-hand the steady improvements in environmental management practices at ANJA, keenly shared his views on why ANJA is a benchmark for sustainable oil palm in the province.

“ANJA strives to go beyond good environmental practice by consistently seeking to improve the sustainability of its operations. Notable sustainability initiatives include the recycling of industrial waste, energy and water efficiency, emission reductions, and conservation areas. The efforts to prevent land and forest fires are commendable. ANJA’s holistic approach to sustainability is notable for the way it extends to the surrounding communities through programs such as Tani Mandiri. This innovative and practical program has increased local farmers’ understanding of natural pest control methods, which in turn has led to increased rice productivity. This type of initiative aligns well with government policies to encourage food security and disaster resilience.

The globally held view that oil palm development causes environmental damage, needs to change. ANJ has proven that the oil palm industry can operate sustainably following the applicable regulations whilst prioritizing a balance between environmental and economic interests.”

This year, our recognition for the Gold PROPER awards came from some of our most innovative projects to date. While we are proud of what we have achieved, we see awards as proof of our hard work, not a goal. As Lucas Kurniawan, President Director of ANJ, reiterated, “We are committed to creating added value and contributing positively to the communities in which we operate through businesses and activities that are socially, environmentally and economically beneficial.”

What inspires us the most is the legacy of our efforts. The steps we take today to ensure sustainable and reliable livelihoods for our communities are an integral investment for generations to come. We hope that through our leadership, further communities can establish best practices in farming and land management that can drive the continued improvement of community-wide socioeconomic status and sustainable development indices.

# PROTECTING NATURE



Native tree seedling from the plant nursery in KAL's conservation area

## Conservation and Biodiversity Protection

### Our Impacts on Biodiversity

Deforestation, biodiversity loss, habitat disruptions, or reduced home range size for wildlife are amongst the highest risk impacts of our industry on the environment. Our activities also have the potential to cause pollution and contamination of soils and water streams due to the application of chemical products such as fertilizers, herbicides, pesticides, or rodenticides. Wastewater from palm oil mills can potentially leach into rivers while boilers release smoke, dust and noise that may disturb nearby animals.

Furthermore, our operations often lead to increased human and economic activity in the surrounding vicinity, as roads and new infrastructure improve access to previously inaccessible areas. This has positive impacts

on the local economy, but also negative impacts on biodiversity and carbon emissions as lands and forests are cleared either legally or illegally to build residential areas and facilitate new agricultural activities, as well as logging, hunting, and poaching.

Many of our plantations and estates are close or adjacent to conservation areas designated within the Protected Area System of the Ministry of Environment and Forestry (MoEF). Some of these areas are also categorized under the International Union for Conservation of Nature (IUCN) protected area management categories (World Database on Protected Areas/Wdpa). Our operations could directly or indirectly harm biodiversity in our development areas as well as in areas we have set aside for protection (HCV areas, buffer zones, river systems, and any areas in the vicinity that are inhabited or traversed by wildlife).

Table 22. Proximity of Operational Sites to Protected Areas (304-1)

Subsidiary	Province	District	HGU Area (ha)	Sector	Nearest Protected Area	WDPA Category	Distance (km)
					National Legislation (MoEF)		
ANJA	North Sumatra	North Padang Lawas	9,465	Palm Oil	Batang Gadis National Park	II	57
ANJAS	North Sumatra	South Tapanuli	9,182	Palm Oil	Siondop Protected Forest	-	Adjacent
SMM	Bangka Belitung	East Belitung	16,277	Palm Oil	Senusur Sembulu Protected Forest	-	4
KAL	West Kalimantan	Ketapang	10,920	Palm Oil	Gunung Palung National Park	II	2
GSB	South Sumatra	Empat Lawang	12,800	Palm Oil	Nature Park Bukit Kaba	V	15.4
PPM	West Papua	South Sorong	32,025	Palm Oil	Suabor Protected Forest	-	3.5
PMP	West Papua	South Sorong & Maybrat	22,678	Palm Oil	Suabor Protected Forest	-	Adjacent
ANJ	West Papua	Maybrat	36,506	Palm Oil	Suabor Protected Forest	-	Adjacent
ANJAP	West Papua	South Sorong	40,000 (IUPHHBK-HA Sagul)*	Sago	Suabor Protected Forest	-	Adjacent

IUPHHBK-HA: Izin Usaha Pemanfaatan Hasil Hutan Bukan Kayu - Hutan Alam (Business License for the Utilization of Non-Timber Forest Products - Natural Forest)

We have identified, managed, and mitigated the actual and potential impacts on biodiversity, as described in the Table 23 below.

Table 23. Significant Impacts of Operations on Biodiversity (304-2)

OIL PALM PLANTATIONS

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation	Evidence/ Results
<b>DIRECT IMPACTS</b>						
Manual application of inorganic and organic fertilizers	<ul style="list-style-type: none"> <li>Pollution of soil and water</li> <li>Reduction in soil fauna and flora</li> <li>Reduction in aquatic biodiversity (e.g., zooplankton and phytoplankton)</li> </ul>	Direct pollution impacts can occur in planted areas. Run-off of chemicals and fertilizers into waterways and wetlands can have downstream impacts.	Duration and magnitude of impact correlate with the amount and type of chemicals used, application methods, and climatic conditions.	Impacts on soil and aquatic biotopes can be reversed depending on mitigation measures.	<ul style="list-style-type: none"> <li>Not using chemical treatments (fertilizer or spraying) in river boundary areas</li> <li>Building isolation ditches and embankments in areas adjacent to river boundaries</li> <li>Conducting regular river water analysis (2x/year)</li> </ul>	<ul style="list-style-type: none"> <li>Organic fertilizer is used in the river buffer areas (refer to Sustainability Compliance)</li> <li>River water is analyzed by an independent laboratory every semester (2x/year).</li> </ul>
Use of manual and chemical methods during cultivation	<ul style="list-style-type: none"> <li>Poisoning of fauna, either directly (e.g., rodents feeding on rodenticides) or indirectly (e.g., rodent predators feeding on poisoned animals)</li> </ul>	This is poorly known, but likely effects are in the immediate area around palm trees.	Impacts will remain if chemicals are used.	Long term effects of chemicals on wildlife are poorly known.	<ul style="list-style-type: none"> <li>Disseminating information to workers</li> <li>Not applying toxic substances close to conservation areas</li> <li>Study of impact on wildlife</li> </ul>	<ul style="list-style-type: none"> <li>Workers in each management unit have been informed about the impacts of toxic substances and instructed to not apply them in and around conservation areas.</li> </ul>

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation	Evidence/ Results
Use of trucks for transportation of FFB	<ul style="list-style-type: none"> <li>Injuries to fauna or death through collisions</li> </ul>	The impact primarily occurs on the road network within the plantations	Impact potential remains for as long as the plantation is active.	Mitigating efforts can reduce the likelihood of wildlife collisions	<ul style="list-style-type: none"> <li>Placing warning signs in areas traversed by fauna.</li> <li>Disseminating information about protected flora and fauna species</li> <li>Building wildlife crossings above and in culverts underneath roads</li> </ul>	<ul style="list-style-type: none"> <li>Sign boards have been placed along every road near the HCV area.</li> <li>Arboreal bridges for wildlife have been installed in some management units.</li> </ul>
Mechanical processing of FFB	<ul style="list-style-type: none"> <li>Liquid waste (POME) can pollute waterways</li> <li>Dust and air pollution from the boilers</li> <li>Noise pollution from machine operation</li> </ul>	<p>The impact extends from the palm oil mill with POME concentrating in collection ponds. Potential downstream impact after POME is released in plantation (as fertilizer) or into waterways</p> <p>Dust, air and noise pollution reduce with distance from the mill, but the impact on biodiversity is unclear.</p>	Impact potential remains for as long as the mill is active	<p>Reducing the biological and chemical oxygen demand of POME reduces the impact on aquatic flora and fauna. Collection ponds have some biodiversity benefits (wetland birds) Dust, air and noise pollution can be reduced.</p>	<ul style="list-style-type: none"> <li>Building collection ponds to process the liquid waste.</li> <li>Using anaerobic and aerobic bacteria</li> <li>Building flatbeds in the plantation area for the utilization of liquid waste as fertilizer additives</li> <li>Sending liquid waste samples to accredited laboratories to analyze the liquid waste content.</li> <li>Conducting standardized ambient air quality measurements (2x/year)</li> </ul>	<ul style="list-style-type: none"> <li>In all of ANJ subsidiaries that already have palm oil mills, composted waste materials are applied to oil palm plants using the flatbed system.</li> </ul>
<b>INDIRECT IMPACTS</b>						
Improved road access increases illegal logging, hunting and poaching threat	<ul style="list-style-type: none"> <li>Increased hunting and unsustainable wildlife collection</li> <li>Illegal logging</li> </ul>	Plantations and HCV areas	The threat of these impacts remains as long as roads remain open for use.	Awareness and enforcement can effectively minimize this threat	<ul style="list-style-type: none"> <li>SMART patrolling</li> <li>Engagement with illegal loggers and offering work to generate regular income</li> <li>Engagement with local communities</li> <li>Use of Pendaki program to increase biodiversity awareness among staff</li> </ul>	<ul style="list-style-type: none"> <li>The number of illegal logging camps has decreased to zero.</li> <li>No wildlife snares were encountered on patrols.</li> <li>Presence of species that are overhunted elsewhere (e.g. hornbills, magpie robin, hill mynahs)</li> </ul>
The use of invasive species (e.g., Mucuna) affects species in HCV areas	<ul style="list-style-type: none"> <li>Fast-growing groundcover crops and other pioneer species used in plantations can invade HCV areas and reduce ecological health</li> </ul>	Primarily affecting forest edge of HCV areas	The threat remains if invasive species are used in plantations	Impacts can be effectively mitigated through silvicultural treatment	<ul style="list-style-type: none"> <li>Silvicultural treatment (climber cutting, removal of Acacia and other invasive trees)</li> </ul>	<ul style="list-style-type: none"> <li>Management control minimizes the presence of invasive species in HCV areas.</li> </ul>

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation	Evidence/ Results
Water table management in HCV areas surrounding plantations	<ul style="list-style-type: none"> <li>Peat and peat forests in HCV areas could dry out if the water table is kept too low, affecting plant and animal life.</li> <li>A low water table could result in peat decomposition and subsidence.</li> <li>Dry peat is more fire-prone and fires could result in the loss of HCVs.</li> </ul>	This could affect peatlands in planted areas and HCVs.	The impact depends on water table management.	Most impacts can be avoided in HCV areas if water levels in surrounding canals are kept very high. In planted areas, this is more problematic as the water table needs to be below the peat surface to allow the growth of palms and fruit.	<ul style="list-style-type: none"> <li>Soil Subsidence Management / Monitoring</li> <li>Peat Water Table Monitoring in Planted Blocks</li> <li>Water and Drainage Management</li> </ul>	<ul style="list-style-type: none"> <li>Subsidence data in HCVs</li> <li>Subsidence data in planted areas</li> <li>Water table data</li> <li>KAL maintained its Blue PROPER Gambut [water table level is within Government requirement]</li> </ul>
Isolation of wildlife in HCV areas	<ul style="list-style-type: none"> <li>A decline in genetic health and long-term viability of the genetic pool</li> </ul>	The impact is species-dependent. Some species can more easily disperse between HCV areas than others.	The impact can be reduced over time, either when palms grow and wildlife move through planted areas, or when forest corridors and stepping stones are established in a landscape.	Impacts can be partially reversed through investment in improved ecological connectivity between forested areas and other areas of high biodiversity	<ul style="list-style-type: none"> <li>Development of corridors</li> <li>Replanting of riparian areas</li> <li>Maintaining natural forest trees within oil palm areas</li> </ul>	<ul style="list-style-type: none"> <li>Aerial photographs of corridors and riparian areas</li> <li>Existence of migratory birds that use of trees within oil palm areas for their transit place</li> </ul>

**SAGO FOREST (ANJAP)**

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation	Evidence/ Results
<b>DIRECT IMPACTS</b>						
Selective harvesting	<ul style="list-style-type: none"> <li>Sedimentation</li> <li>Reduced water quality</li> <li>Air and noise pollution</li> <li>Potential impacts are still being analyzed</li> </ul>	Throughout the sago area, except for conservation set-asides	Impact severity varies with the intensity of management (medium in harvested areas and low in areas under natural regeneration)	Impacts can be reduced through careful management	<ul style="list-style-type: none"> <li>Conducting standardized testing of ambient air and water quality as well as noise levels (2x/year)</li> <li>Monitoring wildlife species</li> </ul>	<ul style="list-style-type: none"> <li>The Company cooperates with accreditation bodies to monitor and test ambient air and water quality.</li> </ul>
<b>INDIRECT IMPACTS</b>						
Waterway access increases the threat of illegal logging, hunting and poaching	<ul style="list-style-type: none"> <li>Increased hunting and unsustainable wildlife collection</li> <li>Illegal logging</li> </ul>	Sago area	The threat of these impacts remains as long as the area remains open for use.	Awareness and enforcement can effectively mitigate this threat	<ul style="list-style-type: none"> <li>Regular patrol</li> <li>Engagement with illegal loggers and offering work to generate regular income instead</li> <li>Engagement with local communities</li> <li>Use of the Pendaki program to increase awareness among staff</li> </ul>	<ul style="list-style-type: none"> <li>The number of illegal logging camps has decreased to zero.</li> <li>Wildlife snares encountered on patrols have reduced.</li> <li>Presence of species that are overhunted elsewhere (e.g., hornbills, magpie robin, hill mynahs, cassowary and dusky pademelon)</li> </ul>

## Our Conservation Commitments

Our Sustainability Policy commits to the total protection and conservation of independently identified HCV/HCS areas and biodiversity in our planted areas, other areas within our land title boundaries, as well as areas surrounding our land title boundaries that are under our control or influence. This includes commitments to not operate in areas with the highest biodiversity values such as primary forests and conservation areas. We are also committed to zero conversion of natural ecosystems, which, in the case of our operations, consist of peat ecosystems, riparian zones, and hilly areas with a slope grade higher than 40%.

We comply with the prevailing laws and regulations relating to the protection and conservation of the environment. This includes the Indonesian Law on the Conservation of Natural Resources and their Ecosystems, the Law on Forestry, the Law on the Prevention and Eradication of Forest Destruction, and Ministry Regulation on the Preservation of Flora and Fauna Species. We have issued our Conservation Policy, procedures related to HCVs and HCSs, and procedures for the protection of protected flora and fauna, to implement these commitments.

In 2021, we allocated USD 104,828 to conservation initiatives with various partners, which is a 38% increase compared to 2020.

**Table 24. Spending for Conservation Initiatives in USD**

Subsidiary	2021	2020	2019
ANJA	3,471	5,025	7,140
ANJAS	39,628	17,768	17,008
SMM	4,566	9,135	27,598
KAL	26,389	28,308	184,324
PPM	3,866	1,075	4,387
PMP	25,904	10,060	8,684
ANJ (Papua Barat)	319	4,380	42,567
ANJAP	686	202	748
<b>Total</b>	<b>104,828</b>	<b>75,985</b>	<b>292,456</b>

## Conservation Areas

As of 2021, the total size of areas set aside for conservation within our concessions is 60,985.27 ha. There is an increase in area compared to 2020 due to a review by experts who determined that the HCV areas at PPM and PMP are larger than previously assessed. The HCV area at PPM increased to 27,374 ha from 25,595 ha, while at PMP it increased to 17,132 ha from 14,804ha.

These HCV areas are managed in collaboration with the local government and community. Our conservation activities aim to maintain, if not increase, biodiversity and species richness in our conservation areas, based on independent assessments by experts. Initiatives involve local communities, governments, conservation experts, and NGOs, such as Conservation International and Tropenbos Indonesia.

**Table 25. Size and Location of Protected HCV Areas in Operational Sites (304-3)**

Operational site	Conservation area (ha)	Concession Area			% of total Concession Area
		Nucleus	Plasma	Total	
ANJA	241	9,465	-	9,465	2.55%
ANJAS	1,464*	9,182	158	9,340	15.70%
SMM	1,406	16,277	948	17,225	8.16%
KAL	3,844**	10,920	2,958	13,878	27.70%

Operational site	Conservation area (ha)	Concession Area			% of total Concession Area
		Nucleus	Plasma	Total	
GSB	1,373	12,800	-	12,800	10.70%
ANJ (West Papua)	Not yet determined	30,516	5,990	36,506	N/A
PMP	17,132	18,860	3,818	22,678	75.50%
PPM	27,374	26,571	5,454	32,025	85.50%
ANJAP (Sago)	8,150		40,000	40,000	20.40%

\* includes 288 ha of conservation area outside ANJAS HGU

\*\* includes 2,330.88 ha of conservation area under KAL's Plantation Business Permit area but outside KAL's HGU

Aside from our HCV area, we have worked with the Regency and Provincial Government, University of Tanjungpura, NGOs, and other private sector companies to initiate the establishment and management of the Essential Ecosystem Area (Kawasan Ekosistem Esensial/KEE) in

Ketapang Regency to protect the habitat of orangutans. In 2021, we started to implement initial activities at the KEE with our private sector partners while awaiting the finalization of an action plan with the local government.



Installation of camera traps to monitor wildlife presence in the SMM conservation area.

### Biodiversity Monitoring and Pendaki

Biodiversity monitoring is led by our conservation staff and assisted by our employees and local communities through field surveys and camera trapping. Species are identified and recorded according to the IUCN Red List, the Convention on International Trade of Endangered Species (CITES), and government regulations. Our conservation activities are externally audited. In 2021, audits concluded that our conservation efforts comply with RSPO and ISPO protocols.

We also introduced a citizen science program, called Pendaki or Peduli Keanekaragaman Hayati (Care for Biodiversity) in 2019 to enhance our biodiversity monitoring capabilities. The Pendaki system encourages employees to observe and record flora and fauna they might encounter during their daily activities in our conservation and plantation areas. More than 40,000 records were submitted by citizen scientists since the beginning of the program. Over 150 new citizen scientists joined the program in 2021, bringing the total to 750. The Pendaki records were reviewed by an expert, which found that an outstanding 84.3% of the records were likely accurate. The review also concluded that there are at least 591 unique species records that were sighted and recorded during the program. In 2021, we launched a website for Pendaki (<https://pendaki.anj-group.co.id/>) that can be accessed by the public and published an encyclopedia of wildlife at SMM. We hope that these initiatives will build awareness of the general public, as well as our partners and communities, about biodiversity protection and monitoring.



