



ANJ



RESPONSIBLE DEVELOPMENT:

# *Exploring New Horizons*

PT Austindo Nusantara Jaya Tbk. | **2017**  
SUSTAINABILITY REPORT

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ANJ elevates the lives of people and nature. We strongly respect humanity, nature and the nation as we respect ourselves.

In respecting the dignity of mankind and the sacredness of nature, ANJ sets out to be a role model of good business practices. This includes modeling governance and responsible development.



## RESPONSIBLE DEVELOPMENT: *Exploring New Horizons*

The theme of our 2017 Sustainability Report, 'Exploring New Horizons', reflects ANJ's mission to become a world-class agribusiness-based food company by applying our vision of responsible development in new geographies and new businesses. We believe that these new horizons offer significant prospects for the sustainable growth not only of our company but also for regional and national development. In bringing our partnership principles and best agronomic practices to our 'new' food crops, sago and edamame, we are offering real economic benefits to smallholder farmers and forest communities while potentially contributing to Indonesia's long-term food security and food diversification goals.

At the same time, our development of oil palm plantations and sago harvesting and processing in West Papua is an important step towards realizing the enormous social and economic potential of this province, which is a national development priority, while contributing to its ambition to be a 'conservation province' through our strong commitment to conservation, partnership with local stakeholders, and empowering communities. With the significant opportunities offered by access to employment, income-generating activities, and quality education and health care, our partners and stakeholders in these communities are also exploring new horizons of their own.

# ABOUT OUR LOGO



ANJ's logo is a visual expression of our priorities, with each symbol representing a different element that is vital for the Company.



**1. PEOPLE**

People are the central element of ANJ's identity. The circle represents the harmony in human lives. People cannot survive without nature's beneficence, so they need to be at the forefront of promoting a harmonious relationship between people and nature. This is represented in the four natural elements that circle the core element of human life.



**2. SUN**

The sun is our primary source of energy, and is a vital force in elevating the life of each living organism on earth.



**3. FAUNA**

All the earth's animals have their own unique, essential role in balancing nature. The Komodo's footprint is a distinctive symbol of Indonesia's fauna, representing the everlasting spirit that is handed down from generation to generation.



**4. FLORA**

Flora are the foundation of the food chain and a balanced ecosystem. Plants play an essential role in producing oxygen and food, and in maintaining the soil's fertility. Indonesia's rich geography allows a unique and diverse range of flora to flourish, making it the pride of the archipelago.



**5. WATER**

Water is a vital source of life, and is also a balancing element. Whether as a tiny drop of rain or a vast ocean, water has incredible potential as a source of power.

# PERFORMANCE HIGHLIGHTS 2017

## Number of Smallholders



**3,362** oil palm smallholders working together with ANJ under the single management nucleus-plasma scheme.

## Conservation Areas



**91** edamame smallholders working with ANJ under the partnership scheme.



**52,813** hectares of conservation area managed by ANJ.

## Total Revenue



USD **161,797,280**  
2017 total revenue increased by 17% year on year from 2016.

## CPO Production



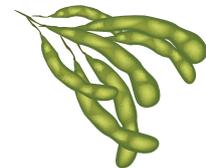
**210,248** metric tonnes  
2017 CPO production grew by 15.6% year on year.

## Sago Production



**788** metric tonnes of sago starch produced in 2017.

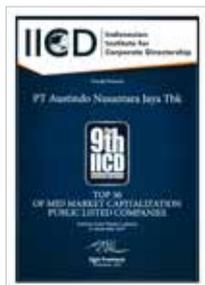
## Edamame Production



**789** metric tonnes of edamame produced in 2017.

## Awards

The Company received external recognition for our corporate and sustainability governance in 2017 in the form of three prestigious awards:



Indonesian Institute for Corporate Directorship (IICD) award for Good Corporate Governance, in recognition of ANJ's ranking in the Top 50 of Mid-Market Capitalization Publicly Listed Companies (November 27, 2017).



Commendation from the National Center for Sustainability Reporting for our First Year Sustainability Award Entry 2017 (February 9, 2018).



Zero Accident Award for ANJA (July 30, 2018).

# MESSAGE FROM THE CEO (102-14)



**“Agribusiness is a long-term investment, and we believe that the best way to optimize returns is through a responsible approach to growth and development that balances the sometimes competing economic, social and environmental aspects of our business.”**

**Istini Tatiek Siddharta**  
President Director

Welcome to ANJ’s second sustainability report. This year’s report has been prepared in accordance with the GRI Standards, and covers our activities not only in the oil palm plantation sector but our new agribusiness ventures in sago and edamame. We have focused on aspects of our business that are of direct relevance both to our stakeholders and to the way we manage the key economic, social and environmental impacts of our activities on those stakeholders and our environment.

## ANJ’S SUSTAINABILITY VISION

Agribusiness is a long-term investment, and we believe that the best way to optimize returns is through a responsible approach to growth and development that balances the sometimes competing economic, social and environmental aspects of our business. Our approach to achieving this balance is articulated in our Sustainability Policy, which we drew up two years ago. The Sustainability Policy, which applies to ANJ and all our subsidiaries, is the reference point for all our managerial and operational strategies and practices that relate to sustainability. It is also aligned with local and global standards, including the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO), the International Sustainability and Carbon Certification (ISCC), the Indonesian Sustainable Palm Oil (ISPO) standards, and Indonesian law. Compliance with

such recognized benchmarks is of growing importance to the continuity of our business, as it provides assurance to our customers at a time when some members of the international community are hardening their stance against palm oil products, as well as allowing us to command a premium price for our products.

ANJ’s sustainability approach is also explicitly reflected in our recently rejuvenated vision and mission. Our new vision, to be a world-class agribusiness-based food company that elevates the lives of people and nature, as well as our four-point mission, affirm our commitment to generating real value for our stakeholders through responsible yet profitable growth.

One example of this is the Company’s expansion of our proven innovation and best practice in palm oil to the production of edamame and sago. We believe that these ventures not only offer promising commercial prospects but also have the potential to contribute to Indonesia’s long-term goals on food security and diversification as well as regional development. Sago grows abundantly in Papua but is currently under-utilized. As a healthy, gluten-free starch, it could play a key role in reducing Indonesia’s reliance on rice and wheat. Edamame, meanwhile, is an antioxidant-rich soy bean that has potential as a low-cost, high value source of protein for Indonesian families as well as offering attractive prospects on the export market in its frozen form.

We are also elevating lives by improving the socio-economic prospects for people in some of the most remote parts of the country. Our decision to develop palm oil and sago production in West Papua was in part a response to the government's call for the private sector to support its equitable development initiatives, particularly in the eastern part of the country. Elsewhere, we are enhancing livelihoods by partnering with local farmers, providing a market for their products while helping them to strengthen quality and productivity.

In general, our operations will benefit from the presence of resilient, prosperous and harmonious communities, and in all our operational areas, we are implementing, in partnership with several local NGOs, a range of community engagement and development strategies to improve health, educational and socio-economic outcomes.

In our operations, respecting the rights of local stakeholders is paramount. In line with global best practice, we seek free, prior and informed consent (FPIC) before embarking on any development project. We also have a dedicated department to ensure that a genuine, participatory dialog is maintained through regular consultation to address issues, particularly those relating to land rights and borders, compensation, and plasma program management, as they arise, and resolve them to the mutual satisfaction of all concerned.

We strive to elevate nature through our environmental policies. Any new planting is strictly confined to the areas permitted under our existing licenses, with no new planting taking place in areas designated (by independent assessors) as being of high conservation value (HCV), high carbon value, or peatland. We have not only set aside more than 25% of our total concession area for conservation, but have also allocated significant resources to ensure that these areas are actively managed, in line with best practice, in collaboration with local stakeholders, including the government, environmental experts, local communities and non-profit organizations. This process includes efforts to change attitudes and behaviors to arrive at a more sustainable, long-term approach to forest protection and management, including the provision of alternative livelihood opportunities to reduce illegal exploitation of forest resources.

We firmly believe that our stakeholders' interests are best served by transparency. Even as the palm oil industry as a whole faces increasing scrutiny from various parties, we

have increased our engagement with the media and other external stakeholders so that the public can ultimately make their own assessment about the value of our activities and how we are addressing valid concerns about environmental and social sustainability.

## OUR PERFORMANCE IN 2017

The Company enjoyed slightly more favorable operating conditions in 2017 as crude palm oil (CPO) prices strengthened from USD 591 per metric tonne in 2016 to USD 613, while global demand continued on its upward trajectory. However, the threat of tighter restrictions on palm oil imports, particularly in the US and European markets, remained a concern. The Company performed ahead of its consolidated revenue target with a year-on-year growth of 20.3% to USD 161.8 million, while net profit leapt to USD 47.4 million from USD 9.2 million in 2016, largely due to a one-time gain from the divestment of ANJ's geothermal energy business and part of our minority investment in Agromuko. Even excluding the one-time gains, EBITDA improved substantially.

Other key achievements included the expansion of the planted area in our developing oil palm estates in West Papua, in line with our permits, and the beginning of the construction of a palm oil mill, which will be completed in time to process the first fresh fruit bunch (FFB) harvest in Papua in 2019. In both West Papua and our other developing estate in South Sumatra, we are applying the RSPO's New Planting Procedures in line with ANJ's Sustainability Policy and as a prerequisite for full RSPO certification once commercial production commences.

A difficult start to the year for our sago operation meant that both production and sales were well below the 2017 targets, and we reported losses of USD 12 million, including a write-down on assets of USD 3.6 million. As ANJ is the first company to attempt to process sago from natural forest on an industrial scale, we see this as part of the learning process, and by the end of the year we had made adjustments that brought us back on track towards reaching our 2018 production targets.

In 2017 we almost doubled the area under edamame planting from 122 hectares in 2016 to 203 hectares, which generated an increase in production. All planting was done by attracting smallholder farmers to participate in planting edamame and guaranteeing the market for their harvest.

However, due to the prolonged dry season, it was below our target for the year. In readiness for commercial edamame production for the export market in 2019, we appointed a vendor for the Company's new frozen line and cold storage facilities.

At the beginning of the year, the Company's renewable energy business comprised a 1.8 MW capacity biogas power plant at our Belitung Island plantation, as well as stakes in two geothermal businesses. The geothermal interests were divested in 2017, yielding a one-time gain of USD 22.5 million. The biogas power plant, operated by our subsidiary AANE, incurred losses due to unfavorable tariffs from the sole offtaker, PLN, and we consequently recognized an impairment of assets of USD 1.1 million.

As noted above, we have continued to actively manage significant conservation areas in all our developing and producing palm oil estates. In West Kalimantan, our 3,844.5 hectare (of which our 2,330 hectares are outside our concession area) conservation area provides a habitat for a sizable orangutan population, as well as a variety of other flora and fauna, at least eight of which are on the IUCN protected mammals list. In 2017 we signed a formal communication protocol with the Governor of West Kalimantan, the local community, the local government, The Nature Conservancy, International Animal Rescue and Tanjung Pura University, to develop a legally protected Essential Ecosystem Area. With the formal establishment of this area by a Governor's Decree in November 2017, we now have a clear pathway for coherent and balanced management of the conserved areas at the landscape level rather than as individual zones, which will, for example, allow for the development and maintenance of vital habitat corridors for wildlife.

In our planted areas, we have continued to apply best agricultural practices, such as environment-friendly pest control, replacing earth and biomass in harvested sago forests to foster regrowth, implementing a zero burning policy, and establishing comprehensive fire prevention and response systems. After a comprehensive survey, only two of our plantations have been found to contain areas of peatland, and we are managing these strictly in line with government regulations to prevent fore and carbon release. At the same time, we have adopted the principles of 'reduce, reuse, recycle and recover' in our palm oil, sago and edamame operations, with much of the solid waste either being used to fuel biomass boilers or for compost. We are constantly researching and trialing new initiatives towards reaching our goal of zero waste.

**We have set aside more than 25% of our total concession area for conservation.**

During the year we have also worked hard to improve visibility and accountability across our supply chain. This has included providing substantial support to our plasma farmers and other smallholder partners in the form of agronomic inputs and guidance.