## Developing Biodiversity Indicators In ANJ Oil Palm and Forest Set-Asides

An integral but often overlooked aspect of certified palm oil is understanding how the management of planted areas and conservation forests affects the population trends of protected and endangered species within the overall management unit. Essential to this understanding is developing a means to monitor population trends and other biodiversity indicators. This is a technically challenging and expensive process, leading many companies to take the path of least attrition, using simple species presence lists to determine areas of high conservation value. This does not say much about what is happening to these species though, and what managers should do about it. Strong on its planet commitment, ANJ is now starting to address this challenge through its pioneering citizen science program called Pendaki (Peduli Keanekaragaman Hayati – Caring for Biodiversity).

Since its introduction in 2019, Pendaki has been implemented in all six of our oil palm estates and sago operation. Through a smart system of incentives ranging from key performance indicators, senior management instructions, and small rewards, 750 Company staff have voluntarily collected and contributed biodiversity information in the form of wildlife sightings during their work. As a citizen-science approach, Pendaki values the input of all individuals, with the hope of fostering a genuine interest in and care for biodiversity. Through the program, a remarkable database of 51,291 reliable records has identified over 600 species, with 40% of sightings occurring within planted oil palm areas. Most records are of birds and mammals, with fewer records for reptiles, amphibians, fish, insects and other species groups.

“Over the course of but a matter of years, Pendaki has imparted great improvements in biodiversity monitoring effectiveness, and an increase in general awareness about biodiversity values by employees and staff at both estate and headquarters. Through involving all on-site staff, regardless of their qualifications or biodiversity expertise, a vastly higher volume of sightings were reported, than

through conventional biodiversity monitoring methods, such as surveys by visiting scientists, or camera traps.” Professor Erik Meijaard, Borneo Futures.

As part of our aim to quantify our impact, ANJ is developing new statistical techniques to translate opportunistically collected citizen science data into statistically robust species trends, to inform future decisions on estate and biodiversity management. To achieve this target, we must adapt the existing system. In 2022, we will work with the “Pendaki Champions”, our citizen scientists reporting more than one record per day on average, who will use a new application to record all the sightings of specific indicator species. This will provide us with the tools to determine the population trends of important species such as the Critically Endangered orangutans in our West Kalimantan estate, tarsiers in Belitung, or birds of paradise in West Papua. Gaining insight into the specific population dynamics will allow ANJ to tailor our estate management to the unique needs of each species to ensure their protection and conservation.

Phase II Pendaki will provide the Company with the means to quantify progress towards time-bound biodiversity targets against baseline population estimates. As a cost-effective and technologically simple approach, Pendaki can be introduced to smallholder suppliers for whom biodiversity monitoring is an even more challenging task. We aim to expand our system to smallholders in 2023.

We strongly believe that these new approaches to biodiversity management will set a trend towards greater accountability and transparency within the palm oil sector regarding the impact of oil palm management on threatened and protected wildlife. We hope to set an example for others in the industry by demonstrating the positive role that the sector can play in maintaining viable wildlife populations in multi-functional landscapes. This work is cutting edge, not just in oil palm but in the broader context of tropical agriculture.



📍 Tawny-breasted Honeyeater (*Xanthotis flaviventer*)



📍 Little Spiderhunter (*Arachnothera longirostra*)



📍 Two conservation staff conducting a regular biodiversity monitoring observations around the Company's operational areas.

**Table 26. IUCN Red List and national conservation list species, by December 2021 (304-4)**

FAUNA														
Class	Total identified fauna species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)								Total	CITES (Appendix)			Protected under PP7/1999	Protected under Ministry Decree
	CR	EN	VU	NT	LC	DD	NE	N/A		I	II	III		
Aves	4	2	18	53	421	0	4	6	508	9	57	0	121	127
Mammalia	5	11	19	9	47	1	2	5	99	15	25	3	30	40
Reptile	0	3	8	1	74	1	11	1	99	0	33	0	8	8
Amphibia	0	0	0	0	13	1	0	5	19	0	1	0	0	0
Insecta	0	0	0	0	42	0	49	40	131	0	1	0	1	1
Pisces	0	0	0	0	12	1	4	7	24	0	0	0	0	0
Myriapoda	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chilopoda	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Actinopterygii	0	0	1	0	4	0	4	0	9	0	0	0	0	0
Diplopoda	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arachnida	0	0	0	0	1	0	0	0	1	0	0	0	0	0

FLORA														
Class	Total identified Flora species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)								Total	CITES (Appendix)			Protected under PP7/1999	Protected under Ministry Decree
	CR	EN	VU	NT	LC	DD	NE	N/A		I	II	III		
Agaricomycetes	0	0	0	0	0	0	0	2	2	0	0	0	0	0
Cycadopsida	0	0	0	0	0	0	0	1	1	0	1	0	0	0
Gnetopsida	0	0	0	0	1	0	0	3	4	0	0	0	0	0
Liliopsida	0	1	0	1	9	0	1	198	210	0	92	0	5	1
Lycopodiopsida	0	0	0	0	0	0	0	3	3	0	0	0	0	0
Magnoliopsida	7	8	21	8	63	2	5	513	627	0	18	0	15	5
Pinopsida	0	1	1	1	1	0	1	0	5	0	0	0	0	0
Polypodiopsida	0	0	0	0	1	0	0	23	24	0	1	0	0	0

**Table 27. Number of Threatened Species (IUCN Categories CR, EN, VU) Identified from Biodiversity Monitoring Activities**

	2021	2020	2019
Number of IUCN Red List Threatened Fauna Species	71	69*	64
Number of IUCN Red List Threatened Flora Species	39	39*	33

\*Restatement of information due to improved calculation accuracy

## Protecting Forests and Peatlands

### Our Commitment to Protect Forests and Peatlands

Our Sustainability Policy includes provisions related to 'No Deforestation, No Peat, No Exploitation' (NDPE). We will not develop primary forests and we will prioritize their conservation. Following the RSPO protocols,

independently identified HCS areas will not be cleared for oil palm development, and the development of identified HCS areas pertaining to legacy cases will strictly comply with the requirements of the RSPO. These commitments are an integral part of our efforts to curb land-use change emissions in the context of achieving carbon neutrality.

To ensure no deforestation in our areas (especially in our conservation areas) as well as in our suppliers' areas, we implement the following monitoring approaches:

- Drone mapping of the whole area regularly, at least once a year.
- Drone mapping of specific areas of interest when questions are raised, or incidents occur.
- Real-time hotspot satellite monitoring, performed by the RSPO and other stakeholders.
- Patrolling using the SMART Patrol Method: our security guards patrol our planted area and area within our boundaries, while our conservation area is patrolled by our well-trained security guards accompanied by our conservation staff.
- Analytical productivity review of each smallholder supplier. If the results are not adequate, we perform checks which may include drone mapping
- Satellite monitoring using the Global Analysis and Discovery (GLAD) system, provided by Global Forest Watch, to identify any deforestation within our specified area of interest. If any grievance is received, the Company performs ground checking.
- Satellite monitoring using high-resolution Sentinel imagery. Images are then processed using an algorithm we developed in cooperation with experts from the University of Amsterdam.
- Involvement of environmental supervisory authorities and police to reduce the incidence of illegal logging, poaching, and fires to clear land or otherwise.

### Careful and Responsible Land Development

We apply the precautionary principle in our operations. The RSPO's NPP provides guidance on assessments and verification activities to be carried out before the development of new oil palm plantations. Assessments include the Social and Environmental Impact Assessment (SEIA), the High Carbon Stock Approach (HCSA) assessment, Land Use Change Analysis (LUCA), soil suitability survey, and Greenhouse Gas (GHG) emissions assessments, which are conducted by both external and independent experts. The results of these assessments must be reported to the RSPO before we start any new development.

Additionally, an HCV assessment and approval per the High Conservation Value Resource Network (HCVRN) is a mandatory prerequisite before clearing land and planting. HCV areas are assessed by independent HCV assessors. In 2015, the RSPO made it mandatory that these assessors are accredited by the Assessor Licensed Scheme (ALS) of the HCVRN. This requirement also applies to all of our suppliers.

In 2021, we developed a new area in our SMM operations after completing a Land Use Risk Identification (LURI) study that concluded a series of studies and identified areas with high and low risks of land use change. We will only develop areas of low risk, while areas of high risk will be set aside for conservation.

### Activities on Peatlands

As of January 1, 2016, we do not carry out new developments on peatlands of any depth, and any newly identified peatlands within our undeveloped concession areas are automatically treated as conservation areas. This is in line with the RSPO regulations and P&C of November 15, 2018, that prohibit the development and mandate the sustainable management of peatlands. Government regulations also require that peatlands be managed as HCV areas because of their environmental functions and role in the absorption of GHG emissions. However, we have peatland areas planted before 2016 that are still operating at ANJAS and KAL. Both of these estates contain a total of 11,215.35 ha of peatland amounting to 55.59% of the total plantation area. Of this peatland, we have protected 657 ha in KAL and 200 ha as a voluntary conservation area in ANJAS. The remainder was already planted before the peatland regulations came into force. These areas are managed according to the RSPO best practices and comply with strict regulations and monitoring from the government.

We apply robust water management and regulation systems, such as water gates, stop bunds, closed canals, and monitoring wells, to maintain water levels at an optimal level and prevent peat areas from drying out or flooding. We also apply peat mounding to keep the plants from becoming waterlogged. Good water management lowers the risk of fire, reduces peat oxidation, and prevents land subsidence in our peatland areas.

### Reforestation Efforts

Our reforestation initiatives aim to recover forests and ecosystems and increase biodiversity values in both HCV areas and degraded areas. In 2021, these efforts included reforestation in river buffer zones related to replanting activities in ANJA (estimated at 16.73-ha area) and SMM (estimated at 17.96-ha area). We have also reforested degraded areas and village forests with a total area of 29.61 ha around our KAL operations to enrich forests with fruit trees. At ANJAS, we reforested about 20 ha of degraded land at the Binasari village in collaboration with the local government, local communities, and Conservation International. In West Papua, we reforested a 13-ha area in the Remu Ransiki protected forest, North

Sorong district. This reforestation is an obligation as part of the Borrow Use Forest Permit to compensate for the clearing of 12.6 ha of land to build access roads. [304-3]

### HCS Area Loss Recovery

We have committed to recovering HCS areas that will not be developed into oil palm plantations but have already been cleared, as remediation. A study and an independent reassessment identified that HCS area loss took place between January 1, 2016, and December 31, 2018, when a cumulative area of 2,958.51 ha at SMM, PMP, and PPM was cleared for oil palm development. Our HCS Recovery Plan, launched in April 2020, declared a 3,518-ha consolidated block in one of ANJ's concessions in West Papua as a recovery site to compensate for this loss. In 2021, we enriched 8.3 ha of forest within this block. [304-3]

### Fire Prevention and Management

Wildfires are a serious threat to palm oil plantations in Indonesia, particularly during extended droughts or El Nino years. These fires often result from the slash and burn land clearing methods still used by some companies, smallholder farmers, and local communities.

Our Sustainability Policy commits to Zero Land Burning, as per the prevailing laws and regulations as well as the RSPO, ISPO and ISCC standards. However, wildfires remain a material risk during dry seasons and extended drought conditions because fire from outside our operational boundaries can easily spread and encroach on our areas. If this occurs, the environmental impacts are significant, causing a high emission of greenhouse gasses. The target of our forest fire prevention and management is to achieve zero fires in our concession areas, plasma areas, and conservation areas.

Vegetation fires can occur in the plantation areas of our smallholder suppliers, either from their activity or from areas near theirs. Therefore, we apply a strict selection procedure to our suppliers to ensure that they abide by the RSPO and ISPO standards in their operations.

We carry out fire risk assessments, based on historical data and vulnerability levels, to map out areas with the highest risk of fire. From this assessment, we have

identified our operation in Ketapang, West Kalimantan (KAL) as a priority for fire prevention and management. Nevertheless, the continued demographic and economic growth, coupled with global warming, increases the risk of fire in other operations as well, such as in ANJAS, followed by PPM, PMP, ANJAP, SMM and ANJA, by order of risk level.

Based on the fire risk assessment results, we have established an Integrated Fire Management (IFM) system, a cross-departmental and fully integrated approach comprised of prevention, mitigation, preparedness, early detection activities, and response. Prevention and mitigation measures are the main focus since forest fires are most likely to be a result of human activities. We carry out socialization campaigns and community empowerment to educate people about the risks of fire.

For early detection, we use satellite-based monitoring of fire hotspot activity and conduct our local monitoring using fire towers and Unmanned Aerial Vehicles (UAVs). Aside from hotspot monitoring, the IFM system also provides daily, weekly, and monthly fire hotspot prediction reports directly to the estates. Finally, as a fire preparedness and response measure, we have a fully trained Rapid Response team always on standby to deal with fire events when fire alerts are detected. We have also established an incident management team (IMT) that activates as soon as an incident is reported.

Stakeholders and local communities are actively involved in fire management to ensure that measures are sustainable. This is achieved through the smallholder farmer firefighting groups (*Kelompok Tani Peduli Api/KTPA*) and *Desa Mandiri* programs that grant incentives for villages that run a fire prevention and management initiative. We also have agreements and collaborations with local authorities, communities, and law enforcement agencies (police and military forces), including local fire brigades who have undergone special training by Manggala Agni trained forest fire brigade formed by the Ministry of Environment and Forestry.



FEMALE REPRESENTATION ON  
THE BOARD OF DIRECTORS

**30%**



PALM OIL PREMIUM FOR  
PLASMA FARMERS  
(IDR MILLION)

**638** 

76%



NUMBER OF FATAL  
WORK ACCIDENTS  
(CASE)

**ZERO**



COVID-19 VACCINATION RATE  
(DOSES 1 AND 2)

**93%**





# PEOPLE

## PROMOTING A POSITIVE WORKING ENVIRONMENT AND LOCAL COMMUNITY EMPOWERMENT



 A field assistant giving directions to a foreman and harvesters before harvesting.

Our Sustainability Policy emphasizes the importance of people as one of its pillars. We are committed to the well-being of people within our organization as well as external stakeholders, especially our local communities. For our employees and workers, we strive to create a positive working environment. This means a safe and healthy workplace where diversity is celebrated, worker's rights are valued, and lifelong learning is encouraged.

For our local communities, we pledge to involve and empower them, listen to and resolve their concerns, and respect their rights. We do our best to nurture positive relationships with local stakeholders and be socially responsible in everything that we do. We are committed to solve all grievances, complaints and concerns received concerning the impacts of our operations, in line with RSPO requirements.

Our neighboring local communities are an essential element of our sustainability journey. Our palm oil, sago and vegetable businesses operate in rural, peripheral, and remote areas. The communities in these areas

are often faced with fewer economic opportunities, inferior provision of public services, and limited public infrastructure. Consequently, their livelihoods are sensitive to the socioeconomic transformation and impact that comes with our company's presence. It is imperative for us to avoid and manage negative impacts as much as possible while also making sure that positive impacts are amplified through community empowerment and development programs.

We are committed to respecting the rights of local communities. Agribusiness operations present risks to local communities, often related to land acquisition and conflict, unfair working conditions, exploitation and forced labor, child labor, and violence. Our Sustainability Policy upholds the human rights of all stakeholders impacted by our operations as described in the Universal Declaration on Human Rights. We also enable local communities to directly express complaints and concerns by facilitating functioning and accessible grievance mechanisms in all our estates.

# POSITIVE WORKING ENVIRONMENT



## Our Employees

As of December 31, 2021, ANJ had a total headcount of 9,018 employees, 7,510 (83.3%) of which are male and 1,508 (16.7%) are female. 7,755 (86.0%) are permanent full-time employees and 1,263 (14.0%) are on full-time fixed-term contracts. Most of our employees work in

our oil palm businesses, which is our largest business segment. There are 8,366 employees in palm oil, or 92.0% of our total workforce. 230 employees work in our sago business, 30 in our head office in Jakarta, and 392 in our other segments.

**Table 28. Total Number of Employees By Gender, Contract Type, and Business Location in 2021**

	Location	Female			Male			Grand Total
		Contract	Permanent	Total	Contract	Permanent	Total	
PT. Austindo Nusantara Jaya Tbk.	Jakarta	1	9	10	-	20	20	30
PT. Austindo Nusantara Jaya Boga	Jakarta	1	-	1	4	-	4	5
Regional Office Medan (RO)	North Sumatra	-	32	32	4	58	62	94
<b>Oil Palm</b>								
PT. Austindo Nusantara Jaya Agri	North Sumatra	6	206	212	9	1,144	1,153	1,365
PT. Austindo Nusantara Jaya Agri Siais	North Sumatra	5	234	239	34	927	961	1,200
PT. Sahabat Mewah dan Makmur	Bangka Belitung	-	307	307	4	1,745	1,749	2,056
PT. Kayung Agro Lestari	West Kalimantan	11	408	419	17	1,521	1,538	1,957
PT. Galempa Sejahtera Bersama	South Sumatra	4	3	7	1	17	18	25
PT. Putera Manunggal Perkasa	West Papua	29	46	75	419	483	902	977
PT. Permata Putera Mandiri	West Papua	11	19	30	271	391	662	692
<b>Sago</b>								
PT. ANJ Agri Papua	West Papua	3	9	12	105	113	218	230
<b>Edamame</b>								
PT. Gading Mas Indonesia Teguh	East Java	155	9	164	169	42	211	375
<b>Renewable Energy</b>								
PT. Austindo Aufwind New Energy	Bangka Belitung	-	-	-	-	12	12	12
<b>Grand Total</b>		<b>226</b>	<b>1,282</b>	<b>1,508</b>	<b>1,037</b>	<b>6,473</b>	<b>7,510</b>	<b>9,018</b>

Additional contracted workers are taken on during peak harvesting seasons due to higher volume of harvest. In most of our locations, harvesting is mainly carried out by permanent employees except for our West Papua

operations. All employee data are based on head counts and are collected from each business unit at the end of the reporting period to be stored and analyzed at the head office in Jakarta. [2-7]

Table 29. Employee Composition (2-7)

Employee Composition ANJ and Subsidiaries		2021			2020			2019		
				Total			Total			Total
By Segment	Head Office Jakarta	20	10	30	45	26	71	55	27	82
	Palm Oil	7,045	1,321	8,366	7,125	1,373	8,498	6,483	1,380	7,863
	Sago	218	12	230	247	21	268	225	19	244
	Others	227	165	392	71	10	81	59	10	69
	<b>Total</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>	<b>6,822</b>	<b>1,436</b>	<b>8,258</b>
By Position	Director	8	4	12	8	4	12	8	4	12
	General Manager (GM)	26	4	30	27	5	32	29	4	33
	Manager	191	29	220	185	29	214	183	28	211
	Staff	292	63	355	288	64	352	313	69	382
	Non-staff	6,993	1,408	8,401	6,980	1,328	8,308	6,289	1,331	7,620
	<b>Total</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>	<b>6,822</b>	<b>1,436</b>	<b>8,258</b>
By Education	Doctoral degree	-	1	1	-	1	1	-	-	-
	Master degree	14	9	23	13	10	23	13	12	25
	Bachelor degree	524	123	647	506	119	620	509	119	628
	Diploma	116	46	162	119	51	170	120	48	168
	Senior/Vocational High School	2,877	410	3,287	6,701	1,222	7,923	6,055	1,225	7,280
	Other	3,979	919	4,898	153	28	181	125	32	157
	<b>Total</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>	<b>6,822</b>	<b>1,436</b>	<b>8,258</b>
By Employment Status	Contract Workers	1,037	226	1,263	1,798	139	1,937	1,086	83	1,169
	Permanent Staff	6,473	1,282	7,755	5,690	1,291	6,981	5,736	1,353	7,089
	<b>Total</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>	<b>6,822</b>	<b>1,436</b>	<b>8,258</b>
By Age	Over 55	42	9	51	103	16	119	81	13	94
	41-55	1,695	489	2,184	1,820	506	2,326	1,620	463	2,083
	25-40	4,388	868	5,256	4,528	846	5,374	4,109	880	4,989
	18-24	1,385	142	1,527	1,037	62	1,099	1,012	80	1,092
	<b>Total</b>	<b>7,510</b>	<b>1,508</b>	<b>9,018</b>	<b>7,488</b>	<b>1,430</b>	<b>8,918</b>	<b>6,822</b>	<b>1,436</b>	<b>8,258</b>

**Notes:**

\*Some information is restated due to a change of categories and improved recording.