On community empowerment, we continued to work with community facilitators from Yayasan Indonesia Lebih Baik (YILB) to motivate local community members in West Papua to engage with formal and informal education and socio-economic activities, including efforts to initiate local craft-based enterprises. We also collaborated with the Early Childhood Care and Development Resource Center (ECCD-RC) to improve access to quality early childhood education and development. This initiative includes support for local women who have been trained as community change agents. In our estates in Sumatra, Belitung and West Kalimantan, we continued to support local schools to become accredited 'green' schools through the government's Adiwiyata program, which is contributing to the development of a new generation of Indonesians who understand the importance of sustainability. We have worked closely with local health authorities on numerous sanitation and public health initiatives across our operational areas, while in West Papua we are partnering with Yayasan Pembangunan Citra Insan Indonesia (YPCII) and local health centers on an integrated program designed to improve the health and nutritional status of women and children.

Our experience has shown us that the unsustainable and illegal exploitation of protected forest resources is often a consequence of a lack of economic alternatives. By providing viable livelihood opportunities, we seek to ensure that communities can continue to benefit lawfully from forests without endangering the biodiversity they contain, while generating a sustainable income. In West Papua, with our NGO partner, the Paramitra Foundation, we have been working with several villages in South Sorong to develop organic farming and management skills while developing markets for their produce.

## OUTLOOK FOR THE FUTURE

We have set ambitious but achievable targets and goals for the coming year as well for the medium and long terms. In the palm oil sector, we are targeting increases in FFB, CPO and palm kernel (PK) production in 2018. As the first FFB harvests from the West Papua estates are not anticipated until 2019, these increments will be achieved by increasing yield and efficiency. At the same time, we are working to optimize long-term productivity by managing the age profile of our estates through our ongoing replanting program and upgrading our infrastructure, with a new mill in West Papua, preparing for the construction of a bulking station in West Kalimantan, and ongoing improvements to our existing mills, including the addition of biogas generating capacity to improve energy efficiency, reduce reliance on fossil fuels and contribute to waste management.

We are also targeting an increase sago starch production in 2018 and will continue to develop local and export markets for the product over the next couple of years. For edamame, the immediate priority is to obtain food safety certification for our edamame frozen line and cold storage facilities, which will be commissioned at the end of 2018. We also plan to increase the planted area for edamame while continuing to provide support to farmers on improving skills and implementing agronomic improvements.

On environmental management, we will continue to strengthen our policies on managing areas of high conservation value, high carbon stock and peatland with the active engagement and participation of local and national stakeholders. At the same time we hope that the newly designated protected Essential Ecosystem Area in West Kalimantan will be a model for a further landscape-level conservation initiative in West Papua.

In addition to the above, we have identified numerous other goals and targets related to all aspects of sustainability, including the increased participation of women in management, the greater absorption of local people into our workforce, the improvement of our safety record, and improvements in the quality of our engagement with our local communities that contribute to building sustainable livelihoods with better health, educational and economic outcomes for all. Overall, we believe that our efforts are contributing to Indonesia's commitment to meeting the Sustainable Development Goals (SDGs) by 2030. As part of our commitment to sustainable development, we focus on sustainable approaches to natural resource management, which includes improved management of forest areas, their wildlife and ecosystem services, and in the long term, zero net-deforestation in our total operational area in Indonesia.

We believe that as we continue to refine the balance between our business, community development and conservation goals and responsibilities over the next few years, our responsible development strategy could provide a model for sustainable development in the agribusiness sector.

In closing, we would like to express our appreciation to ANJ's Commissioners, management and employees, all our farmer partners and all our investors for their contribution and their commitment to ensuring the sustainability of our business and upholding our relationships with the stakeholders.

We would also like to convey our sincere thanks to all our stakeholders, including the local communities and community leaders, the government, our business partners, our NGO partners, the media and the general public, for their support and trust.

We look forward to your continued support in the coming years as we continue to pursue our sustainability goal of elevating the lives of people and nature.

Best regards,



**Istini Tatiek Siddharta**  
President Director

# ABOUT THIS REPORT

**This is our second annual Sustainability Report, following the first report, which was published in 2017. The Sustainability Report is now an established part of ANJ’s annual reporting cycle. In this report, we present our economic performance, social and environmental performance for the period January 1, 2017 to December 31, 2017. (102-50, 102-51, 102-52)**

This report has been prepared in accordance with the GRI Standards: core option. There is no restatement of the information presented in the previous report. We have not yet sought any ‘external assurance’ in the preparation of this sustainability report. (102-48, 102-54, 102-56)

Unlike our previous report, in this year’s report we have presented our performance with respect to edamame and sago production as well as palm oil. This report therefore covers the entities and areas shown on page 18-19. (102-45)

In determining the content of this report, we have adopted the following principles: stakeholder inclusiveness, sustainability context, materiality and completeness. To ensure the quality of the report we have also paid due attention to the principles of balance, comparability, accuracy, timeliness, clarity and reliability. (102-46)

On the basis of those principles, we:

1. Identified stakeholders who are relevant to ANJ’s business;
2. Listened to and drew on stakeholders’ aspirations through interactions in the field, regular stakeholder

meetings, risk assessments, social assessment reviews, grievance mechanisms, and input and concerns received through the whistleblowing system call center;

3. Convened a series of intensive discussions between the Board of Commissioners and the Board of Directors to determine the priority topics in the context of materiality and relevance to the economic, social and environmental aspects of our business;
4. Undertook a validation process to ensure the completeness of the information presented in terms of topics, topic boundaries and timeframe.

The final step was a review to ensure that the report is informed by and accurately reflects the stakeholder engagement processes undertaken during the year and specifically for this report; and that the information is appropriately framed within the broader sustainability context.

The basis for selecting stakeholders and how they were engaged is shown below. (102-40, 102-42, 102-43, 102-44)

## BASIS FOR STAKEHOLDER SELECTION AND ENGAGEMENT

STAKEHOLDERS	BASIS FOR INCLUSION	TOPIC	MODE OF ENGAGEMENT	FREQUENCY
<b>Shareholders and Investors</b>	Corporate investors	Company performance, corporate governance	General Meetings of Shareholders (AGMS/ EGMS)	Annually, and as needed
<b>Employees and laborers</b>	Corporate asset in operations	Efficiency and productivity	- Labor union - Training and seminars	As needed, at least annually
		Occupational health and safety	Drafting of collective labor agreement	Every 2 years
		Training and development	Internal magazine	Monthly
		Fulfillment of employees’ and laborers’ normative rights	Family gatherings	Annually

STAKEHOLDERS	BASIS FOR INCLUSION	TOPIC	MODE OF ENGAGEMENT	FREQUENCY
Government/ regulator	Mandatory compliance	Compliance with laws and regulations	Licence and permit activities	At all times
		Up-to-date and transparent information	Annual report reporting to Bank Indonesia	Annually
		Good corporate governance		
Local government		ANJ contribution to economic, environmental and social aspects	Participation in regional development planning forum ( <i>musrenbang</i> )	As needed, at least twice a year
		Support for GCG and sustainability practices	Coordination of CSR working practices with local administration working units (SKPD)	
		Compliance with law and external initiatives	Dialog and cooperation	
		Consultation and assistance related to land disputes and resolution	Facilitation and mediation	
Partners Smallholders	Vendors of products/ services that support operations	Mutually beneficial relationship	Regular meetings	Annually
			Workshops	Periodically
			Training & assistance	Periodically
Customers (B2B)	Buyers of products	Sustainable plantation management practices and other external initiatives	Business partnership	Periodically
			Local workforce involvement	ISPO and RSPO certification
Community	Parties impacted by company operations	Environmental and social/ community development policies	Grievance mechanism	Response to grievances
		CSR activities	Community development program	Response to benefits
		Local workforce involvement	Stakeholder meetings	Annually
			Stakeholder dialog	Response to and updates on issues
Local leaders/ actors	Representatives of parties impacted by company operations	Land acquisition and plantation development	Information dissemination and dialog	Minimum twice a year or as needed
Media	Communication and publication channels	Financial performance/share value	AGMS/EGMS	Annually
		Corporate actions and strategies	Annual report	Annually
		Latest corporate information/ information transparency	Media briefings and interviews Site visits	As needed
NGOs	Partners in maximizing the sustainability agenda	Social, community, environment	Cooperation on community development	Monthly coordination meetings Monthly progress reporting
	Information transparency		Direct meetings Preparation of annual & sustainability reports	Response to and update on issues

We took various factors into consideration to determine the relative priority of each of the topics in this report:

1. Economic performance: how the company generates and distributes economic value.
2. Traceability: how the company verifies the history of its products and ensures that each stage of its supply chain is compliant with its sustainability standards.
3. Local communities: how the company engages with local communities to understand actual and potential

impacts of its operations on them, and manages and compensates for these impacts by taking into account their expectations and needs.

4. Occupational health and safety: how the company ensures the employees' right to a healthy and safe workplace.
5. Environmental management: how the company measures and manages its impacts on the environment.

We determined the material aspects and their boundaries, as follows:

**MATERIAL TOPICS AND THEIR BOUNDARIES (102-47, 103-1)**

No.	Material topic	Basis for selection	Disclosure	Boundaries					
				Internal	External				
					Government	Partner	Community	Media	NGO
<b>ECONOMIC</b>									
1	Economic Performance	Significant impact on stakeholders	201-1	✓	✓	✓	✓	✓	
<b>SOCIAL</b>									
2	Local communities	Contribution to local community	413-1	✓	✓		✓	✓	✓
3	Occupational Health & Safety	Key asset in operations	403-2, 403-3	✓	✓				
<b>ENVIRONMENT</b>									
4	Emissions	Significant impact on environment	305-1	✓	✓	✓			✓
5	Biodiversity	Significant impact on sustainability	304-1, 304-2, 304-3, 304-4	✓	✓	✓			✓
6	Supplier environmental assessment	Significant impact on sustainability	308-2	✓	✓	✓			

There are no significant changes from the previous period with regard to the list of material topics and topic boundaries. (102-49)

## OUR VISION, MISSION, AND VALUES (102-16)

ANJ's value philosophy underpins both our commitment and our approach to sustainability. Founded on integrity and a deep respect for the fundamental rights of people and nature, it shapes our policy of responsible development that is designed to allow our business, the communities we work amongst and our environment to flourish and prosper together.



Our responsible development approach is closely aligned with the '3P' concept (profit, people, planet), which we interpret as follows:

1. Profit: Obtaining a fair return from viable businesses;
2. People: Progressing together with the community as equal partners;
3. Planet: Maintaining the balance between environment and community welfare in every ANJ operation.

ANJ's value philosophy is highlighted in our Vision, Mission and Values statements, and further articulated in our Code of Ethics and our Sustainability Policy, which apply without exception to all employees, management and supervisors of the Company, including the Directors and Commissioners. Where relevant, the Code of Ethics and Sustainability Policy also apply to our business partners and investors.

All of these policy statements are regularly reviewed by the Boards of Directors and Commissioners to ensure that they remain in step with the growth of our business. As an example, our corporate vision and mission were revised in 2017.

We aim to ensure that this value philosophy is embedded from top to bottom of the organization through regular dissemination and leading by example. All new employees, Directors and Commissioners receive an introduction to the Code of Ethics and corporate values in their respective induction programs, and they also form part of many of our development activities, including the Management Training program, in sessions facilitated by senior management and our Commissioners. In addition, we train selected employees at different levels in various business units to become ANJ Value Champions. As of the end of 2017, a total of 35 Value Champions were modelling our values, helping to communicate them to their co-workers and reporting on values implementation to the company's Value Committee.

We have high expectations of our Value Champions, and their task is not easy. Some Value Champions have 'resigned' as VCs because they themselves felt that they were not fit to be a role model. On occasion, Value Champions have been asked to 'resign' from that role as they were not able to meet this high standard. In such cases, one of our two Value Guardians, Commissioners George Santosa Tahija and Anastasius Wahyuhadi, will first talk to the Value Champion concerned, and an investigation will be conducted if necessary. The Value Guardians provide support and encouragement to the Value Champions but will not hesitate to take action when our values are jeopardized.