 An EHS officer conducts a safety briefing to visitors and staff at the mill office.

## Safe and Healthy Workplace

### Occupational Health and Safety Commitments and Management

We place an emphasis on the health and safety of our workers and contractors. Our target is to reduce the risk level of work accidents and incidents, with a goal of achieving zero work-related accidents and ill-health across all our subsidiaries and estates.

Our Occupational Health and Safety (OHS) management system covers activities carried out by all of our 9,018 workers without exception. All of our contractors and contract workers whose work and workplace are under our supervision, as well as guests visiting our locations are covered by this system. The OHS management system also manages activities occurring outside our locations that are under our supervision, such as travel and transportation activities. (403-1, 403-8)

Activities that are beyond our direct supervision and control, such as activities of our indirect smallholder FFB suppliers, are not covered by our system although we promote health and safety principles as part of our efforts to establish best practices in palm oil operations. Vendors and suppliers of dangerous goods, hazardous materials and products that have health and safety impacts are contractually required to meet relevant regulatory requirements, standards, and certifications. Furthermore, our large contractors have contractual requirements to follow our health and safety standards, have an Environmental, Health and Safety (EHS) plan, assign an EHS officer, sign a Letter of Commitment (LOC), and join our regular safety meetings. (403-7)

To guide the implementation of our OHS system, all activities with high health and safety risks are controlled by specific internal rules, Standard Operating Procedures (SOPs), and Work Instructions. Our OHS management

system follows international standards and rules, such as ILO, ISO 45001 standard for OHS management systems, ISO 31000 risk management standards, as well as government regulations on health and safety. The implementation of the OHS management system is compulsory under Government Regulation 50/2012 on the implementation of OHS management systems for companies with more than 100 employees or those considered to have a high health and safety risk. (403-1)

The Environmental Health and Safety (EHS) Department has overall responsibility for health and safety within our organization. It has competent and trained personnel at Head Office and EHS officers at each business unit to monitor safety and compliance at the estate level, help provide safety briefings for estate workers, and run safety drills. In 2021, we established a system whereby EHS Representatives are appointed at each of our locations to assist the EHS Officer in carrying out regular inspections, reviewing health and safety risks and hazards, devising appropriate mitigating actions, and codifying these actions in SOPs.

Our health and safety practices are regularly audited both internally and externally against ISO 14001 and ISO 45001 standards as well as the Indonesian government's SMK3 (*Sistem Manajemen Kesehatan dan Keselamatan Kerja* or Occupational Health and Safety Management System) standard, as part of our evaluation and continuous improvement of the OHS management system. Internal audits were carried out at all our producing palm oil and sago units, while external OHS audits were carried out at ANJA, ANJAS, SMM and KAL. Hence, 8,502 employees (94.3%) are covered by an internally audited OHS management system, while 6,578 employees (72.9%) are under an externally audited system. Our edamame unit, GMIT, has obtained the ISO 22000 standard on food safety that contains some elements related to occupational health and safety. GMIT is subject to an annual surveillance audit for ISO 22000 by an external independent party. (403-8)

## Health and Safety Risks in Our Operations

We assess health and safety risks by applying the Hazard Identification Risk Assessment and Risk Control (HIRARC) method for routine activities, and the Job Safety Analysis (JSA) for non-routine activities. The assessment is carried out and evaluated annually, as well as when there are incidents or accidents, or when a new high-risk activity is identified. It is facilitated by competent health, safety, and risk management experts from our EHS Department and carried out by field supervisors who are trained in HIRARC. The HIRARC document is reviewed by the management and communicated to employees. [403-2]

The main high-risk work activities in our estates, as determined by our HIRARC assessment, are described in Table 30 below. These high-risk activities are prioritized in our OHS management programs and safety performance targets. To manage risks, we apply a hierarchy of controls from elimination, mitigation (substitution, isolation, and engineering controls), and administrative controls, to the use of Personal Protective Equipment (PPE). [403-9]

**Table 30. High-Risk Work Hazards and Controls [403-9, 403-10]**

Hazardous Activities at ANJ Estates	Type of Hazard	Location	Elimination, Substitution and Engineering Controls	Administrative Controls	Personal Protective Equipment (PPE)
Harvesting of FFB	Injury, crushed by FFB	Estate	1. Modification of "Egrek" or "Dodos" 2. Safer harvesting position	Awareness-raising and training	Boots, safety goggles and safety helmets
Mixing of chemicals (pesticides/herbicides)	Inhalation, splashing, ingestion of chemicals	Estate	1. Use of manual pump/agitator 2. Use of low-risk chemical 3. Mixing carried out outdoors	Awareness-raising and training	Boots, safety goggles, respirators, rubber gloves and aprons
Harvesting near power lines	Electric shock	Estate	1. Remove oil palm trees growing near power line (radius of minimum 10 meter or based on site assessment) 2. Use of double insulator material on the Egrek grip 3. Egrek knife sheath made of insulator material	1. Awareness-raising, training and supervision during work 2. Working permit 3. Putting danger signs on trees	Boots, safety helmets and cotton gloves
Welding and cutting	Electric shock, burning	Central Workshop and Transportation	1. Installation of "local exhaust" 2. Adding insulator cover material on the welding transformer 3. Modify the connection of power from/to the welding panel/transformer	1. Welding and cutting permit 2. Awareness-raising, training and supervision during work	Safety shoes, welding goggles, leather gloves and aprons, fire blankets
Working at heights	Falling or crush injury	Mill	Installation of platform/ladder/scaffolding	1. Working at heights permit 2. Awareness-raising, training and supervision during work	Safety shoes, safety helmets, and full-body harness
Working in restricted spaces	Lack of oxygen, poisoning, cold, overheat	Mill	1. Installation of ventilator/blower 2. Installation of manhole/emergency exit 3. Installation of alarm	1. Entry permit and gases check 2. Warning signs	Safety shoes, safety goggles, special clothes, and respirators
Working in power plant (generator, boiler)	High noise, electrocution	Mill	Installation of piping insulation and glass wool	1. Awareness-raising, work authority 2. Warning signs	Safety shoes, ear plugs, helmet
Travelling (by car, helicopter, airplane, boat)	Collision, falling, drowning	All operations	Inspection and maintenance	Safety briefings, quality controls, safety training, a special driving license (KIMPER) for drivers	Safe vehicles, seat belts, hearing protection, safety vest



 A field worker sprays weeds in full protective clothes.

## Safety Culture and Communication

We strive to build a culture where employees are accountable and take personal responsibility for their own safety and the safety of those around them. To promote a health and safety culture in our organization, employees and workers are fully involved, consulted, and informed about managing hazards and risks in the workplace. We build health and safety awareness among employees through pamphlets, safety signs, safety talks, information sessions, and training and inductions. Safety campaigns are continuously organized to promote a specific health and safety theme that is regularly updated. These campaigns involve, among others, information roadshows, promotion banners, pamphlets, and safety discussions.

General health and safety training is mandatory and regularly organized for all employees, including during their induction and throughout their first year of employment. Specific safety training and procedures in

mechanics, electricity, chemistry, construction, first aid, transportation, and emergency handling and reporting, are also delivered to relevant employees and workers according to the work hazards and risks they are facing. Training, safety drills, and simulations are developed by the EHS department and provided by internal or external trainers, or accredited external trainers when it comes to certification training. (403-5)

Developing awareness on health and safety to thousands of employees across all our locations in Indonesia is an ongoing and challenging process. Internalization of the safety culture among all employees and workers, with diverse cultural and educational backgrounds, is not a straightforward matter. We believe that worker awareness and safety mindsets remain the key factor affecting our overall safety performance. There is always room for improvement concerning changing the mindset and behaviors of our workers to ensure they work safely, which is why we place a lot of our focus on training and awareness building activities.

As a standard procedure, we involve and consult employees in the development, implementation, and evaluation of our OHS management system. This participation becomes a space for awareness building, discussion and reflection on health and safety performance, audit results, lessons learned, and any aspect of our OHS system. This process is contained in relevant SOPs, especially our SOP on external and internal consultation, participation, and communication.

In each of our subsidiaries, we have a Health and Safety Committee Supervisory Body (*Panitia Pembina K3/P2K3*), in accordance with existing regulations, that is registered in the local government's Manpower Agency. The Committee is comprised of the management and at least six representatives that sits on behalf of all workers. It is tasked with providing advice and considerations regarding health and safety, as well as collecting and processing health and safety performance data. Alongside the Bipartite Forum (*Lembaga Kerja Sama/LKS Bipartit*) and the Whistleblowing System (*Berani Bicara*), the committee also functions as a channel to gather employee grievances, concerns, feedback, and advice on

the OHS programs. The Health and Safety Committees are supervised by the EHS Department, and led by the Chairman of the P2K3, who are General Managers or Senior Managers. The committee meets every month and reports on a quarterly basis to the Manpower Agency and Ministry of Manpower. (403-2, 403-4)

Employees and contractors are contractually obligated to follow OHS rules and procedures. They also have the right to refuse work for safety concerns in accordance with prevailing regulations and ISO 45001. We guarantee no reprisals if an employee refuses to work due to unsafe conditions and/or reports unsafe working conditions and will take measures to review and mitigate the risks appropriately. Employees can report their health and safety concerns and must report any unsafe behavior and hazardous conditions that they observe to the EHS Department. They have the option to file the reports anonymously. The process for reporting OHS issues and incidents are detailed in our SOP on incident management. (403-2, 403-4)

## Health Services

Health services form an integral part of our OHS management system. We have seven main clinics and five support clinics, staffed by a total of six doctors, 17 nurses, and 22 midwives. The clinics provide occupational medical services and emergency care, but also provide quality general healthcare services, including maternal care and childcare, to our workforce, their families, and local communities. These clinics are essential for the health and well-being of our workers because we operate in remote areas where basic medical services are lacking. (403-3)

In addition to medical services, our health workers play an essential role in identifying and managing aspects of the workplace that can affect the health of our workers. Initiatives include first aid training, the procurement of essential medicines and first-aid kits, and canteen inspections. They also actively promote a healthy lifestyle by building awareness on good nutrition, sanitation, and COVID-19 safety advice during the pandemic. (403-3, 403-6,)

All our permanent employees are covered by the mandatory government health insurance program (*Badan Penyelenggara Jaminan Sosial Kesehatan* or BPJS Kesehatan), and private health insurance as part of their employment benefits. This health insurance coverage helps to make medical treatments more accessible to our employees and their families by reducing the associated cost burdens. (403-6)



 A dedicated nurse checks the body temperature of an employee who is receiving treatment at the clinic in PMP.



 Isolation facilities provided for employees affected by COVID-19 as well as those who have just arrived to visit the Company's operating area.

## COVID-19 Response

We have strict COVID-19 policies, protocols, and guidance to prevent infections in our offices and estates, following guidelines and practices recommended by the government and the WHO. We implement a Work From Home (WFH) system where employees work at home, and in-office attendance is applied gradually depending on the COVID-19 situation and the government's regulations. Online surveys on the health conditions of employees are carried out weekly to obtain updated data and prepare the necessary action whenever required.

Recruitment is mostly conducted through online platforms to minimize contact between the candidate and the recruiters. When this is not possible, strict COVID-19 protocols are applied during the recruitment process. This is the case for the recruitment of employees coming from other regions to work in West Papua, under the government's *Antar Kerja Antar Daerah* (AKAD) program, an inter-regional job placement program, which cannot be carried out online. Newly recruited AKAD employees must go through self-isolation at our camp facilities in PPM and PMP upon arrival to prevent community transmission.

As part of the promotion of clean, safe, and healthy lifestyles, employees are reminded and given guidance on safe behaviors to avoid getting infected at home and in the office. COVID-19 task forces were established in offices and estates early in the pandemic to help enforce health protocols and ensure discipline among employees.

Our clinics also play a central role in our COVID-19 response measures. Aside from prevention initiatives through awareness building and health promotion, our clinics ensure the availability of rapid test kits and medical devices, such as oximeters, thermometers, and oxygen tanks. Clinics support the recovery and provide isolation and care for infected employees and their families. Last but not least, our clinics carry out contact tracing when infections occur to help limit the spread.

We understand the importance of COVID-19 vaccination and we are committed to ensuring the success of the government's vaccination program. Our clinics have supported the vaccination program by organizing COVID-19 vaccination sessions in collaboration with local authorities. Throughout 2021, these joint vaccination programs were carried out at SMM (962 doses), PPM and PMP (1,150 doses), ANJA (1,315 doses), and ANJAS (1,283 doses). We also advocate vaccination of our employees and address potential vaccine hesitancy, which has been a success as practically all our employees have been vaccinated.

Overall, 8,852 employees and 4,838 family members have received the first dose of the vaccine, and, of those, 8,378 (93%) employees and 2,932 family members have received the second dose as of December 2021. Those that have not been vaccinated are due to medical reasons or have just recovered from COVID-19. We are fortunate that we have recorded no fatalities due to the COVID-19 among our employees. (403-6)

## Safety Performance Data

Our health and safety performance data are recorded in compliance with the Ministry of Manpower and Transmigration regulations. Workplace accidents are recorded and classified as Lost Time Injury (LTI), Occupational Disease (OD), Fatality (FAT), First Aid and Medical Treatment Case (MTC). Injury rates are based on a million hours worked, with a total of 31,479,844 hours worked this year.

Our records cover all employees and contractors in our estates and offices. However, obtaining complete and reliable records of our contractors' safety data remains a challenge and we do not include their data in our tables to avoid inaccurate reporting. (403-9, 403-10)

**Table 31. Number of Fatalities, Injuries, and Medical Treatment in 2021 (403-9)**

Accident Classification	Total Number	Hazard/Cause
Fatality	0	-
Lost Time Injury (LTI)	18	Handling Tools and Transportation
Medical Treatment Case (MTC)	39	Transportation, Handling Tools, Bitten by Animal

**Table 32. Work Related Injuries, per Million Hours Worked (403-9)**

	2021	2020	2019
<b>Total Recordable Injury Rate</b>	<b>1.81</b>	<b>3.35</b>	<b>3.26</b>
<b>West region</b>	1.69	1.96	1.19
Male	1.49	1.80	1.15
Female	0.20	0.16	0.04
<b>East region</b>	2.25	10.18	16.74
Male	2.10	9.60	16.48
Female	0.15	0.58	0.26
<b>LTI Frequency Rate</b>	<b>0.57</b>	<b>0.55</b>	<b>0.62</b>
<b>West region</b>	0.60	0.39	0.48
Male	0.56	0.39	0.44
Female	0.04	0	0.04
<b>East region</b>	0.45	1.34	1.55
Male	0.45	1.34	1.55
Female	0	0	0.00
<b>LTI Severity Rate</b>	<b>61.53</b>	<b>196.87*</b>	<b>4.29</b>
<b>West region</b>	4.27	1.29	3.29
Male	4.03	1.29	2.85
Female	0.24	0	0.44
<b>East region</b>	274.69	1,155.74	10.82
Male	274.69	1,155.74	10.82
Female	0.00	0.00	0.00

**Notes:**

1. Total Recordable Injury refers to recordable injuries and diseases, excluding fatalities.
2. Lost Time Injury Frequency refers to the total number of lost time accident cases.
3. Lost Time Injury Severity refers to the total number of lost days.
4. Rates are calculated per million hours worked.
5. \*Restatement of information due to improved recording.

**Table 33. Recorded Injuries and Incidents (403-9)**

	2021	2020	2019
<b>Total Injuries</b>	<b>57</b>	<b>104<sup>1</sup></b>	<b>95</b>
Medical treatment case	39	86	77
Lost time injury (LTI)	18	17	18
Fatality	0	1	0
Occupational Disease	0	0	0
<b>Total Incidents</b>	<b>7</b>	<b>1</b>	<b>8</b>
Environmental pollution case	2 <sup>2</sup>	0	0
Property damage case	2	0	6
Traffic incident case	0	0	0
Fire incident case	3 <sup>2</sup>	1	2

Notes:

1. Restatement of information due to improved recording.

2. The recorded environmental pollution and fire incident cases are not major cases, there is no loss of life, no disabling injury, the impacts are well below USD 1 million, and no grievance reported.



 Training and guidance for MT mentors held at the ANJ Learning Center.

## Employee Development and Training

Our employees are our most valuable asset, and therefore, we invest heavily in employee training and career development. Regular training gives employees the necessary skills to succeed in their work while also increasing their motivation, loyalty, and performance over time. Training is also crucial for building capacity and leadership potential within the organization because internal promotion is prioritized before looking to hire externally.

We are committed to providing training and professional development programs to help our employees improve their skills, achieve their career goals, and meet the requirements of their jobs. Professional training and development programs begin when a new employee joins the Company and continue throughout their employment. For this purpose, in 2014, we established the ANJ Learning Center (ALC) in a 17-ha area at our Belitung operations. The ALC is equipped with teaching and study rooms, a library, as well as accommodation and refectory facilities to host up to 80 people.

All employees are given equal opportunities to participate in training and professional development programs, resulting in a fair work environment and an inclusive attitude towards personal development. Our employee training and development programs are evaluated on

a monthly basis to measure their effectiveness. Issues are addressed and improvements are made whenever necessary. We also gather feedback from employees through questionnaires about the training which our team evaluates and use to guide future improvements.



Internal training about the eTIS application at ANJ Learning Center.

## Training Programs

Leaders and subject matter experts (SME) within our company play a significant role as trainers in our training program. Leaders are expected to actively share their knowledge, expertise and experience with their team members and other employees by developing and delivering training modules in coordination with the training department. The role of in-house leaders and SMEs is particularly important to facilitate the increased need for online training under pandemic restrictions. The number of training modules designed for online delivery and developed by leaders and SMEs have increased since the onset of the pandemic. In 2021, a total of 27,280 hours of training were delivered by internal leaders and SMEs. (404-2)

The Individual Development Plan (IDP) program is one of the main programs developed to improve and upgrade the skills of our employees, from staff to general manager levels. It is a structured and systematic technical and soft skills development program specific for each employee. This program is special in that it emphasizes direct engagement with superiors to provide coaching and guidance which support participants to improve their work performance and achieve their objectives. The

program is integrated with Key Performance Indicators (KPIs) of the participants and each department manages a training budget to meet their needs. Since piloting the program in 2019, the number of IDP participants in the staff category, from junior to general manager level, has increased, reaching 95% participation in 2021. Because of the IDP, the Company is able to increase internal promotions to fill vacant manager positions, which were previously difficult and costly to replace. (404-2)

A Management Trainee (MT) Program has been implemented since 2003. The MT program aims to build future leaders for the organization. It targets fresh graduates without previous work experience that are placed in our operations across Indonesia to increase their experience and exposure. The program develops soft skills and technical skills and is delivered through both conceptual (in class) and practical (on-the-job) learning. Managers are appointed as mentors to assist learning during the on-the-job training process. After a forced hiatus in 2020 due to the pandemic, our MT program resumed in 2021 with 37 trainees, including five females, in this latest batch. (404-2)



## Preparing Future Leaders - Return of the ANJ Management Trainee (MT) Program

The ANJ Management Trainee (MT) program entered its 18th year in 2021. In the nearly two decades since its establishment, the program has nurtured the development of many talented individuals into leaders at ANJ. The program, which takes place over nine months, targets fresh graduates who are well-versed with the values and missions that are integral to ANJ. Yoomeidinar (Meidi), the Human Resources and Change Management (HR&CM) Director at ANJ Group, was ultimately in charge of launching the program this year and highlighted the challenges, "As our Company learns to operate under the challenging conditions imposed upon us by the pandemic, we have adjusted our training programs to optimize engagement while upholding the highest standard of pandemic safety precautions."

This year saw a great upturn in the number of fresh graduate applicants for the program, the highest number ever, 6,218 in total from across the Indonesian archipelago. Following the initial administrative selection process, our Human Resources team narrowed this down to 731 candidates. Under COVID-19 protocol, our selection process was conducted online and over Zoom. Candidates underwent psychological and medical examinations, as well as interviews. The results were considered in Focus Group Discussions, where selected trainees were also grouped into appropriate managerial positions. In 2021, the MT program had a total of 37 trainees, including 5 women: the largest number to date. Our rigorous selection process, which is regularly audited, sought out the most determined candidates who demonstrated the characteristics we deem to be integral to working as a collaborative member of the ANJ community.

The program is divided into three phases, to provide trainees with a holistic developmental journey. After the selection was made, the 37 recruits travelled to Bogor, West Java, in late September, to take part in a 10-day Bootcamp to build their mental and physical strength, as well as their discipline. The trainees thoroughly enjoyed the experience and particularly liked meeting their colleagues from all over the country.

Muhamad Kairul Rosyidy applied to the program because ANJ's missions and values aligned with those he observes. "At first, everyone was nervous to meet their new colleagues but after the 10-day bootcamp, we got closer and closer, and had a lot of fun times together."

In early October, the trainees entered the second phase of their training, the in-class theory, held in the state-of-the-art ANJ Learning Centre (ALC) in Belitung. Over the two months spent at the ALC, all participants were first provided with an introduction to ANJ's vision, mission, and values, while subsequent tutorials developed both soft skills and technical skills to optimize the trainees' abilities to manage operations. The soft skills were leadership, communication, and achievement orientation, and the technical skills included those pertaining to EHS, sustainability, mill operations, planning and budgeting, human resources, conservation, and legal matters, among others. Skills are taught in a way that is both conceptual and practical, allowing participants to process the material and apply it to a range of real-life situations. Although some of our classes were conducted online, Erwin Santoso, ANJ's Head of Legal, remarked that the enthusiasm and engagement of this year's trainees was 'extraordinary.'

"Because the purpose of the MT program is to produce future leaders from the Company, I feel responsible for increasing my capacity. The in-class activities are the right means for that. The material provided is very applicable and I am sure that it will support me when I go to the field." - Salva Cakra Pratama, one of the 2021 trainees.

The final On the Job Training phase is composed of two stages, On the Job Training 1 (OJT 1) and On the Job Training 2 (OJT 2), to give trainees the practical skills needed to work on-site. OJT 1 separated the trainees into their respective roles and locations for them to understand the process and the skill set required for an individual's specific position. After OJT 1, the trainees then go through OJT 2 where they are tasked to complete a Quality Improvement Project (QIP).



↑ MT participants learning about assisted pollination.

During OJT, trainees worked alongside a mentor, who evaluated their progress and aided in understanding the more technical aspects of the managerial aspects and how they relate to and require collaboration with other important functions within the Company. The mentors are qualified managers and subject matter experts who can help each trainee to perform their job responsibilities. We aim to pair mentors and trainees appropriately so that all participants can reap the greatest benefit from the program.

Throughout the nine-month program, we aimed to nurture a collaborative and supportive environment for our trainees.

ANJ recognizes that our Company is built upon its people. Particularly during the pandemic, employees have demonstrated their dedication to ANJ and its values. In the coming years, our management would like to champion this trait and invest more heavily in the MT program. As HR&CM Director, Meidi, explains “Providing individuals who feel passionately about the Company and its cause, with the opportunity to develop their skills and rise in the ranks, is an optimal means of forming a cohesive cohort of individuals who understand and value ANJ to the fullest.”

## Training Provided

We aspire to achieve an overall average of eight training hours provided per employee per year. In 2021, 52,319 hours of training were offered to our employees, or an average of 5.80 hours per employee, an increase from last year's 5.48 hours. This result has exceeded our target for the year to provide a minimum of 15,000 hours of technical training, 15,000 hours of soft skills training, and 3,000 hours of certification training (see table 35). Employee participation has also increased by 26.17% in 2021, with a total 24,492 individual participants, from 19,412 in 2020.

The highest increase occurred in the staff category, with an average of 68.90 hours of training per person, which has more than doubled compared to last year. This increase is mainly due to our Management Trainee program with its intensive in-class training courses.

Meanwhile, the average number of trainings to non-staff employees has reduced compared to the previous year. This is because, in 2020, the need for technical skills training for foremen and factory operators were higher than usual due to the start of full commercial operations in the East Region.

The Board of Directors (BOD) also increased its average to 7.58 hours of training per person. Of note is the increased average hours among female members of the BOD, increasing from 0.75 in 2020 to 11.25 hours in 2021. This significant increase is due to a greater participation of female directors for attending courses associated with the Women's Empowerment Principles (WEP), ESG training, and encouragements to participate in online trainings and webinars, along with improvements in our training records system.

**Table 34. Average Training Hours by Gender and Employee Category (404-1)**

	2021	2020
<b>Non-staff</b>	<b>2.50</b>	<b>4.06</b>
Male	2.62	4.55
Female	1.90	1.51
<b>Staff</b>	<b>68.90</b>	<b>27.69</b>
Male	71.33	29.26
Female	57.67	20.63
<b>Manager</b>	<b>27.37</b>	<b>29.73</b>
Male	28.19	31.45
Female	21.95	18.79
<b>General Manager/Regional Manager/Group Head</b>	<b>25.47</b>	<b>21.09</b>
Male	21.12	18.11
Female	53.75	37.20
<b>Boards of Directors</b>	<b>7.58</b>	<b>5.33</b>
Male	5.75	7.63
Female	11.25	0.75
<b>TOTAL</b>		
Male	<b>6.01</b>	<b>6.21</b>
Female	<b>4.78</b>	<b>2.84</b>
<b>GRAND TOTAL</b>	<b>5.80</b>	<b>5.48</b>

Table 35. Training Hours by Training Type in 2021

	Technical Skills	Soft Skills	Certification	Total Training Hours
<b>By Employee Category</b>				
Non-staff	6,284	13,179	1,520	20,983
Staff	14,492	7,812	2,156	24,460
Manager	1,574	3,591	856	6,021
General Manager/Regional Manager/Group Head	236	480	48	764
Boards of Directors	47	44	-	91
<b>By Gender</b>				
Male	19,746	21,303	4,068	45,117
Female	2,887	3,803	512	7,202
<b>TOTAL</b>	<b>22,633</b>	<b>25,106</b>	<b>4,580</b>	<b>52,319</b>

## Performance Evaluation

We have a performance management system designed to help employees assess their performance against clear and measurable targets in line with our organizational goals. The performance management system has four phases, which are:

1. Performance plans carried out in October each year.
2. Monthly performance feedback to employees from their direct superior.
3. Performance appraisal periods; November to April covering the first semester, and May to October for the second.
4. Reward management by granting merit increase, incentive, development programs, and career paths to employees.

We also adopt a forced ranking system where employees are evaluated against their peers and across departments by a forced ranking committee. Performance appraisals are carried out twice a year, with a mid-year appraisal covering the first semester to help each employee to remain on-track with their development plan and receive a structured guidance to achieve their targets. All of our 9,018 employees (100%) in every level have received performance appraisals under this performance management system. [404-3]

## Digital Transformation Initiatives

We embrace the use of digital technologies in our human resources management as part of a wider digital transformation process. Online training has increased in recent years, a trend that was propelled even further to adapt to pandemic restrictions. Although training programs halted at the beginning of the pandemic, we were able to quickly adjust and accelerate the programs using existing online platforms. This shift has made it easier to deliver training to employees at the operational units where physical barriers are eliminated

and participants from different regions can interact with each other. Online training has also reduced costs and increased overall training participation due to its flexibility and accessibility.

In 2021, we went further in our digital transformation by fully digitalizing our recruitment process. Job opportunities are advertised, and candidates are searched using online platforms. At the selection stage, candidates are interviewed and involved in group discussions using video conferencing applications, while psychological assessments are also carried out online. The benefit of this digitalization is most apparent when carrying out mass recruitment such as during the hiring of our MT participants. The recruitment of MTs used these digital technologies which have smoothed the process of selecting 37 people out of more than 6,000 applicants.

Although COVID-19 has expedited these adaptations, we believe the digitalization of our human resource and people development systems is here to stay, because of its efficiency and effectiveness, as well as its desirability among younger generations in our workforce.

## Diversity and Women's Empowerment

As stated in our Sustainability Policy, we aim to create a positive, harmonious, and non-divisive working environment. We make active efforts to nurture diversity and gender equality. All employees, regardless of their gender, race, or religion are free to develop their full potential as leaders without being constrained by stereotypes.

We practice equal opportunity in terms of employment, remuneration and bonuses, and training. Promotions are unbiased and carried out without discrimination in any form. Women are encouraged to participate actively

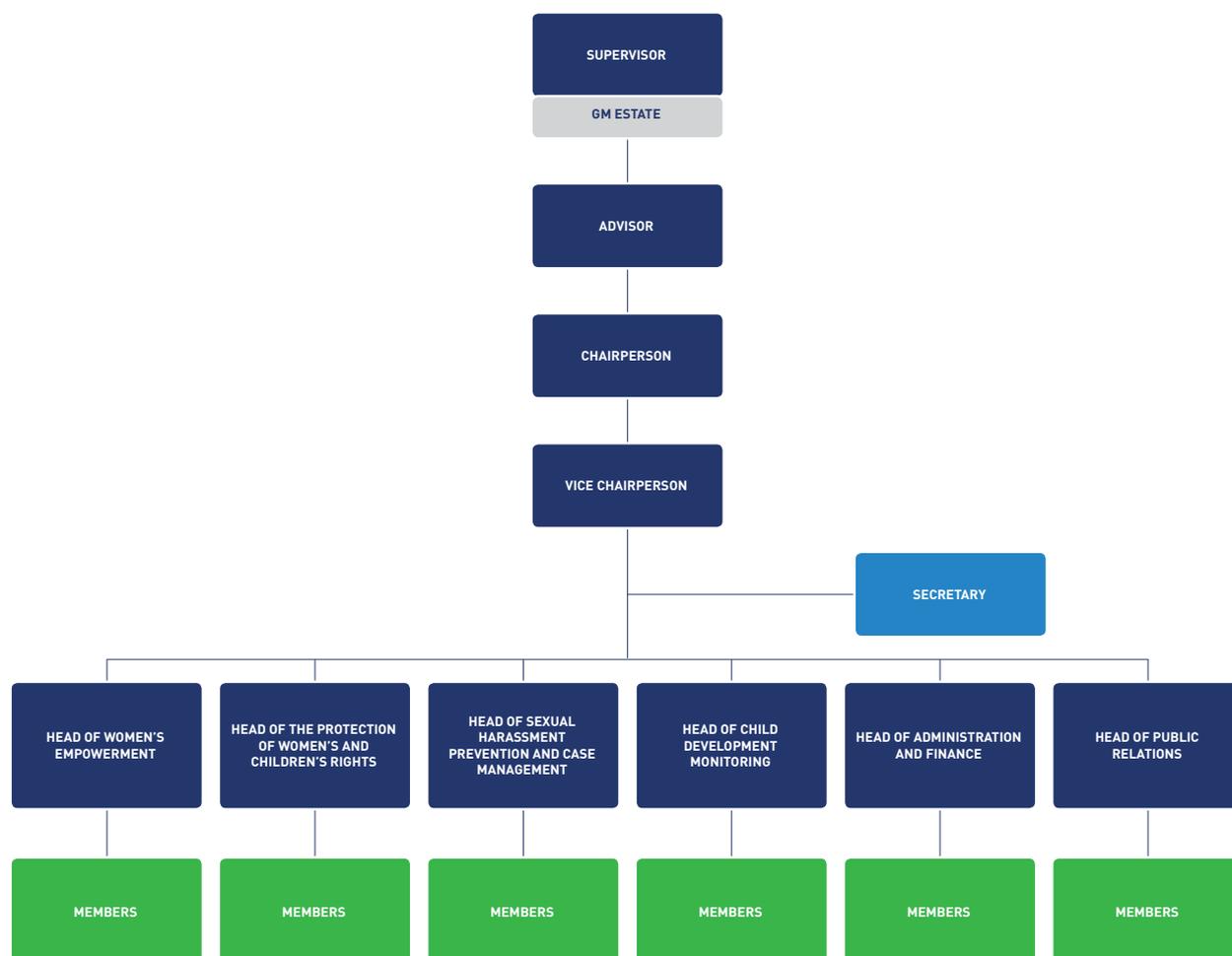
and confidently as part of the Company workforce and apply for leadership positions.

We have a Gender Committee in all of our subsidiaries, composed of employees and management representatives. There are a total of 153 Gender Committee members spread out in eight committees across the Group. The Gender Committee plays a vital role as a communication channel for employees to raise gender issues and concerns within the Company, including and help ensure that the voices of female employees are heard in a male-dominated environment. The Gender Committee has strong support from the top management at the head office to fulfill their role and has access to Value Champions and Value Guardians,

which are Commissioners of ANJ, to report any gender-related issues.

The committee is tasked with raising awareness about women's empowerment, women and child protection, and childcare, as well as promoting the improvement of working conditions for women. This includes ensuring that breastfeeding rooms are suitably provided in our estates and offices. As part of its task to prevent and protect women from harassment, the committee monitors, reports, and investigates sexual harassment incidents. Last but not least, the Gender Committee is the main organizer of programs related to women's empowerment as well as childcare.

**Diagram 01. Structure of the Gender Committee**



We also actively empower women in our surrounding communities through various community programs. We believe the empowerment of women and the improvement of their social, economic and health status is essential for the achievement of sustainable development. Our community involvement and development programs have a clear focus on benefiting women through improved healthcare for themselves and their families, improved education for their children, and the provision of new skills and economic opportunities.

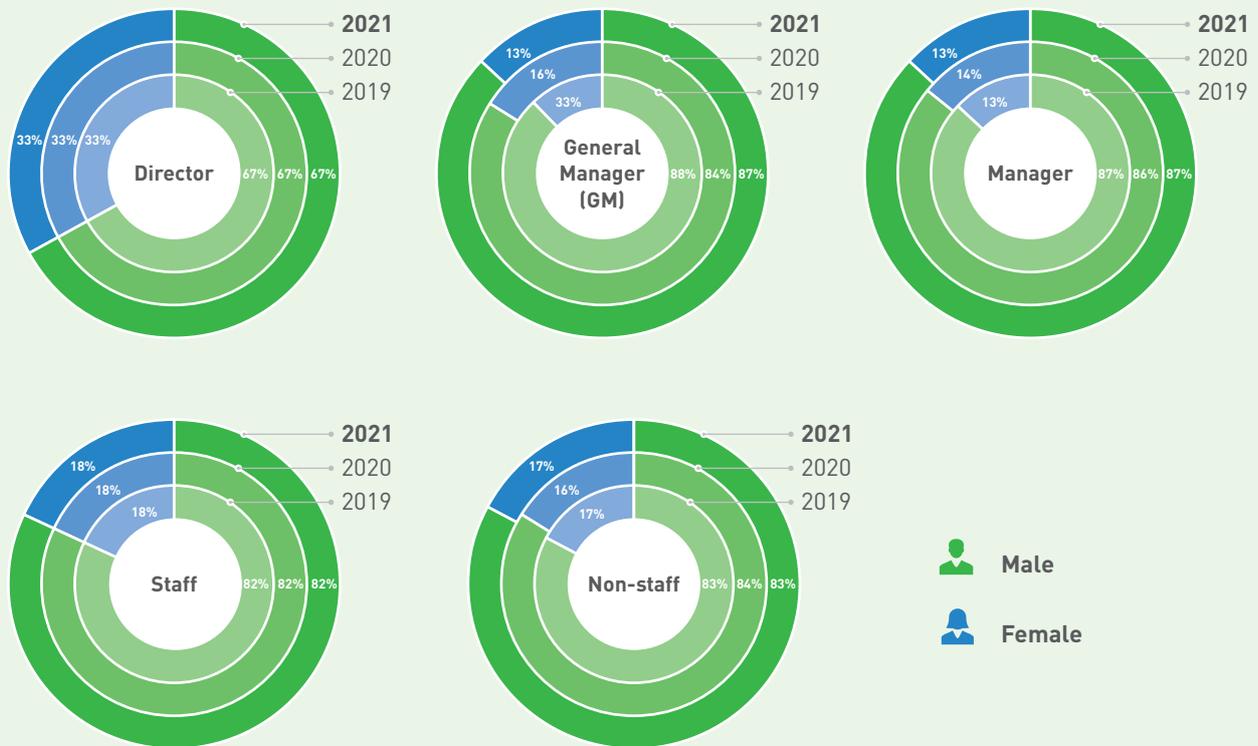
To better implement women’s empowerment policies within our Company, we adhere to the Women’s Empowerment Principles (WEPs) and submitted a CEO Statement of Support in January 2021. The WEP is a set

of guiding principles for businesses to promote gender equality and women’s empowerment in the workplace, marketplace, and community. This forum allows us to network, share and learn about business practices that empower women, so that we can better evaluate and improve our own initiatives. We have also participated in a study organized by APINDO (Indonesian Employers’ Association) and Plan International to assess gender practices within our Company, including policies, recruitment practices, training, career development, and protection from sexual harassment. This study will compare practices of other companies in our industry, and we expect to be able to learn from its results to improve our performance.