In addition to our Value Committee, which is based in Jakarta, we also have two Value Coordinators who are based in the Western operation (covering Sumatra and Kalimantan) and the Eastern operation (covering Papua and East Java), whose role is to coordinate the Value Champions in their respective areas.

The Value Champions send monthly reports to the Coordinators, who review them before sending them to the Value Committee for a final review. The Value Committee meets periodically to consolidate and analyze this feedback, share experiences of how our values are being implemented, and to discuss, among other matters, how to enhance the role of the Value Champions. The results are presented to the Value Guardians for further action if necessary.

**We take the upholding of our values, and the position of the Value Champions, very seriously. Any violation of the values may trigger the imposition of sanctions, and extreme cases may result in the termination of employment.**

Our values are further reinforced by the company's whistleblowing system, through which any employee or stakeholder can report, in confidence and without fear of reprisal, any suspected misconduct by any employee or officer of the company. Reported cases are investigated by the Internal Audit Unit, and if the allegations are proven, those concerned are sanctioned in accordance with the law and the company rules. [\(102-17\)](#)

## Vision

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

## Values

INTEGRITY

RESPECT FOR PEOPLE AND THE ENVIRONMENT

CONTINUOUS IMPROVEMENT

## 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:**

Continuous quest to comply with and exceed local and global standards, exercising good corporate governance.

**SUSTAINABLE GROWTH FOR PROSPERITY:**

Achieving widespread economic prosperity without exhausting the finite resources at our disposal.

**INTEGRITY:**

Doing the right thing at all times, in all circumstances, regardless of the consequences or of anyone watching.

# ANJ'S SUSTAINABILITY POLICY

The Sustainability Policy was formally adopted on November 28, 2016 by the Board of Directors. Based around the three key components of environmental stewardship, business policy and social responsibility, it outlines how we apply our value system to reduce the impact of our corporate activities.

## The Environmental Stewardship Policy

Emphasizes environmental management aiming to maintain the landscape ecology. It covers reduction in greenhouse gas (GHG) and preservation of areas with high conservation value (HCV) or high carbon stock (HCS). Besides this, the Environmental Stewardship Policy also regulates peatland and wetland conservation, zero burning policy during land opening and clearing, waste treatment, our policy on responsible use of chemical substances and pollution reduction efforts.



## The Social Responsibility Policy

Covers aspects such as gender equality in the working environment and respect for human rights. This Policy also encourages us to pay close attention to labour rights, occupational health and safety, and the rights of the local communities surrounding our operational area.

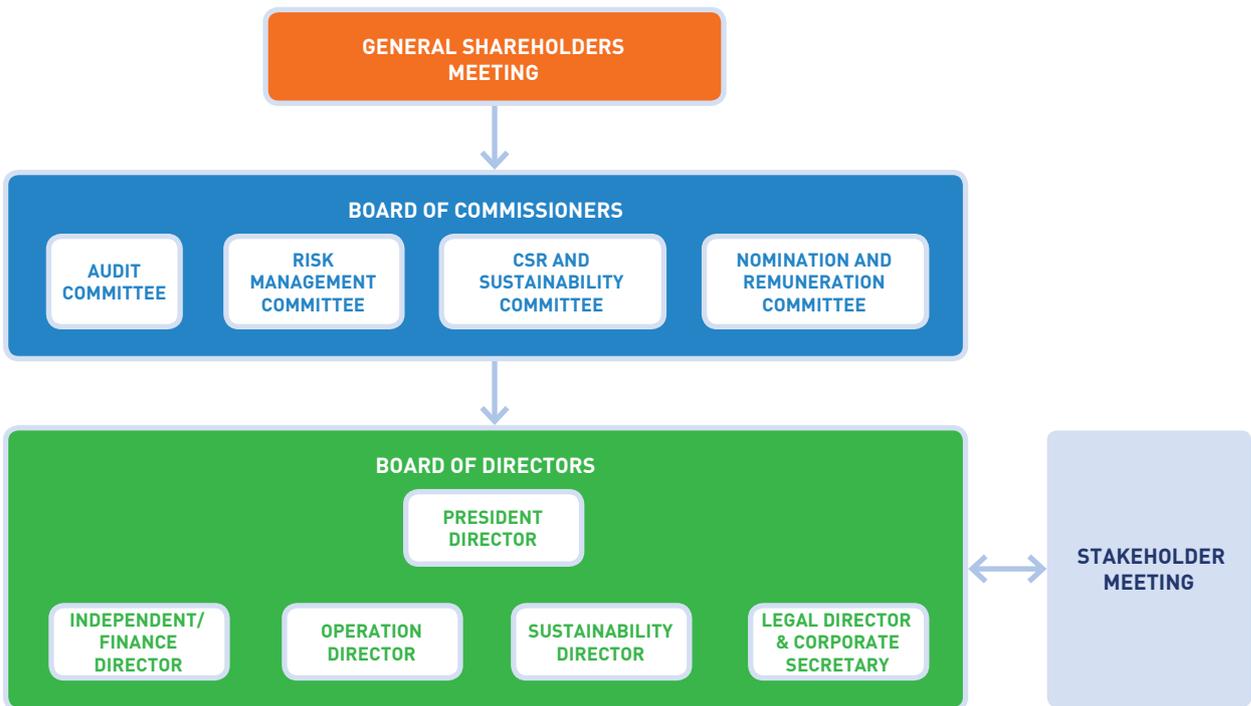


## The Business Policy

Covers the economic feasibility aspect based on good corporate governance (GCG) and high quality products. This policy also directs us to comply with national regulations and international conventions, behave according to our code of conduct, and seek to obtain a fair and sustainable return.

# GOVERNANCE STRUCTURE (102-18)

The Company’s governance arrangements are fully compliant with Indonesian law, particularly Law No. 40/2017 on Limited Liability Companies (the Company Law), and reflect ANJ’s recognition that good corporate governance pays a vital role in enhancing the Company’s value for its shareholders and stakeholders and sustaining the business over the long term.



Of the three mutually independent governance bodies, the Shareholders have the highest decision-making authority, exercised through the annual and extraordinary meetings of shareholders. The Board of Commissioners is responsible for the strategic guidance of the organization and the oversight of the Company’s management, which is tasked to the Board of Directors in accordance with the Articles of Association and the aforementioned Company Law.

The Board of Commissioners is supported in these functions by the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility (CSR) and Sustainability Committee. The latter is specifically responsible for monitoring the development and implementation of the CSR and sustainability plans of ANJ and its subsidiaries, and advising the Board of Directors on the same. Each of the above committees is chaired by a member of the Board of Commissioners.

Key decisions on economic, environmental and social topics are generally taken collegially by the Board of Directors and in some cases will require the approval of the Board of Commissioners (see page 105 of ANJ’s 2017 Annual Report). Working under the supervision of the President Director, the Finance Director has overall responsibility for economic and financial matters, while the Sustainability Director is responsible for the Community Involvement and Development (CID), Conservation, and Government & Stakeholder Relations departments/functions, which cover sustainability compliance. In addition, there are two compliance managers who report directly to the Operations Director. The Board of Directors reports to the Board of Commissioners through quarterly meetings. Further matters pertaining to governance are described in detail in the 2017 Annual Report, pages 92-134.

# ABOUT PT AUSTINDO NUSANTARA JAYA TBK

PT Austindo Nusantara Jaya Tbk (ANJ) is a holding company whose principal business activities include plantation management, producing and processing crude palm oil (CPO) and palm kernel (PK), harvesting and processing sago and edamame, and generating renewable energy from biogas.