Percentage of Employees in Each Employee Category by Age (405-1)



### Percentage of Employees in Each Employee Category by Gender (405-1)



### Ratio of Basic Salary and Remuneration of Women to Men, ANJ Group (405-2)



Notes:  
 The ratio is calculated based on average salary.  
 Significant location of operation is defined as the whole ANJ Group.

## Protection of Labor Rights and Abolition of Child Labor

### LKS Bipartit and the Protection of Labor Rights

We protect workers' rights equally and without discrimination, in compliance with Indonesian labor regulations, which is further detailed in the Company Regulations. We provide information sessions about Company regulations, including workers' rights and obligations, periodically to ensure workers clearly understand what their rights and obligations are. Employees are given complete information about their work and the working conditions in our estates before they move from their original cities to join us. There are monitoring and evaluation systems in place, including internal and external audits as part of RSPO, ISPO, and ISO certification, as well as quarterly inspections by the local government in each estate to ensure that workers' rights are respected in accordance with applicable regulations. [407-1]

As a labor-intensive industry, 8,401 people or 93.2% of our employees fall under the worker category. We have a bipartite joint committee called *LKS Bipartit* in each of our subsidiaries to facilitate labor relations between the Company and worker representatives, both from labor unions and from those who are not members of a union. The *LKS Bipartit* has proven to be the most effective communication channel between the management and workers and allows for workers to submit inputs, complaints, and aspirations which are discussed in monthly meetings.

As of 2021, we have nine *LKS Bipartit* across the Group with a total of 188 administrators and members, including representatives of the labor union. For these representatives, the *LKS Bipartit* provides exposure and organizational experience that ultimately builds leadership and management skills and contributes to their personal and career development. We also run an annual competition of the best performing *LKS Bipartit* members within the group to motivate the high performance of all those involved.

Furthermore, freedom of association is guaranteed in all our operations, and we support the rights of employees to form unions and to collective bargaining. We have collective bargaining agreements covering all of the employees within our Group. At SMM, there is a Collective Labor Agreement (CLA), renegotiated every two years between management and employees. In other subsidiaries, we have company regulations that are revised every two years according to inputs from employee representatives. Company regulations and the CLA are registered and authorized by the local

government's Manpower Agencies or the Ministry of Manpower and Transmigration. [407-1]

We value all of our stakeholder's inputs and believe that constructive dialogue in a consultative and collaborative process can lead to continuous improvement to our operations. In 2020, some concerns were raised about risks related to labor conditions in our Palm Oil concession in West Papua. We commissioned immediately an independent inquiry and engaged an independent consultant to review our labor policies and procedures raised as concerns. A detailed formal report and action plan was done.

Furthermore, RSPO auditors have validated these labor concerns as part of the RSPO certification process at PPM and PMP. The concerns were discussed, and points mentioned in the ELSAM (*Lembaga Studi dan Advokasi Masyarakat* or Institute for Policy Research and Advocacy) Report were verified on the ground. All of the points were systematically addressed and both estates have now received the RSPO and ISPO certification in 2021. [407-1]

### Prevention and Abolition of Forced Labor and Child Labor [408-1, 409-1]

We recognize that there are potential risks of forced labor and child labor in our operations and our suppliers' operations. There is also a risk of exploitation of workers considering the limited supervision and enforcement of practices on the ground. Therefore, we place a particular focus in ensuring that labor rights are respected across our operations.

Our Sustainability Policy is committed to the protection of human rights, labor rights, and children's rights, in line with RSPO and ISPO principles and criteria. In all of our operations, we reference and comply with prevailing labor regulations as well as international conventions, such as:

- Law No. 13 of 2003 concerning Manpower.
- Law No. 20 of 1999 concerning Ratification of the ILO Convention No. 138 Regarding the Minimum Age for Admission to Employment.
- Law No. 1 of 2000 concerning Ratification of the ILO Convention No. 182 Regarding the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor
- Law No. 19 of 1999 concerning Ratification of the ILO Convention No. 105 ILO Convention Concerning the Abolition of Forced Labor.

Based on our commitments and referring to the above mentioned laws and international conventions, we do not tolerate child labor, any form of child exploitation, and forced labor.

To meet our commitments, we have set provisions and rules to abolish child labor and protect workers from abuse and exploitation. We have also set a maximum of 40 working hours per week, composed of eight hours a day over five working days or seven hours a day over six working days. For certain employee categories who are allowed to work overtime, additional work benefits are provided for any excess working hours as stipulated by the Company Regulations and/or Collective Labor Agreement.

We have issued an Internal Memo for the Protection of Human Rights and the Prohibition of Child Employment that is regularly socialized in all our operating areas by the *LKS Bipartite* and the Gender Committee. Managers and leaders on the ground are reminded that they are responsible for the enforcement of this memo and will be strictly reprimanded if violations occur under their supervision.

The minimum age for workers in all of our operations is 18 years. We have strict age verification procedures during our recruitment process to ensure that this minimum age is respected, such as:

- Creating an employee database that includes information on age and birth dates.
- Tightening administrative evidence as a requirement in employee recruitment. All employees must show proof of identification and education diplomas.
- Taking firm action against recruitment officers if the recruitment process does not comply with the established rules.

Our internal memo on the Prohibition of Child Employment prohibits bringing children into our estates during school holidays or any other times even though the children are not working or helping their parents. To ensure that parents are still able to work, we provide childcare in all of our units with caregivers and playground facilities so that parents can safely leave their children as they work in our estates. Estate supervisors monitor and ensure that children do not enter our estates.

These commitments also apply to our suppliers and contractors as they are required to comply with and adhere to the Policy. Suppliers and vendors are required to make every effort to align with the principles and approaches set out in our company policies. This is outlined in the Work Agreement of all contractors and is evaluated as a part of their contractual rights and obligations.

By implementing these measures, we have not found any instances of child labor and forced labor in our operations in 2021.

## COMMUNITY INVOLVEMENT AND DEVELOPMENT



### Managing Our Impacts

#### Social Impact Assessments and Social Mapping

To better understand actual and potential negative impacts of our operations on local communities, we carry out Social Impact Assessments (SIA) at all of our locations. The assessments provide a complete picture of the demographic, cultural, and sociological aspects in each of the areas surrounding our operations. They provide insights that helps us to determine how to reduce potential conflicts and other negative impacts. The SIA are carried out in each estate at the beginning of operations and the results are reviewed at least once every two years in accordance with RSPO standards. In 2021, we performed SIA reviews at PPM, PMP, and SMM involving both employees and external stakeholders. (413-1)



CID and Corporate Communications staff with people from Benawa Village after a stakeholder engagement meeting.

At SMM and ANJA, we have also conducted Social Mapping to obtain a complete picture of the social conditions of the local community. We recognize that every community has different social conditions, issues, and needs. The Social Mapping is helpful in providing program recommendations to prevent or overcome negative impacts that are specific to the social conditions of each community. It is carried out every four years and reviewed once a year. SMM and ANJA completed their first mapping in 2018, and we plan to conduct the study at ANJAS and KAL in 2022. Both the SIA and Social Mapping studies are carried out by independent external parties. [413-1]

As per the regulatory requirements in Indonesia, we perform an Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan*, or AMDAL), which includes a social impact assessment, before starting the Company's operational activities at each of our locations. The AMDAL study involves a public consultation process to verify and validate its findings and includes environmental impact monitoring and management plans (*Rencana Pengelolaan Lingkungan dan Rencana Pemantauan Lingkungan* or RKL/RPL). [413-1]

**Community Engagement**

Generally, local communities are formally engaged through stakeholder meetings, information sessions, dialogue, and public consultations. We also interact regularly with communities when implementing Community Involvement and Development (CID) programs, Responsible Development (RD) projects, or capacity building activities. We carry out at least one stakeholder meeting a year in each of our business units. These various socialization methods are opportunities to provide updates on our projects to local communities,

discuss CID initiatives and the plasma program with them, address concerns and grievances, and provide clarifications and answers to specific questions or issues. These meetings are typically attended by smallholder farmers, community members and leaders, representatives from the local government offices and agencies, as well as our personnel. We regularly update our stakeholder analysis based on these methods of engagement.

We also carry out Focus Group Discussions (FGD) with local communities at least once a year in our West Region to gather inputs and insights about our impacts and understand local community expectations and concerns. These discussions usually involve 25 participants from various stakeholder groups. But due to the pandemic, we reduced the number to ten participants and apply strict social distancing measures. In our East Region, we have learned through experience that a more informal and personal interaction approach is more effective and appropriate with the local social and cultural context.

The FGDs and informal interactions enable us to directly interact and engage with our communities in a more approachable and candid manner. These discussions give more in-depth information that complements and further validates impact assessments and social mapping studies. Local communities can provide inputs about the effectiveness of our efforts and share their ideas to improve or add to existing programs. To add more insights and confirm the discussion results, we perform small surveys targeting at least 30 people in each of our estates. Based on these assessments, inputs and stakeholder engagement process, we have identified actual and potential negative impacts of our operations on local communities as described in Table 36.

**Table 36. Significant Actual and Potential Negative Impacts on Local Communities** [413-2]

<p><b>Conflict and unrest related to plasma and partnership programs (ANJAS, KAL, PPM, PMP)</b></p>
<p><b>Potential social conflict, unrest, and/or jealousy within the community as well as between the community and the Company due to the plasma program</b></p>
<p><b>CAUSES</b></p> <ul style="list-style-type: none"> <li>• High expectations to participate in the plasma scheme.</li> <li>• High expectations about the potential income and welfare of plasma landowners.</li> <li>• Lack of understanding of how plasma management and profit calculations are carried out.</li> <li>• Lack of understanding on stages and flow of plasma plantation management before giving tangible results to plasma owners.</li> <li>• Some residents who do not live in the local area demand for plasma rights.</li> </ul>
<p><b>Land conflict over land ownership and ownership boundaries (PPM, ANJAP, PMP)</b></p>
<p><b>Social conflicts in the community due to unclear land ownership boundaries during land acquisition and compensation</b></p>
<p><b>CAUSES</b></p> <ul style="list-style-type: none"> <li>• Traditional and customary land boundaries are not documented in conventional sense.</li> <li>• New ownership claims after agreements have been reached about land boundaries and released land.</li> </ul>

### Conflicts and complaints about operational impacts (SMM)

Complaints due to the perception that the Company's replanting activities caused an infestation of horn beetles

#### CAUSES

- Increased presence of horn beetles at the same time as replanting program.
- Limited understanding about pests, and pest management in plantations.

### Expectations and dependence on Company programs and donations (ANJA, ANJAS, KAL, SMM)

High expectations to receive jobs, community development programs, and/or donations from the Company, potentially causing conflicts when they are not provided

#### CAUSES

- Level of economic prosperity in the surrounding communities is still not optimal.
- Limited government funding support and infrastructure.
- Less Company contribution in relatively distant areas (rings 2 and 3).
- Lack of entrepreneurship and understanding about economic development among local communities.

### Infrastructure damage (KAL)

Damaged roads used by employees to and from estates, as well as by the local community

#### CAUSES

- Low local community awareness to maintain public facilities.
- Damage due to high use as the main access roads for employees and the community.
- River silting and narrowing of river water flow.
- Bad drainage system making the road muddy during rainy seasons, and heavily dusty during dry seasons.

### Floods and landslides (ANJAS)

Damage to infrastructure (roads, bridges) because of floods during the rainy season

#### CAUSES

Plantation areas and surrounding villages are located close to a large river that floods during rainy seasons.

### Uncontrolled land and vegetation fires (ANJA, ANJAS, SMM, PPM, PMP, KAL, ANJAP)

Wildfires causing economic and public health impacts to local communities, as well as ecosystem damage

#### CAUSES

- Slash and burn habits to clear land. (ANJAS, KAL, ANJAP).
- The capacity of the community in dealing with wildfire risks is still limited. (ANJA, SMM, PPM, PMP).
- Marginal land.
- Climate change and global warming.

To monitor and evaluate the effectiveness of our efforts or initiatives with local communities, we carry out several evaluation mechanisms. Each estate conducts a monthly coordination performance review, which includes discussions about issues, challenges, and improvements to the implementation of local community programs. For matters that cannot be decided at the estate level and require higher management decisions, a meeting between the top management and estate General Managers are held once a month.

Progress updates of local community initiatives are evaluated and discussed at the bi-weekly AELT meeting, especially for significant issues. Responsible Development programs, including local community initiatives, are also reviewed and evaluated by the Sustainability Committee during its quarterly meeting. Indicators that are evaluated include program goals, duration of the initiative, costs, number of beneficiaries, area coverage, program quality, implementation process, and achievements. In addition to those evaluation

mechanisms, the effectiveness of local community programs is evaluated during internal and external RSPO audits, specifically to check management plans, improvement efforts, results, and the grievance register.

Local community initiatives generally went well in 2021, despite the continued challenges due to the pandemic. The social limitations mean that communication and information sessions are often not provided directly by the Company to local communities. Instead, a number of community members relay the information to other community members, which can lead to incomplete information and misinterpretations. We have learned from this challenge and have taken steps to improve our engagement during the pandemic, ensuring that communication with local communities are transparent and clearly understood.

**Respecting The Rights of Local Communities**

A Grievance Mechanism and its independently reviewed standard operating procedure are in place in all our estates whereby local communities can raise concerns to our staff verbally, by e-mail, or by phone. Each grievance raised will generate an entry in the grievance log that can be tracked to verify claims, rectify issues, report verification results, list actions taken, monitor response delivery to the stakeholder, and monitor follow up actions. In accordance with our grievance procedure, every complaint must be followed-up within 14 days of receipt.

To improve our grievance management and responsiveness to complaints, we made efforts to establish a stakeholder and grievance database to be applied in our group. This will help internal recording,

reviewing, and supervising of grievances and their follow-up. We expect to implement this database in 2022.

We respect local communities’ rights to land and understand that they are closely linked to their livelihood. Land acquisition is a critical factor when developing plantations that can sometimes lead to issues or conflicts with local communities with respect to village or property boundaries and land use rights of individuals and communities. To ensure that our land acquisition process is carried out fairly and transparently, we have put procedures in place based on FPIC (Free Prior Informed Consent) for acquiring new land. The procedure involves engagement with local communities, community leaders and local governments in a thorough process to ensure clarity to all parties at the start of any development.

This process of engagement allows us to initiate relationships with communities surrounding our operations and establish how our developments can help to improve the well-being of local communities. Any individual or community with existing land use rights has the right to refuse to transfer their land use rights to the Company in return for the compensation offered. FPIC from affected local communities is strictly conditional for land acquisition and development activities to continue.

In 2021, we recorded no incidents occurring in our operations where the rights of local communities, including tribal and traditional communities, were violated. We have received a total of 13 community complaints in 2021, 10 of those were in the Eastern Region. By the end of the year, 12 of these complaints have been resolved.



One of our staff demonstrating how eco-enzymes are made to elementary school students at ANJA.



## Staying the Course and Making a Difference in West Papua



A "mama" writing food orders from the employees.

ANJ's presence in West Papua has not always been valued. Our somewhat challenging journey in this region has required careful and calculated planning, as well as perseverance when setbacks made progress seem a distant goal. As our operations and responsible development programs have grown in West Papua, our onsite teams have learned to appreciate the nuances of the local culture, allowing us to tailor our approaches to implementing our programs and expanding our influence. In becoming ever more receptive to the community's needs, rights, and wisdom, we have seen a shift in the local people's perception of our presence. The relationships we have built, and are continuing to build, are formed upon a basis of mutual respect and constructive conversation. As a company that prioritizes the well-being and prosperity of our people, ANJ believes that this is critical to integrating into a new area, and now that we have established these relationships, we project our scope of influence to rapidly grow.

Six years since we first published our West Papua operation Sustainability Report in 2016, ANJ has made great improvements, and we are very proud of the achievements of our team. While we are never complacent and observe the changing tides in community engagement, government legislation, and other external factors, ANJ is happy with the progress that has been made and is optimistic about what the future will bring.

### Empowering Women

Female empowerment is central to many of our responsible development projects. This year, ANJ signed the UN Global Compact and the Women's Empowerment Principles (WEPs), thereby solidifying our commitments to improving the wellbeing and prospects of the women that we engage with in our programs. In 2019, the gender committee was established in Papua and has seen continued growth over the past two years. Among the most successful initiatives that have come from ANJ's presence in West Papua, concerning the welfare of women, is Warung Mama.

Warung Mama is an initiative that is associated with our sago operations at ANJAP, that both empowers local women by providing them with the means to generate their own income and promotes the sale of local food products. The initiative, which entered its second year in 2021, is built upon ANJ's ethos that development projects should take a form that requires the engagement and involvement of local people, rather than that of charity.

The 'mamas' who have been employed in the initiative, from the Saga and Puragi villages of South Sorong regency, are taught essential practical and business skills to allow them to develop their interests and provide for themselves for the foreseeable future. The women have also been able to experiment with their craft, discovering cost-effective and climate-friendly means of running a food business.

In 2020, we incrementally expanded the project to other villages and established a second Warung Mama location at PPM. While 2021 did not observe any further expansion of the project due to insufficient resources, both total and month-on-month revenue improved upon that of 2020. By June of 2021, total sales had reached USD 2,473, with a gross profit of USD 391. Upon analysing the growth of the project, our teams predict a continued increase in revenue into the new year, following the current positive linear trend.

The women involved in the Warung Mama project have demonstrated commitment and perseverance through challenging times, dedicating themselves wholeheartedly to their individual growth and prosperity. Our on-site teams have observed these women gain confidence in their skills and personal

capacity. Through developing their own means of economic independence, Warung Mama has actively empowered each of the women involved. We hope that this initiative will span generations and continue to influence a paradigm shift in perception, showing women of all ages that it is never too late to make a change and lead the life they wish to live.

### Driving Prosperity

As ANJ has expanded its presence in Papua, learning to understand and appreciate local customs and wisdom, our team of on-site staff have deployed and developed three programs that aim to increase the socioeconomic status of local communities by providing additional income, ensuring safe and reliable means of saving money, and improving accessibility. The savings and transport cooperatives, as well as the convenience store, flourished in 2021, providing significant additional income for local communities and increased monetary security.

“The presence of cooperatives has really helped us at site. The convenience store not only provides us with necessities but also makes us happy. The cooperative has meant that we can now do money transfers which is very helpful for us considering the rural nature and limited accessibility of the plantation. We hope that the program will continue to grow and bring benefits to many more people” – Ms Emilia Lerek, Security Admin G4S.

The convenience store was particularly successful and has played a very important role in rationalizing the price of commodities. Due to the remote location of our operating site, basic products, such as mineral water and cleaning supplies, used to be sold at very high prices. The store has reduced the price of these necessities, thereby increasing the number of community members frequenting the shop. In reducing the prices of commodities, the convenience store has also forged a path to fewer social issues and less community-wide economic stress. The convenience store has recorded growing turnover throughout the year with a profit of approximately USD 10,481 in January, to over USD 27,949 in September. The extra income generated by the convenience store, as well as the money that individuals can save through purchasing more economical products, saw the continued growth of our saving cooperative. As savings increase, the convenience store can also expand its range, meaning the two programs are mutually beneficial.

Over the past year, the savings cooperative grew exponentially, and month-on-month transfer services have almost doubled since January 2021. The annual total transferred funds amount to more

than USD 2.8 million, while savings reached USD 55,000. At PPM, there are currently three active savings cooperative branches, while PMP has one and hopes to open a second at the mill housing shortly. A very important feature of the savings cooperative is the access to EDCs. Mr Sadrak Hohame, the Head of Persiapan Kauri village, and an employee of PPM, notes that “the EDC service is very helpful as we no longer need to travel to a big town to send money to our children who are at school elsewhere. We were also able to access the COVID relief funds that were distributed through EDCs at the cooperative.” Mr Muhammad Samalehu, another PPM employee emphasises the benefits of having access to an EDC, “we get paid in cash, and it is really helpful that we can send money easily back to our families, something that was very difficult to do prior to the establishment of savings cooperative.”

As with all ANJ’s responsible development projects, we emphasize that they are not a charity. We aim to educate communities so they can independently and sustainably develop their livelihood. As part of our savings initiative, the team at PMP assisted in teaching personal accounting skills to community members. The savings cooperatives have not only provided necessary financial services but also affordable household items to employees, communities, and contractors.

The community is grateful for the cooperative, as Mr Sakarias Hohame, an employee of PPM, confirms. “The cooperative allows us to meet our needs. We have gained access to goods that were previously unavailable, and we can even order certain products that we need through the cooperative. The prices that the cooperative offers are also much cheaper than what we used to pay to other vendors.”

Another success story in West Papua, is the Transportation Cooperative, transporting fresh fruit bunches (FFB) to the mill, which has resulted in the generation of sufficient profit to support schooling and scholarships for students, thus further demonstrating the value of community cooperatives in raising welfare and independence. In 2021, we added a boat to our cooperative, which has been operational since March, and we hope to add an additional truck in early 2022.

“We appreciate the efforts that ANJ has made to establish successful community development programs. As the Company has become more engaged with the local people, we have seen a great improvement in project outcomes. Most importantly is the creation of job opportunities,

education of local children, and access to smooth and affordable transport for the community”, Mr Ferdinand Araere, Head of Plantations, Agriculture Agency (Dinas Pertanian), South Sorong.

**Ensuring a Sustainable Future - RSPO and ISPO Certification at PMP, PPM and Plasma**

2021 was a highly successful year for our sustainability certification programs and the development of the plasma and smallholder operations that ANJ supervises. West Papua currently has approximately 9,000 hectares of planted area, including plasma. No new planting took place this year, and the Company has no plans for further planting until sufficient funding is made available. We are confident in our cautious approach as we expect great returns from previous replanting schemes in the coming years.

In December 2021, just two months after the RSPO certification process commenced, we were pleased to receive RSPO and ISPO certification for our producing estates and Plasma in West Papua, thus achieving universal RSPO and ISPO certification at our operating locations.



**Johan Hendrik Kokorule**, Assistant II of the Regional Secretariat of South Sorong Regency.

“ANJ’s presence in South Sorong has flourished in recent years as their continued, humble efforts gain traction with the local communities. Our region has struggled with insufficient funds and facilities to improve the livelihoods of our people. With ANJ’s help, and their readiness to form meaningful relationships with local governments and communities, we have been able to develop strategies to improve the welfare of the indigenous Papuan people.

The programs at PPM, PMP and ANJAP have had clear social benefits for both employees and residents of villages surrounding the operation sites. ANJ has encouraged the education of those working in the industry to comply with RSPO procedures and manpower regulations related to the rights and obligations of employees while prioritizing local wisdom and respecting the rights of the indigenous community. The Company’s dedication to making a lasting change to ensure that the benefits of its programs can also be reaped by future generations also manifests in providing scholarships and education to local children. ANJ is working hard to build educational facilities, encourage early childhood education, and assist in improving the family welfare development skills at the village level so that the community can both appreciate the importance of childhood education, and ensure that their children are healthy and able to attend school. This, in part, also relates to ANJ’s programs that increase per capita income through directly providing employment opportunities, developing working relationships between the private sector and local government, and improving access and transportation between districts and villages. Employees from the local community have also been provided with housing facilities.

My colleagues and I hope that the ANJ group will continue to invest in our region to protect, guide and improve the welfare of the community around the HGU, in addition to optimizing local government revenues concerning regional taxes and levies. Their involvement in assisting local governments with data management, mapping of district boundaries, customary rights and land ownership, redesigning villages and facilities, and motivating local people to invest in improving their livelihoods, has allowed us to realize specific areas of concern and develop actionable steps towards addressing them.”





# APPENDIX

## APPENDIX 1

## INDEPENDENT ASSURANCE OPINION STATEMENT



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**INDEPENDENT ASSURANCE OPINION STATEMENT**  
**The 2021 Sustainability Report PT Austindo Nusantara Jaya, Tbk**  
**Statement No: 384/TRID-S02/IV/22**  
**Type: 2**  
**Level: Moderate**

PT TUV Rheinland Indonesia is an independent entity with no financial interest in the operation of PT Austindo Nusantara Jaya, Tbk (ANJ or the Company) other than for the purposes of assessment and assurance of this report. PT TUV Rheinland Indonesia does not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. **This opinion statement is intended to be use by stakeholders and the management of ANJ.**

**Scope Limitations of the Assurance**

The scope of engagement agreed upon with ANJ includes the following:

1. Evaluation of the report against GRI Sustainability Reporting Standards (GRI Standards), especially on the seven material topics and twenty sub-material identified by ANJ Management and their stakeholders.  
The material topics are GHG Emissions and Carbon Footprint (GHG emission and energy efficiency, waste recycling, climate risk and adaptation, water management), Protecting Forests and Biodiversity (biodiversity and conservation, deforestation, fire prevention and management), Supply Chain Practices (supplier environmental and social practice, traceability), Working Conditions (occupational health and safety, training and education, diversity and women's empowerment), Labor Rights (forced labor, child labor, freedom of association), Labor Communities (right of local communities, community involvement and development), and Prosperity and Inclusive Growth (economic performance, innovation and sustainable production, socio-economic welfare and livelihoods and procurement practices).
2. A Type 2 Moderate Level of Assurance is used to evaluate the nature and extent of ANJ's adherence to all four AA1000 Accountability Principles (2018), namely **Inclusivity, Materiality, Responsiveness and Impact**, using AA1000 Assurance Standard (2008) with the 2018 Addendum.
3. Not to investigate data and information outside the reporting period.
4. The financial data provided by ANJ has been audited by independent parties and, therefore, presentation of financial data and information in the report is NOT within the scope of assurance.
5. Data on occupational health and safety, emission, and environmental indicator information has been audited by independent parties, except for the data of a business unit in South Sumatera as discussed below, and the audited data has been recognized by the government certification bureau. Therefore, the data mentioned in the report is NOT within the scope of assurance. The Company's business unit in South Sumatera has not commenced its operation and therefore, the data has not been audited by an independent party; however, we have checked the availability of the data.



### Opinion Statement

This report is assured by the sustainability report assurers' team in accordance with AA1000AS (2008) Principles with 2018 Addendum, AA1000AP (2008) Principles, and GRI Standards. Based on the information and explanations provided, we have received sufficient evidence to conclude that the ANJ Sustainability Report 2021 provides a fair and balanced representation of ANJ's sustainability performance during 2021. The GRI Standards – Comprehensive Option has been applied and prepared in this Report. Based on the outcome of all the investigations conducted by our team according to our procedures, we conclude that the 2021 data presented by ANJ for all the performance indicators related to the material topics are reasonably represented and nothing has come to our attention that would cause us to believe that ANJ has not presented accurate and reliable data.

### Methodology

We conducted the assurance in accordance with the following assurance procedures and activities:

- A top-level review of issues raised by external parties that could be relevant to ANJ's policies to provide a check on the appropriateness of statements made in the report.
- Discussion with ANJ senior executives on ANJ's approach to stakeholder engagement.
- Interviews with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for assertions made in the reports.
- Evaluate the adherence of report content, disclosure and presentation against the standard principles, and indicators of AA1000AS (2008) with 2018 Addendum, AA1000AP (2018), GRI Standards and POJK51.

### Findings and Conclusions

The detailed review against AA1000AP (2018) for Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is presented below:

#### Inclusivity

This report has reflected ANJ's continued commitment to its stakeholders, as engagement and participation of stakeholders has been conducted, and an accountable and strategic response to sustainability has been achieved. This report covers stakeholder issues together with fair reporting and disclosures of material topics and information. In our professional opinion, the report covers ANJ's application of inclusivity principles.

#### Materiality

ANJ presents sustainability information that describes the sustainability context as an Agribusiness Company. These data enable ANJ's stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the report covers the organization's material issues by using



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ANJ's materiality matrix and boundary mapping.

#### **Responsiveness**

ANJ has implemented the management practice to respond to the expectations and concerns of its stakeholders. It includes communication on stakeholder expectations and different feedback mechanisms to external and internal stakeholders. In our professional opinion, the report covers ANJ's responsiveness to issues. Our inputs for the improvement of the report were adopted by ANJ before the issue of this opinion statement.

#### **Impact**

ANJ has made steps to identify, measure, monitor, and be accountable for how their actions affect their broader ecosystems including Environmental, Economic and Social aspects. In our professional opinion, the report covers ANJ's impacts on the broader ecosystems. Our improvement report inputs have been adopted by ANJ before the issue of this opinion statement.

#### **In Accordance with GRI Standards Comprehensive Option**

The Report follows the GRI Standards **comprehensive option** where all disclosures of each material topic are presented and discussed in the Report. The management approach disclosure for each material topic in general is fairly disclosed.

#### **GRI Standards Principles**

The Management has applied the Principles for Defining Report Content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and the Principles for Defining Report Quality (balance, comparability, accuracy, timeliness, clarity, and reliability). Supporting documents were adequately presented during the assurance work. When applicable, the report presents data and information clarification that is undisclosable due to Management discretion or system and data administration issues.

#### **Energy and Emission Assessment**

The energy and emission calculation presented in the report is computed based on the methodology chosen by ANJ. In our professional opinion, the calculation is fairly disclosed with total emission in Scope 1 : 2,269.66 ton CO<sub>2</sub>eq/million USD, Scope 2 : 3.51 ton CO<sub>2</sub>eq/million USD, and Scope 3 : 18.54 ton CO<sub>2</sub>eq/million USD; with total assets on 31 December 2021 of: USD 652.65 Million; and related to energy, ANJ saves 14,975.93 GJ.

#### **Recommendation**

There are further suggested recommendations for ANJ :

1. A significant part of our workforce can be categorized as millennials (<40 years old); it is recommended shortly to have specific HR programs that can accommodate the needs and interests of ANJ's millennial workers, with the primary objective to increase their engagement and loyalty to the company. Several examples of such projects are digitalization, remote working policy, technology/innovation-related projects, and other engagement projects involving social media.



2. It is recommended to build a web-based sustainability performance database that is hyperlinked to the Company's Sustainability Report in the future. This way will enhance the ability of the stakeholders to access and analyze ANJ's sustainability commitment and performance.
3. It is recommended to assign PICs to ensure that quantitative data presented in the report is precise for the readers to minimize any misinterpretation or dispute. Please explain if there is any data restatement due to the different calculation methodology used between each period.

**Statement of Responsibility of the Management of PT Austindo Nusantara Jaya, Tbk** The Management of ANJ has sole responsibility for preparing and presenting the Subject Matter in accordance with GRI Standards and preparing the Report in adherence to the AA1000AP (2018) Principles. ANJ's responsibilities also include maintaining effective internal controls over the information and data, resulting in the preparation of the Subject Matter in a way that is free from material misstatements.

**Statement of Responsibility, Competency, Independency and Impartiality of Assurer** Our responsibility is to plan and perform our work to obtain assurance statement over whether the Subject Matter has been prepared in accordance with the GRI Standard and reporting to ANJ in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

PT TUV Rheinland Indonesia is an independent professional services company that specializes in quality, environmental, health, safety, and social accountability with over 25 years of history. As part of the Assurer Team, the experts must understand the principles and standards of AA1000 Accountability, and also have experience in writing and reviewing sustainability reports and integrated reports.

PT TUV Rheinland Indonesia operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PT TUV Rheinland Indonesia has implemented a Code of Ethics which meets the requirements of the International Federation of Inspections Agencies (IFIA) across its business which ensures that all our staff maintains integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standard in their day-to-day business activities.

PT TUV Rheinland Indonesia has a number of existing commercial contracts with PT Austindo Nusantara Jaya, Tbk's subsidiaries. Our assurer team does not have any involvement in projects with PT Austindo Nusantara Jaya, Tbk outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by PT. TUV Rheinland Indonesia and that of our assurer team.



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For and on behalf of PT TUV Rheinland Indonesia  
Jakarta, 19 April 2022



**Edmundus Wiharyono**  
Board of Director  
PT TUV Rheinland Indonesia

## APPENDIX 2

# GRI CONTENT INDEX

ANJ has reported the information cited in this GRI content index for the period from 1 January 2021 to 31 December 2021 with reference to the GRI Standards.

No	GRI Standard	Page	Notes	SDG Target
<b>GRI 2 UNIVERSAL STANDARDS: GENERAL DISCLOSURES (2021)</b>				
<b>The Organization and its Reporting Practices</b>				
2-1	Organizational details	3	Reported	8.1
2-2	Entities included in the organization's sustainability reporting	2	Reported	
2-3	Reporting period, frequency and contact point	2	Reported	
2-4	Restatements of information	2	Reported	
2-5	External assurance	2	Reported	
<b>Activities and Workers</b>				
2-6	Activities, value chain, and other business relationships	3	Reported	8.1; 9.3
2-7	Employees	79-80	Reported	8.3
2-8	Workers who are not employees		Information not fully available in current records. A large majority of our workers are employees.	
<b>Governance</b>				
2-9	Governance structure and composition	16-17, 18	Reported	
2-10	Nomination and selection of the highest governance body	18	Reported	
2-11	Chair of the highest governance body	16	Reported	
2-12	Role of the highest governance body in overseeing the management of impacts	18	Reported	
2-13	Delegation of responsibility for managing impacts	18-19	Reported	
2-14	Role of the highest governance body in sustainability reporting	22	Reported	
2-15	Conflicts of interest	16	Reported	
2-16	Communication of critical concerns	19	Reported	16.6
2-17	Collective knowledge of the highest governance body	17	Reported	
2-18	Evaluation of the performance of the highest governance body	17	Reported	
2-19	Remuneration policies	18	Reported	
2-20	Process to determine remuneration	18	Reported	
2-21	Annual total compensation ratio	18	Reported	
<b>Strategy, Policies, and Practices</b>				
2-22	Statement on sustainable development strategy	8-12	Reported	
2-23	Policy commitments	14-15	Reported	
2-24	Embedding policy commitments	14-15	Reported	
2-25	Processes to remediate negative impacts	15	Reported	
2-26	Mechanisms for seeking advice and raising concerns	16, 19, 100	Reported	16.6
2-27	Compliance with laws and regulations	19	No significant instances of non-compliance	

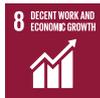
No	GRI Standard	Page	Notes	SDG Target
2-28	Membership associations	20-21	Reported	16.7
<b>Stakeholder Engagement</b>				
2-29	Approach to stakeholder engagement	20	Reported	
2-30	Collective bargaining agreements	15	Reported	
GRI 3	UNIVERSAL STANDARDS: MATERIAL TOPICS (2021)			
3-1	Process to determine material topics	21-22	Reported	
3-2	List of material topics	22	Reported	
3-3	Management of material topics			
	<i>List of material topics:</i>			
	<i>GHG Emissions and Carbon Footprint</i>	42-43, 45-47	Reported	7.2; 7.b; 9.4; 13.1
	<i>Protecting Forests and Biodiversity</i>	65, 69, 73-74, 75	Reported	15.1; 15.2; 15.3; 15.5; 15.7; 15.9
	<i>Supply Chain Practices</i>	30-31	Reported	8.3; 9.3; 12.7
	<i>Working Conditions</i>	78, 81, 85, 87-88, 92-94	Reported	1.3; 16.b
	<i>Labor rights</i>	96-97	Reported	8.7; 8.8; 16.2
	<i>Local communities</i>	78, 98-100	Reported	16.6
	<i>Prosperity and inclusive growth</i>	26-27, 30-31, 34	Reported	1.2; 1.4; 1.5; 8.2; 8.3; 12.7
<b>GRI 200 ECONOMIC DISCLOSURES</b>				
<b>GRI 201 ECONOMIC PERFORMANCE (2016)</b>				
201-1	Direct economic value generated and distributed	28	Reported	8.1
201-2	Financial implications and other risks and opportunities due to climate change	43-45	Reported	13.1
201-3	Defined benefit plan obligations and other retirement plans	29	Reported	
201-4	Financial assistance received from government	29	Reported	
GRI 203	INDIRECT ECONOMIC IMPACT (2016)			
203-1	Infrastructure investments and services supported	39	Reported	6.1; 6.2; 9.1
203-2	Significant indirect economic impacts	26, 35-36	Reported	8.3
<b>GRI 300 ENVIRONMENTAL DISCLOSURES</b>				
<b>GRI 302 ENERGY (2016)</b>				
302-1	Energy consumption within the organization	47	Reported	7.2; 7.b; 8.4
302-2	Energy consumption outside of the organization		Information not available, as we do not currently measure consumption outside of the organization	
302-3	Energy intensity	48	Reported	7.3
302-4	Reduction of energy consumption	48	Reported	7.3
302-5	Reductions in energy requirements of products and services		Not applicable	
GRI 303	WATER AND EFFLUENTS (2018)			
303-1	Interactions with water as a shared resource	60, 61, 62	Reported	
303-2	Management of water discharge-related impacts	60	Reported	6.3