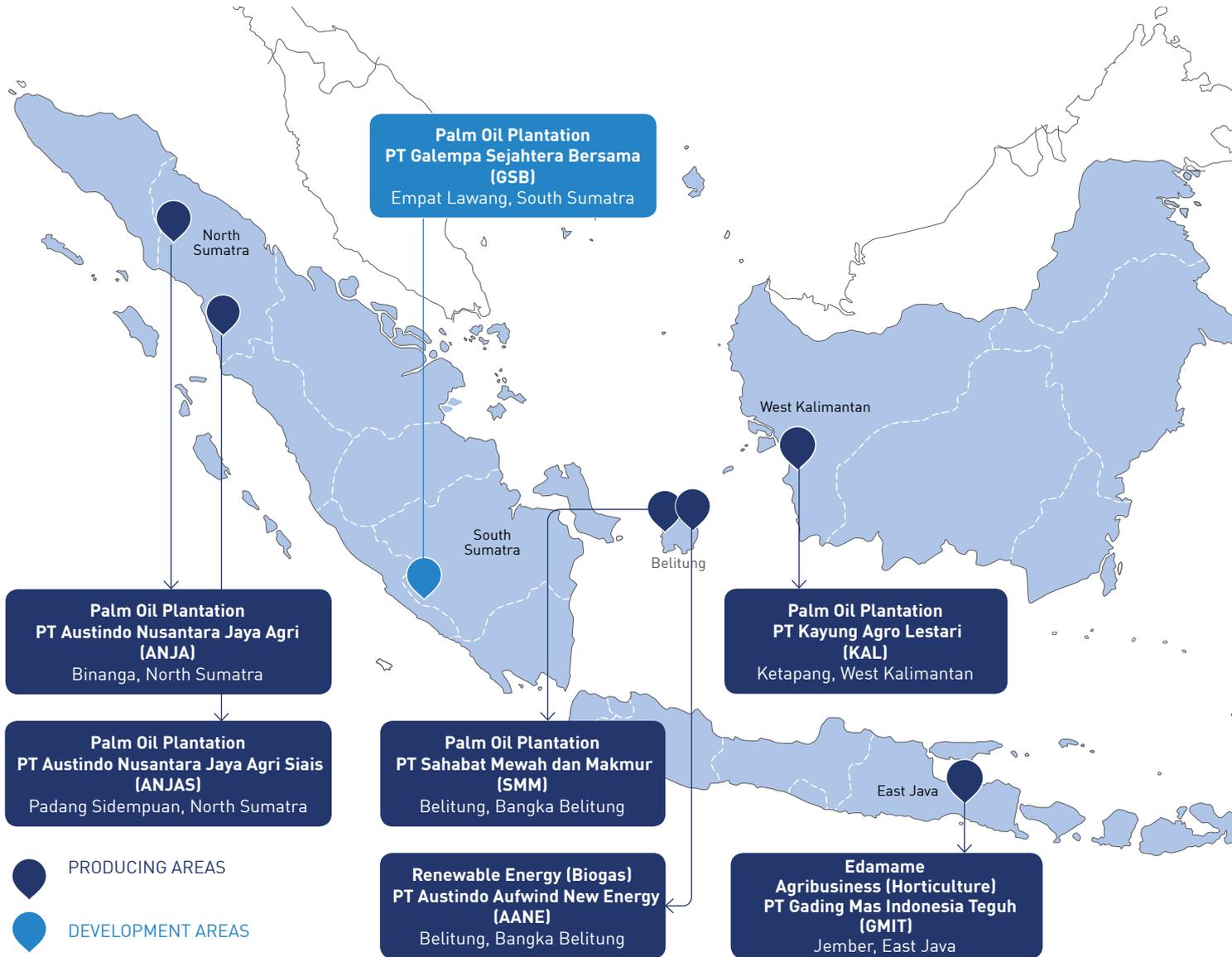
## CORPORATE DATA

<b>COMPANY NAME (102-1)</b>	PT Austindo Nusantara Jaya Tbk	
<b>DATE OF ESTABLISHMENT</b>	April 16, 1993	
<b>LEGAL FORM &amp; SHARE OWNERSHIP (102-5)</b>	<p><b>Listed Company</b> Listed on the Indonesia Stock exchange (IDX) since 2013 under the stock code ANJT</p> <p><b>Shareholders:</b></p> <ul style="list-style-type: none"> <li>- PT Austindo Kencana Jaya (40.85%)</li> <li>- PT Memimpin Dengan Nurani (40.85%)</li> <li>- Sjakon George Tahija (4.74%)</li> <li>- George Santosa Tahija (4.74%)</li> <li>- Public (7.65%)</li> </ul>	
<b>PRODUCTS (102-2)</b>	<ul style="list-style-type: none"> <li>- Crude palm oil (CPO)</li> <li>- Palm kernel (PK)</li> <li>- Sago starch</li> </ul>	<ul style="list-style-type: none"> <li>- Edamame</li> <li>- Renewable energy</li> </ul>
<b>HEADQUARTERS (102-3)</b>	<p>Atrium Mulia Floor 3A, Suite 3A-02 Jl. HR Rasuna Said Kav. B10-11 Jakarta 12910</p>	<p>Tel: +62 21 2965 1777 Fax: +62 21 2965 1788 Email: corsec@anj-group.com Website: www.anj-group.com</p>
<b>OPERATING AREA (102-4)</b>	<p>ANJ operates entirely within Indonesia in the following provinces:</p> <ul style="list-style-type: none"> <li>- North Sumatra</li> <li>- Bangka Belitung</li> <li>- South Sumatra</li> <li>- West Kalimantan</li> <li>- West Papua</li> <li>- East Java</li> </ul>	
<b>TOTAL HGU AREA (102-4)</b>	<p><b>Oil Palm</b></p> <ul style="list-style-type: none"> <li>- ANJA: 9,411 ha</li> <li>- ANJAS: 9,171 ha</li> <li>- SMM: 16,276 ha</li> <li>- KAL: 10,920 ha</li> <li>- GSB: 20,000 ha (IUP)</li> <li>- ANJ (West Papua): 36,506 ha*</li> <li>- PMP: 22,678 ha*</li> <li>- PPM: 32,025 ha*</li> </ul>	<p><b>Sago</b></p> <ul style="list-style-type: none"> <li>- ANJAP: 40,000 ha (IUPHHBK-HA)</li> </ul> <p><b>Edamame</b></p> <ul style="list-style-type: none"> <li>- GMIT: 203 ha</li> </ul> <p>* Total HGU of nucleus and plasma</p>
<b>MARKETING (102-6)</b>	<ul style="list-style-type: none"> <li>- Domestic and overseas</li> <li>- Agents, distributors and companies that process CPO, sago starch and edamame into derivative products</li> </ul>	
<b>SIGNIFICANT CHANGES TO THE ORGANIZATION (102-10)</b>	There have been no significant changes to the organization or its supply chain.	

**ORGANIZATION SCALE AS OF DECEMBER 31, 2017 (102-7)**

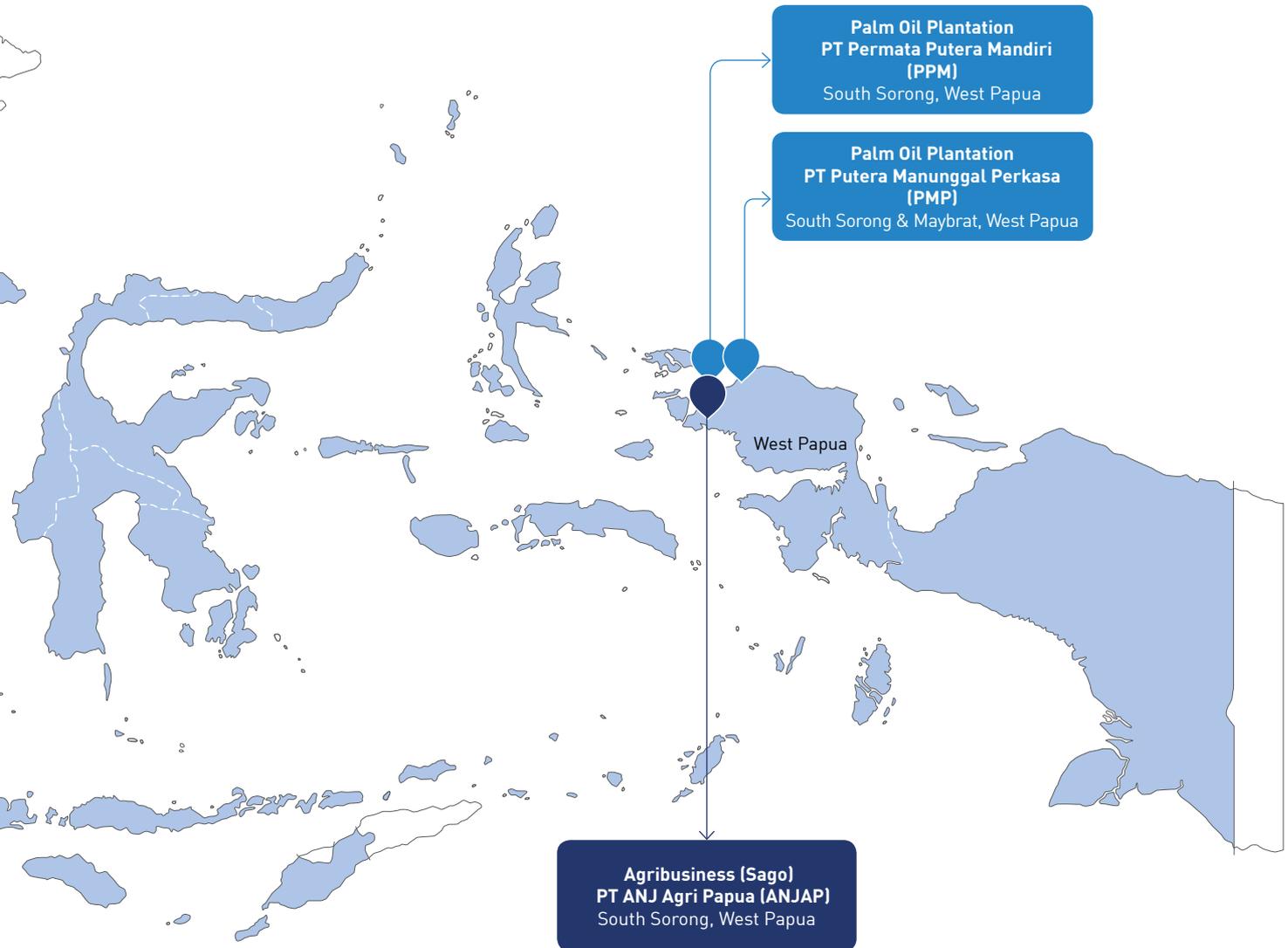
Description	Unit	2017	2016
Number of employees	people	7,596	7,392
Operating areas	plantations/sites	7	7
Development areas	plantations	4	4
Revenue	USD	161,797,000	134,443,317
<b>Total capitalization</b>			
Total liabilities	USD	174,141,753	170,459,795
Total equity	USD	392,382,189	354,647,881
Total assets	USD	566,523,942	525,107,676
Net profit	USD	47,399,525	9,199,245
<b>Products</b>			
FFB production	metric tonnes	730,356	663,399
FFB from third parties	metric tonnes	234,452	177,283
Processed FFB	metric tonnes	964,808	841,282
CPO production	metric tonnes	210,248	177,273
PK production	metric tonnes	44,037	38,283
CPO sales	metric tonnes	209,000	177,850
PK sales	metric tonnes	42,797	39,434
Edamame production	metric tonnes	789	752
Edamame sales	metric tonnes	716	658
Sago starch production	metric tonnes	788	-
Sago starch sales	metric tonnes	518	-
Electricity production	kWh	7,909,133	8,994,778