No	GRI Standard	Page	Notes	SDG Target
303-3	Water withdrawal	60-62	Reported	6.4
303-4	Water discharge	60	Reported	6.3
303-5	Water consumption	60	Reported	6.4
<b>GRI 304 BIODIVERSITY (2016)</b>				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	66	Reported	
304-2	Significant impacts of activities, products, and services on biodiversity	66-68	Reported	
304-3	Habitats protected or restored	69-70, 75	Reported	15.2; 15.3
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	73	Reported	15.5
<b>GRI 305 EMISSIONS (2016)</b>				
305-1	Direct (Scope 1) GHG emissions	50	Reported	9.4
305-2	Energy indirect (Scope 2) GHG emissions	50	Reported	9.4
305-3	Other indirect (Scope 3) GHG emissions	50	Partially reported, not all indirect emissions from our value chain is recorded	9.4
305-4	GHG emissions intensity	50	Reported	
305-5	Reduction of GHG emissions	50, 52-53	Reported	
305-6	Emissions of ozone-depleting substances (ODS)	49	Reported	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	54	Reported	
<b>GRI 306 WASTE (2020)</b>				
306-1	Waste generation and significant waste-related impacts	56	Reported	
306-2	Management of significant waste-related impacts	57, 58	Reported	12.4; 12.5
306-3	Waste generated	56, 58	Reported	12.4; 12.5
306-4	Waste diverted from disposal	56, 58	Reported	12.4; 12.5
306-5	Waste directed to disposal	59	Reported	12.4; 12.5
<b>GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)</b>				
308-1	New suppliers that were screened using environmental criteria	30	Reported	12.7
308-2	Negative environmental impacts in the supply chain and actions taken	30	Reported	12.7
<b>GRI 400 SOCIAL DISCLOSURES</b>				
<b>GRI 403 OCCUPATIONAL HEALTH AND SAFETY (2018)</b>				
403-1	Occupational health and safety management system	81	Reported	
403-2	Hazard identification, risk assessment, and incident investigation	82, 84	Reported	
403-3	Occupational health services	84	Reported	
403-4	Worker participation, consultation, and communication on occupational health and safety	84	Reported	
403-5	Worker training on occupational health and safety	83	Reported	
403-6	Promotion of worker health	84	Reported	1.3; 3.7; 3.8
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81	Reported	
403-8	Workers covered by an occupational health and safety management system	81	Reported	8.8

No	GRI Standard	Page	Notes	SDG Target
403-9	Work-related injuries	82, 86-87	Reported	8.8
403-10	Work-related ill health	82	no occurrence of work-related ill-health	
<b>GRI 404 TRAINING AND EDUCATION (2016)</b>				
404-1	Average hours of training per year per employee	91	Reported	4.3
404-2	Programs for upgrading employee skills and transition assistance programs	88	Reported	
404-3	Percentage of employees receiving regular performance and career development reviews	92	Reported	
<b>GRI 405 DIVERSITY AND EQUAL OPPORTUNITY (2016)</b>				
405-1	Diversity of governance bodies and employees	94, 95	Reported	5.5
405-2	Ratio of basic salary and remuneration of women to men	95	Reported	8.5
<b>GRI 407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	96	Reported	
<b>GRI 408 CHILD LABOR (2016)</b>				
408-1	Operations and suppliers at significant risk for incidents of child labor	96-97	Reported	8.7
<b>GRI 409 FORCED OF COMPULSORY LABOR (2016)</b>				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	96-97	Reported	8.7
<b>GRI 413 LOCAL COMMUNITIES (2016)</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	97, 98	100% of operations implement engagement programs/impact assessments	
413-2	Operations with significant actual and potential negative impacts on local communities	98, 99	Reported	
<b>GRI 414 SUPPLIER SOCIAL ASSESSMENT (2016)</b>				
414-1	New suppliers that were screened using social criteria	30	Reported	12.7
414-2	Negative social impacts in the supply chain and actions taken	30	Reported	12.7

### APPENDIX 3

## CROSS-REFERENCE TO SDGs

SDG Goal	SDG Target	Action Taken by The Company	Page
	1.2	Economic impacts of company activity	26
	1.3	Provision of access to health services to the poor	37-38, 39
	1.4	Respect of community rights to land	100
	1.5	<i>Desa Fokus</i> village resilience building program	35-36
	2.3	Warung Mama program	36
	2.4	<i>Sawah Apung, Tani Mandiri</i> , and Food security programs	35
	3.1	Provision of maternal health and child care services	84
	3.8	Provision of health services in remote areas, and health insurance for employees	84
	3.c	Provision of doctors, nurses, and midwives in clinics	37
	4.1	Quality education for local employees' children	37
	4.2	Early childhood education program in West Papua	37
	4.3	Training and education programs for employees	87-91
	5.1	Equal opportunity and non-discrimination policy	92-93
	5.2	Prevention and protection of women from harassment through the Gender committee	93
	5.5	Support for women in leadership roles	92-93, 94, 95
	6.1	Construction of clean water facilities	39
	6.2	Health and sanitation programs	37
	6.3	Water management, effluents and discharges	61-62
	6.4	Water management, withdrawal and efficiency	60-62
	7.2	Renewable energy use	47
	7.3	Energy intensity	48
	7.b	Investments in renewable energy	47
	8.1	Economic performance and growth	27-28
	8.3	Support to smallholders and cooperatives	30-31
	8.3	Employment and job creation	79-80
	8.5	Equal opportunity of employment and remuneration	92, 95
	8.7	Prevention and eradication of forced labor and child labor	96-97
	8.8	Protection of labor rights and freedom of association	96

SDG Goal	SDG Target	Action Taken by The Company	Page
	9.1	Infrastructure investments	39
	9.4	Emissions reduction and monitoring	45-48
	9.3	Savings cooperative program	36, 102
	12.4	Hazardous waste management	55, 58
	12.5	Waste management and 3R programs	56-59
	12.7	Responsible sourcing	30
	13.1	Managing climate risks	43-45
	13.1	Reducing GHG emissions	45-48
	13.2	Village- and community-based fire prevention programs	75
	15.1	Forest protection and conservation	73-74, 75
	15.2	No deforestation policy	73-74
	15.3	Restoration of habitats	69-70, 75
	15.5	Biodiversity monitoring and protection	65, 69-70
	16.2	Eradication of child labor	96-97
	16.6	Grievance mechanism and whistleblower system	16, 19, 100
16.7	Membership in associations	20-21	

## APPENDIX 4

## POJK 51 INDEX

Based on SE OJK No.16/2021

No.	Index Name	Page
<b>A.</b>	<b>Sustainability Strategy</b>	
A.1	Explanation of sustainability strategy	8-12, 14-15
<b>B.</b>	<b>Overview of sustainability performance</b>	
B.1	Economic Aspects	
B.1.a	Quantity of products or services sold	27, 28
B.1.b	Revenue or sales	28
B.1.c	Net profit or loss	28
B.1.d	Environmentally-friendly products	28
B.1.e	Involvement of local parties in relation to sustainable finance business processes	30-31
<b>B.2</b>	<b>Environmental Aspects</b>	
B.2.a	Energy use	47
B.2.b	Reduction of emissions produced	50, 52-53
B.2.c	Reduction of waste and effluents	56,58
B.2.d	Biodiversity conservation	65, 69-70
B.3	Social Aspects	34-39
<b>C.</b>	<b>Organizational Profile</b>	
C.1	Sustainability vision, mission and values	13
C.2	Company address	3
C.3	Scale of the business	3
C.3.a	Total assets or asset capitalization, and total liabilities	Reported in Annual Report
C.3.b	Number of employees by gender, position, age, education, and employment status	79, 80
C.3.c	Shareholders and shareownership percentages	3
C.3.d	Area of operations	2
C.4	Products, services, and business activities undertaken	2
C.5	Membership in associations	2
C.6	Significant changes in the organisation	2
<b>D.</b>	<b>Report from the Board of Directors</b>	
D.1.a	Policies to respond to challenges in fulfilling the sustainability strategy	14-15
D.1.b	Sustainable finance implementation	N/A
D.1.c	Target achievement strategy	15
<b>E.</b>	<b>Sustainability Governance</b>	
E.1	Person in charge of sustainable finance implementation	N/A
E.2	Development of sustainable finance competencies	N/A
E.3	Risk assessment on sustainable finance implementation	N/A
E.4	Stakeholder relations	20
E.5	Issues and challenges to sustainable finance	N/A
<b>F.</b>	<b>Sustainability Performance</b>	
F.1	Activities to build sustainability culture	14
	<b>Economic Performance</b>	
F.2	Production targets and performance, portfolios, financing targets, or investments, revenue, and profit and loss	27-28

No.	Index Name	Page
F.3	Production targets and performance, portfolios, financing targets, or investments, revenue, and profit and loss that are aligned with sustainable finance	N/A
<b>Environmental Performance</b>		
F.4	Environmental costs	45, 69
F.5	Use of sustainable materials	N/A
F.6	Energy consumption and intensity	47, 48
F.7	Energy efficiency and renewable energy use measures and achievements	48
F.8	Water consumption	60
F.9	Impacts of operations in or near conservation or biodiversity areas	66-68
F.10	Biodiversity conservation efforts	69-70, 75
F.11	Quantity and intensity of emissions by type	50
F.12	Emissions reduction measures and achievements	50, 52-53
F.13	Quantity of waste and effluents produced, by type	56-59
F.14	Mechanisms to manage waste and effluents	56-59
F.15	Spills that occurred (if any)	N/A
F.16	Number and nature of environmental complaints received and resolved	19, 100
<b>Social Performance</b>		
F.17	Commitment to provide equal services and/or products to consumers	N/A
F.18	Equal work opportunity	92-95
F.19	Forced labour and child labour	96-97
F.20	Regional minimum wage	95
F.21	Decent and safe work environment	81-87
F.22	Employee training and capacity building	87-92
F.23	Impact of operations on local communities	98-99
F.24	Community Grievance	16, 19, 100
F.25	Environmental social responsibility initiatives	42-43, 45-47, 65, 69-70, 73-74,75
F.26	Innovation and development of sustainable finance products/services	N/A
F.27	Products/services which safety for consumers have been assessed	N/A
F.28	Impacts of products/services	N/A
F.29	Number of products recalled	N/A
F.30	Customer satisfaction survey of sustainable finance products/services	N/A
<b>Other</b>		
G.1	Written assurance by an independent party (if any)	106
G.2	Feedback form	121
G.3	Responses to the previous year's feedback form	No responses received
G.4	List of Disclosures in accordance with POJK 51/2017	116

## APPENDIX 5

## NOTES ON METHODS AND CONVERSION FACTORS

## GRI-303: NOTES ON DEFINITIONS

## Water Consumption

- Consumption for processing: water incorporated into the final product or used during the production process
- Consumption for land application: water applied to plants, or effluents that have evaporated, stored in a controlled manner due to contamination and cannot be used by other parties, and do not leave organizational boundaries (Wastewater Treatment Plant)

## GRI-305: CONVERSION FACTORS

No	Parameter	Source	Unit	Factor
<b>Landuse Change</b>				
1	Undisturbed Forest	Modelling carbon sequestration and greenhouse gas emissions associated with oil palm cultivation and land-use change (Henson I.E- 2009)	Ton C/Ha	268.00
2	Disturbed Forest	Review of emission factors for assessment of CO2 emission from land use change to oil palm in Southeast Asia (Agus, F., Henson, I.E., Sahardjo, B.H., Harris, N., van Noordwijk, M. & Killeen, T.J. 2013)	Ton C/Ha	128.00
3	Shrubland	European Union Commission (2009). Directive 2009/28/EC Draft Annex V	Ton C/Ha	46.00
4	Grassland	Modelling carbon sequestration and greenhouse gas emissions associated with oil palm cultivation and land-use change (Henson I.E- 2009)	Ton C/Ha	5.00
5	Tree Corp	European Union Commission (2009). Directive 2009/28/EC Draft Annex V	Ton C/Ha	75.00
6	Food Crops/ Annual Crops	Winrock (2010). N Harris, pers com. MODIS data 2000 to 2007. Average of annual (5.0) and perennial (12.0) crops	Ton C/Ha	8.50
7	Oil Palm	OPRODSIM Henson I.E.(2005b) OPRODSIM, a versatile, mechanistic simulation model of oil palm dry matter production and yield	Ton C/Ha	63.83
<b>Fertilizer</b>				
8	Ammonium Nitrate		Kg CO <sub>2</sub> eq/ Ton	2,380.00
9	Sulphate of Ammonia		Kg CO <sub>2</sub> eq/ Ton	340.00
10	Double Ammonium Phosphate	Gurmit S. (1995). Management and utilisation of oil palm by-products. The Planter, Jenson T.K. and Kongshaug G. (2003). Energy consumption and greenhouse gas emissions in fertiliser production. International Fertiliser Society, York, UK 28pp.	Kg CO <sub>2</sub> eq/ Ton	460.00
11	Urea		Kg CO <sub>2</sub> eq/ Ton	1,340.00
12	Ammonium Chloride		Kg CO <sub>2</sub> eq/ Ton	1,040.00
13	Kieserite		Kg CO <sub>2</sub> eq/ Ton	200.00
14	Muriate of Potash	Caliman J.P., Carcasses R., Girardin P., Pujianto, Dubos B., and Liwang T. (2005) Development of agro-environmental indicators for sustainable management of oil palm growing: general concept and example of nitrogen.	Kg CO <sub>2</sub> eq/ Ton	200.00
15	Ground Rock Phosphate	Ecoinvent v2 (GHG based on IPCC 2007-100 years).	Kg CO <sub>2</sub> eq/ Ton	44.00
16	Triple Super Phosphate		Kg CO <sub>2</sub> eq/ Ton	170.00
17	Ground Magnesium Limestone		Kg CO <sub>2</sub> eq/ Ton	547.00
<b>Other</b>				
18	Peat Oxidation	Hooijer A., S. Page, J. G. Canadell, M. Silvius, J. Kwadijk, H. Wosten, J. Jauhiainen (2010) Current and future CO2 emissions from drained peatlands in Southeast Asia.	Ton CO <sub>2</sub> eq/ha/Yr	54.60

No	Parameter	Source	Unit	Factor
19	Diesel Fuel	Well to wheel analysis of future automotive fuels and powertrains in the European context. Well-to-tank Appendix 1	Kg CO <sub>2</sub> eq/Liter	3.12
20	POME	Chase L.D.C and Henson I.E. (2010) A detailed greenhouse gas budget for palm oil production. International Journal for Agricultural Sustainability	Kg CH <sub>4</sub> /Ton POME	13.10
21	National Grid Emission	IEA Emissions Factor for 2012	Kg CO <sub>2</sub> eq/kWh	0.81
22	Sequestration in Conservation	Three regional default conservation sequestration (Cseq) values recommended by RSPO	Ton CO <sub>2</sub> eq/Ha/Yr	9.17

## GRI-302: CONVERSION FACTORS

### 302-4 Calculation Methods

No	Program	Type of Energy Reduced	Calculation Method
1	Using biomass turbines for non-processing energy	Diesel fuel	$(\text{Total kWh} / \text{Total operational hours}) \times \text{Total non-process hours} \times \text{Conversion factor kWh to GJ}$
2	Switch to energy saving light bulbs at Mills	Electrical	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
3	Teleconferencing	Diesel fuel	$\text{Teleconferencing frequency} \times \text{Amount of fuel} \times \text{Number of trips} \times \text{Fuel conversion factor}$
4	Modification of machines from diesel to electric	Diesel fuel	$\text{Energy consumption with fuel} - \text{Energy consumption with electricity}$
5	Installation of solar cells in the estates	Electrical	$\text{Number of solar cell light bulbs} \times \text{Bulb wattage} \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
6	Switch to energy saving AC	Electricity	$((\text{Old AC wattage} - \text{New AC Wattage})) \times \text{Number of AC} \times \text{AC Usage time} \times \text{Conversion factor kWh to GJ}$
7	R2G (Rotary Removal Grit)	Electricity	$\text{Working hours} \times \text{Motor engine energy} \times \text{Conversion factor kWh to GJ}$
8	Switch to energy saving light bulbs at biogas facilities	Electricity	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
9	Switch energy saving light bulbs at CWT facilities	Electricity	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor kWh to GJ}$
10	Modification of unconventional tin pump system from diesel to electricity	Diesel fuel	$((\text{Total electricity consumption} \times \text{kWh to fuel conversion factor} \times \text{fuel energy conversion factor}) - (\text{Total electricity consumption} \times \text{kWh to GJ conversion factor}))$
11	SCADA for Automatization	Electricity	$\text{Time savings} \times \text{Operational days} \times \text{Pump energy}$
12	AutoMix Treatment	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$
13	Operational Transport Restrictions for Guest and Staff Pickup Service	Diesel fuel	$(\text{Average mileage in Km before the program} - \text{Actual mileage in Km}) / \text{Km to liter conversion} \times 0,036 \text{ GJ/Liter}$
14	FFB grading conveyor	Electricity	$(\text{Energy consumption before implementation} - \text{energy consumption after implementation}) \times \text{conversion factor of kWh to GJ}$
15	Deactivation of pump in Pond 5 in the waste area	Electricity	$(\text{Energy use of the Pond 5 pump}) \times \text{conversion factor of electricity to GJ}$
16	Reducing power of LTDS 2 Fan	Electricity	$(\text{Energy consumption before implementation} - \text{energy consumption after implementation}) \times \text{Conversion factor of electricity to GJ}$
17	Photocell installation	Electricity	$((\text{Old bulbs wattage} \times \text{Number of bulbs}) - (\text{New bulbs wattage} \times \text{Number of bulbs})) \times \text{Usage time} \times \text{Conversion factor of kWh to GJ}$
18	Application of Legrand Timer on streetlights in housing and mill areas	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$
19	Light Trap Solar Cell	Electricity	$(\text{Bulb wattage} \times \text{Number of bulbs}) \times \text{Usage time}$
20	Optimization of High-Speed Separator Pumps for mud processing	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$
21	Optimization of electromotor oil pump	Electricity	$(\text{Average electricity consumption} - \text{Actual electricity usage after the program}) \times \text{Conversion factor of kWh to GJ}$

### 302-4 Conversion Factors and Assumptions

1 kWh	0.0036	GJ	
Light Bulb Usage (Mill)	40	Hours/Week	
Vehicle Fuel Price	9,800	IDR/liter	
Estate-Airport Distance (2-way)	68	km	
Fuel Consumption	17	km/liter	
1 PK AC Standard Wattage	840	Watt	
2 PK AC Standard Wattage	1,920	Watt	
1 PK Low Watt AC Wattage	660	Watt	
2 PK Low Watt AC Wattage	1,590	Watt	
AC Usage Time	40	Hours/Week	
R2G Usage Capacity	700	kg/Jam	
R2G Motor Engine Energy	5	kWh	
Light Bulb Usage (Biogas)	98	Hours/Week	
Light Bulb Usage (CWT)	10	Hours/Day	
kWh to Diesel Fuel conversion	0.3	L/kWh	Mill research results mikrodata.bps.go.id
Diesel Fuel to GJ conversion	0.036	GJ/liter	
Industry Diesel Fuel Price	13,783.59	IDR/liter	solarindustri.co.id

### GRI-306: NOTES ON METHODS AND ASSUMPTIONS

1. Conversion factors used:
  - a.  $1\text{m}^3 = 1,000$  liter
  - b.  $1\text{ ton} = 1,000$  kg
2. Average oil density is  $870\text{ kg/m}^3$  (measured from testing), and we converted reused oil from liter to kg, except for hazardous waste in ANJAP, PMP and PPM.
3. Palm shell waste is generated from 8% of processed FFB.
4. Palm fiber waste is generated from 13% of processed FFB.
5. Sago fiber waste is generated from 14% of processed sago logs (Flach, 1997; Rimalatu, 1981).
6. Non-production waste is calculated from the difference of garbage truck weight when loaded with waste compared to when it is unloaded.
7. Due to inconsistent records in our logbook, hazardous waste in ANJAP, PMP, and PPM is calculated as an average in the last four years.
8. Assumptions for production waste calculation per recovery type:
  - a. Reuse: EFB that are applied directly to the soil.
  - b. Recycle: EFB is used for composting.
  - c. Recovery: Palm fibers and shells used as biofuel or sold
9. Waste Type and Categories:
  - a. Non-Hazardous Production Waste: Shells, fibers, EFBs.
  - b. Non-Hazardous Non-Production Waste: steel and spare parts, tires, plastics and polybags, fertilizer sacks, paper, organic and inorganic domestic waste.
  - c. Hazardous Waste: batteries, filters, contaminated gloves and cloth, contaminated packaging, medical waste, neon lamps/light bulbs, cartridges, electronic devices.

# FEEDBACK FORM

The 2021 Sustainability Report of PT. Austindo Nusantara Jaya Tbk. provides an overview of our sustainability performance. We look forward to your inputs, constructive feedbacks and suggestions after reading this Sustainability Report, either by email or by sending this form by fax/post.

## YOUR PROFILE

Name (optional) : \_\_\_\_\_  
 Institution/company : \_\_\_\_\_  
 Email : \_\_\_\_\_  
 Phone/Cell phone : \_\_\_\_\_

## STAKEHOLDER CATEGORY

Shareholder or Investor     Customer     Employee     Labor Union     Media  
 Supplier     Business Organization     Government     Community Organization/NGO  
 Other, please specify \_\_\_\_\_

Please pick from the statements below that best describe your opinion:

	Yes	No
1. This report is easy to understand.	<input type="checkbox"/>	<input type="checkbox"/>
2. This report is useful for me.	<input type="checkbox"/>	<input type="checkbox"/>
3. This report sufficiently describes ANJ's performance with regard to sustainability.	<input type="checkbox"/>	<input type="checkbox"/>

Please rate the material aspects that you consider important for sustainability (from 1-most important to 8-least important)

<b>GHG Emissions and Carbon Footprint</b>	<input type="checkbox"/>	<b>Supply Chain Practices</b>	<input type="checkbox"/>
<i>GHG emission and energy efficiency</i>	<input type="checkbox"/>	<i>Supplier environmental and social practices</i>	<input type="checkbox"/>
<i>Waste recycling</i>	<input type="checkbox"/>	<i>Traceability</i>	<input type="checkbox"/>
<i>Climate risk and adaptation</i>	<input type="checkbox"/>	<b>Labor rights</b>	<input type="checkbox"/>
<i>Water management</i>	<input type="checkbox"/>	<i>Forced labor</i>	<input type="checkbox"/>
<b>Protecting Forests and Biodiversity</b>	<input type="checkbox"/>	<i>Child labor</i>	<input type="checkbox"/>
<i>Biodiversity and conservation</i>	<input type="checkbox"/>	<i>Freedom of association</i>	<input type="checkbox"/>
<i>Deforestation</i>	<input type="checkbox"/>	<b>Prosperity and inclusive growth</b>	<input type="checkbox"/>
<i>Fire prevention and management</i>	<input type="checkbox"/>	<i>Economic performance</i>	<input type="checkbox"/>
<b>Working Conditions</b>	<input type="checkbox"/>	<i>Innovation and sustainable production</i>	<input type="checkbox"/>
<i>Occupational Health and Safety</i>	<input type="checkbox"/>	<i>Socio-economic welfare and livelihoods</i>	<input type="checkbox"/>
<i>Training and education</i>	<input type="checkbox"/>	<b>Local Communities</b>	<input type="checkbox"/>
<i>Diversity and women's empowerment</i>	<input type="checkbox"/>	<i>Rights of local communities</i>	<input type="checkbox"/>
		<i>Community Involvement and Development</i>	<input type="checkbox"/>

Thank you for your participation.

Please send this feedback form to:  
 PT. Austindo Nusantara Jaya Tbk.  
 Corporate Communications  
 BTPN Tower, Floor 40  
 Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6  
 Jakarta 12950  
 Indonesia  
 Tel. +62 21 2965 1777  
 Fax. +62 21 2965 1788  
 Email: anj.corcomm@anj-group.com  
 www.anj-group.com

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## ABBREVIATIONS

<b>3R</b>	Reduce, Reuse, Recycle
<b>3M</b>	<i>Menggunakan masker, Mencuci tangan, dan Menghindari kerumunan</i> or Wearing Masks, Washing Hands, and Avoiding Crowds
<b>AANE</b>	PT. Austindo Aufwind New Energy
<b>AELT</b>	ANJ Executive Leadership Team
<b>AEI</b>	<i>Asosiasi Emiten Indonesia</i> or Indonesian Public Listed Companies Association
<b>AGMS</b>	Annual General Meeting of Shareholders
<b>AKAD</b>	<i>Antar Kerja Antar Daerah</i> or Inter-regional Job Placement
<b>ALC</b>	ANJ Learning Center
<b>ALS</b>	Assessor Licensed Scheme
<b>AMDAL</b>	<i>Analisis Mengenai Dampak Lingkungan</i> or Environmental Impact Assessments
<b>ANJ</b>	PT. Austindo Nusantara Jaya Tbk.
<b>ANJA</b>	PT. Austindo Nusantara Jaya Agri
<b>ANJAP</b>	PT. ANJ Agri Papua
<b>ANJAS</b>	PT. Austindo Nusantara Jaya Agri Siais
<b>APBS</b>	<i>Asosiasi Perkebunan Besar Swasta</i> or Association of Large Private Plantations
<b>APINDO</b>	<i>Asosiasi Pengusaha Indonesia</i> or Indonesian Employer's Association
<b>ASSRAT</b>	Asia Sustainability Reporting Rating
<b>BKSDA</b>	<i>Balai Konservasi Sumber Daya Alam</i> or Natural Resources Conservation Center
<b>BOC</b>	Board of Commissioners
<b>BOD</b>	Board of Directors
<b>BPJS Kesehatan</b>	<i>Badan Pengelola Jaminan Sosial Kesehatan</i> or Healthcare Social Security Agency
<b>BPJS Ketenagakerjaan</b>	<i>Badan Pengelola Jaminan Sosial Ketenagakerjaan</i> or Employment Social Security Agency
<b>BRC</b>	British Retail Council
<b>CEO</b>	Chief Executive Officer
<b>CER</b>	Certified Emissions Reduction
<b>CFC</b>	Chlorofluorocarbons
<b>CH4</b>	Methane
<b>CI</b>	Conservation International
<b>CID</b>	Community Involvement and Development
<b>CIRAD</b>	<i>Centre de Coopération Internationale en Recherche Agronomique pour le Développement</i>
<b>CITES</b>	Convention on International Trade of Endangered Species
<b>CLA</b>	Collective Labor Agreement
<b>CO2</b>	Carbon Dioxide
<b>COVID-19</b>	Coronavirus Disease 2019
<b>CPO</b>	Crude Palm Oil

<b>CSR</b>	Corporate Social Responsibility
<b>EDC</b>	Electronic Data Capture
<b>EFB</b>	Empty Fruit Bunches
<b>EGMS</b>	Extraordinary General Meeting of Shareholders
<b>EHS</b>	Environmental Health and Safety
<b>ELSAM</b>	<i>Lembaga Studi dan Advokasi Masyarakat</i> or Institute for Policy Research and Advocacy
<b>EPMS</b>	Electronic Plantation Mobile System
<b>ERP</b>	Enterprise Resource Planning
<b>ESG</b>	Environmental, Social, and Governance
<b>ESP</b>	Electrostatic Precipitator
<b>eTIS</b>	Electronic Traceability Information System
<b>FAO</b>	Food and Agriculture Organization
<b>FAT</b>	Fatality
<b>FDA</b>	Food and Drug Administration
<b>FDR</b>	Fire Danger Rating
<b>FFB</b>	Fresh Fruit Bunches
<b>FGD</b>	Focus Group Discussion
<b>FLAG</b>	Forests, Land, and Agriculture
<b>FPIC</b>	Free, Prior, and Informed Consent
<b>GAPKI</b>	<i>Gabungan Pengusaha Kelapa Sawit Indonesia</i> or Indonesian Palm Oil Producers' Association
<b>GCG</b>	Good corporate governance
<b>GHG</b>	Greenhouse Gas
<b>GJ</b>	Gigajoule
<b>GLAD</b>	Global Analysis and Discovery
<b>GMIT</b>	PT. Gading Mas Indonesia Teguh
<b>GMS</b>	General Meeting of Shareholders
<b>GPS</b>	Global Positioning System
<b>GRI</b>	Global Reporting Initiative
<b>GSB</b>	PT. Galempa Sejahtera Bersama
<b>HACCP</b>	Hazard Analysis and Critical Control Points
<b>HCFC</b>	Hydrochlorofluorocarbon
<b>HCS</b>	High Carbon Stock
<b>HCSA</b>	High Carbon Stock Approach
<b>HCV</b>	High Conservation Value
<b>HCVRN</b>	High Conservation Value Resource Network
<b>HGU</b>	<i>Hak Guna Usaha</i> or Land Cultivation Right Titles
<b>HIRARC</b>	Hazard Identification, Risk Assessment & Risk Control
<b>HR&amp;CM</b>	Human Resource & Change Management
<b>ICS</b>	Incident Command System

<b>ICSA</b>	Indonesia Corporate Secretary Association
<b>IDM</b>	<i>Indeks Desa Membangun</i> or Village Development Index
<b>IDP</b>	Individual Development Plan
<b>IDX</b>	Indonesia Stock Exchange
<b>IFM</b>	Integrated Fire Management
<b>IGCN</b>	Indonesia Global Compact Network
<b>IKE</b>	<i>Indeks Ketahanan Ekonomi</i> or Economic Resilience Index
<b>IKL</b>	<i>Indeks Ketahanan Lingkungan</i> or Environmental Resilience Index
<b>IKS</b>	<i>Indeks Ketahanan Sosial</i> or Social Resilience Index
<b>IMT</b>	Incident Management Team
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>ISCC</b>	International Sustainability and Carbon Certification
<b>ISO</b>	International Organization for Standardization
<b>ISPO</b>	Indonesian Sustainable Palm Oil
<b>IUCN</b>	International Union for Conservation of Nature
<b>IUPHHBK-HA</b>	<i>Izin Usaha Pemanfaatan Hasil Hutan Bukan Kayu - Hutan Alam</i> or Business License for the Utilization of Non-Timber Forest Products – Natural Forest
<b>JKN</b>	<i>Jaminan Kesehatan Nasional</i> or National Health Insurance
<b>JSA</b>	Job Safety Analysis
<b>KADIN</b>	<i>Kamar Dagang dan Industri Indonesia</i> or Indonesian Chamber of Commerce and Industry
<b>KAL</b>	PT. Kayung Agro Lestari
<b>KB</b>	<i>Keluarga Berencana</i> or Family Planning Program
<b>KEE</b>	<i>Kawasan Ekosistem Esensial</i> or Essential Ecosystem Area
<b>KIMPER</b>	<i>Kartu Ijin Mengemudi Perusahaan</i> or Corporate Driving License
<b>KK</b>	<i>Kartu Keluarga</i> or Family Card
<b>KPI</b>	Key Performance Indicator
<b>KTP</b>	<i>Kartu Tanda Penduduk</i> or Indonesian Identity Card
<b>KTPA</b>	<i>Kelompok Tani Peduli Api</i> or smallholder farmer fire-fighting groups
<b>LED</b>	Light-emitting diodes
<b>LKS Bipartit</b>	Bipartite forum
<b>LCA</b>	Life-cycle Assessment
<b>LOC</b>	Letter of Commitment
<b>LOTO</b>	lockout-tagout
<b>LTI</b>	Lost Time Injury
<b>LUC</b>	Land-use Change
<b>LUCA</b>	Land Use Change Analysis
<b>LURI</b>	Land Use Risk Identification
<b>MASSI</b>	<i>Masyarakat Sagu Indonesia</i> or Indonesian Sago Community
<b>MoEF</b>	Ministry of Environment and Forestry

<b>MoU</b>	Memorandum of Understanding
<b>MSDS</b>	Material Safety Data Sheet
<b>MT</b>	Management Trainee
<b>MTC</b>	Medical Treatment Case
<b>N2O</b>	Nitrous oxide
<b>NBS</b>	Nature-based Solutions
<b>NDPE</b>	No Deforestation, No Peat, and No Exploitation
<b>NGO</b>	Non-governmental organization
<b>NOx</b>	Nitrogen oxide
<b>NPP</b>	New Planting Procedures
<b>NRC</b>	Nomination and Remuneration Committee
<b>OD</b>	Occupational Disease
<b>ODS</b>	Ozone-depleting substances
<b>OHS</b>	Occupational Health and Safety
<b>OHSAS</b>	Occupational Health and Safety Management System
<b>OJK</b>	<i>Otoritas Jasa Keuangan</i> or Financial Services Authority
<b>OJT</b>	On the Job Training
<b>P&amp;C</b>	Principles and Criteria
<b>P2K3</b>	<i>Panitia Pembina Kesehatan dan Keselamatan Kerja</i> or Health and Safety Committee Governing Body
<b>PAUD</b>	<i>Pendidikan Anak Usia Dini</i> or Early Childhood Education
<b>Pendaki</b>	<i>Peduli Keanekaragaman Hayati</i> or Care for Biodiversity
<b>PIPIB</b>	Indicative Map of the Moratorium on Issuing New Licenses
<b>PK</b>	Palm Kernel
<b>PKO</b>	Palm Kernel Oil
<b>PLN</b>	<i>Perusahaan Listrik Negara</i> or State Electricity Company
<b>PM</b>	Particulate matter
<b>PMP</b>	PT. Putera Manunggal Perkasa
<b>POJK</b>	<i>Peraturan Otoritas Jasa Keuangan</i> or Financial Services Authority Regulation
<b>POME</b>	Palm oil mill effluent
<b>PONGO</b>	Palm Oil & NGO alliance
<b>Posko DAMKAR</b>	<i>Pos Komando Pemadam Kebakaran</i> or Firefighting Command Post
<b>PPE</b>	Personal Protective Equipment
<b>PPM</b>	PT. Permata Putera Mandiri
<b>PROPER</b>	Program for Ranking Corporate Performance
<b>PSDH</b>	<i>Provisi Sumber Daya Hutan</i> or forest resource levy
<b>Puskesmas</b>	<i>Pusat Kesehatan Masyarakat</i> or primary health centers
<b>QIP</b>	Quality Improvement Program
<b>R&amp;D</b>	Research and Development

<b>RD</b>	Responsible Development
<b>RKL</b>	<i>Rencana Pengelolaan Lingkungan</i> or Environmental Management Plan
<b>RPL</b>	<i>Rencana Pemantauan Lingkungan</i> or Environmental Monitoring Plan
<b>RSP0</b>	Roundtable on Sustainable Palm Oil
<b>SBTi</b>	Science-based Targets Initiative
<b>SDG</b>	Sustainable Development Goals
<b>SEIA</b>	Social and Environmental Impact Assessment
<b>SIA</b>	Social Impact Assessment
<b>SME</b>	Subject Matter Experts
<b>SMK3</b>	<i>Sistem Manajemen Kesehatan &amp; Keselamatan Kerja</i> or Occupational Health and Safety Management System
<b>SMM</b>	PT. Sahabat Mewah Makmur
<b>SOP</b>	Standard Operating Procedures
<b>SOx</b>	Sulfur oxides
<b>SPOTT</b>	Sustainability Policy Transparency Toolkit
<b>TK</b>	<i>Taman Kanak-kanak</i> or Kindergarten
<b>TNA</b>	Training Needs Analysis
<b>TNC</b>	The Nature Conservancy
<b>TPS</b>	<i>Tempat Pembuangan Sampah</i> or landfill
<b>UAV</b>	Unmanned Aerial Vehicle
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Program
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNGC</b>	UN Global Compact
<b>USD</b>	US Dollars
<b>VAT</b>	Value Added Tax
<b>VCU</b>	Voluntary Carbon Unit
<b>WBS</b>	Whistleblowing System
<b>WDPA</b>	World Database on Protected Areas
<b>WEP</b>	Women's Empowerment Principles
<b>WFH</b>	Work from Home
<b>WRI</b>	World Resources Institute
<b>YIARI</b>	Yayasan Inisiasi Alam Rehabilitasi Indonesia
<b>ZSL</b>	Zoological Society of London

# 2021 SUSTAINABILITY REPORT

PT Austindo Nusantara Jaya Tbk.

## **PT AUSTINDO NUSANTARA JAYA Tbk.**

BTPN Tower, 40<sup>th</sup> Floor  
Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5 – 5.6  
Jakarta 12950  
Tel. (62 21) 2965 1777  
Fax. (62 21) 2965 1788  
[www.anj-group.com](http://www.anj-group.com)