LOCATION MAP OF OPERATIONS (102-4)



The productive agribusiness land managed by ANJ includes oil palm plantation producing CPO and PK in North Sumatra, Belitung, and West Kalimantan; sago forest in West Papua and land planted with edamame in East Java. For the purposes of business continuity, we also manage development plantations South Sumatra and West Papua. A portion of our producing palm oil plantation has been allocated to local smallholders under the government's Plasma Program to support community farmers.

We have secured cultivation rights titles (Hak Guna Usaha, or 'HGU') for all of our palm oil with the exception of our estate in South Sumatra, which is currently under an IUP (plantation license) and for which the HGU application is in process with the Ministry of Agrarian Affairs and Spatial Planning. Our sago plantation area operates under IUPHHBK. All the sites are fully compliant with the relevant regulatory and certification requirements, including decrees of the Minister of Environment and Forestry, location permits, environmental permits and plantation permits.



## OUR MARKETS (102-6)

We sell our CPO products to both domestic and international agents and distributors as well as to companies that process them into derivative products. Our principal export markets are in Asia, including India.

As of the end of 2017, our entire sago starch production is sold to domestic buyers, who resell it to food companies to be used in the manufacture of meatballs, sago flour, cookies, and so on. However, we are working on various initiatives to expand our sago starch market both domestically and overseas, including the United States. Similarly, while our fresh edamame is currently absorbed by the domestic

market, we are preparing to export, initially to Japan, in 2019, when the new frozen line facility is complete and food safety certification has been obtained.

ANJ's renewable energy, produced by PT Austindo Aufwind New Energy (AANE) is sold to the state electricity company, PLN. AANE operates a 1.8 MW capacity biogas power plant in Belitung, generating electricity from methane derived from the oil palm waste produced by our subsidiary PT Sahabat Mewah dan Makmur (SMM). AANE was licensed as an independent power producer (IPP) in 2013 and has been operating commercially since the beginning of 2014.



## OUR EMPLOYEES (102-8)

As of December 31, 2017, ANJ employed a total of 7,596 people, of whom 7,166 (94.4%) were permanent staff and 430 (5.6%) were on fixed-term contracts. The proportion of permanent staff has increased compared to 2016, when 8.2% of employees were contract workers.

### ANJ Employees by Gender and Status

Subsidiary	Male			Female			Grand Total
	Contract	Permanent	Total	Contract	Permanent	Total	
PT Austindo Nusantara Jaya Tbk	8	73	81	3	29	32	113
PT Austindo Nusantara Jaya Agri Binanga (ANJA)	7	1,245	1,252	38	223	261	1,513
PT Austindo Nusantara Jaya Agri Siais (ANJAS)	2	1,029	1,031	2	277	279	1,310
PT Sahabat Mewah dan Makmur (SMM)	2	1,490	1,492	-	322	322	1,814
PT Kayung Agro Lestari (KAL)	6	1,481	1,487	-	488	488	1,975
PT Galempa Sejahtera Bersama (GSB)	101	37	138	5	5	10	148
PT Putera Manunggal Perkasa (PMP)	70	95	165	11	20	31	196
PT Permata Putera Mandiri (PPM)	71	91	162	5	15	20	182
PT Austindo Nusantara Jaya Agri (ANJ)	2	49	51	-	27	27	78
PT Austindo Nusantara Jaya Agri Papua (ANJAP)	88	98	186	3	14	17	203
PT Gading Mas Indonesia Teguh (GMIT)	5	44	49	1	3	4	53
PT Austindo Aufwind New Energy (AANE)	-	11	11	-	-	-	11
<b>Grand Total</b>	<b>362</b>	<b>5,743</b>	<b>6,105</b>	<b>68</b>	<b>1,423</b>	<b>1,491</b>	<b>7,596</b>

- There are no contract workers working part-time.
- No operational activities are carried out by non-employees.

The distribution of our employees by business segment reflects the current balance of our operations: the vast majority are employed in the palm oil segment, with relatively few in the emerging sago and edamame segments.

The low percentage of women in the workforce (19.6% in 2017) reflects the fact that women have traditionally been less attracted to the agronomic sector. However, we are committed to gender equality and we are making concerted efforts to ensure a more conducive workplace for women. Some of the estates have women's and child protection committees at the employee level. We are also trying to attract more women candidates, particularly at the management level. In 2017, 35% of the participants in our Management Trainee program were women, compared to 20% in 2016, and we intend to maintain this

upward trend. Moreover, ANJ is led by a female CEO, Istini Tatiek Siddharta.

The 9-month Management Trainee program is followed by a systematic mentoring program and a series of leadership sessions. We expect that participants will be able to take up a managerial position within five years. The program supports our policy of promoting internally where possible, and complements our performance-based career development program.

Improving employee skills and retention are both key supporting factors in the sustainability of our operations, and to this end we offer numerous training opportunities year-round for employees at all levels. The types of training offered in 2017 are shown in the table below. [\(404-1\)](#)

Types of training provided in 2017		
No.	Technical	Soft skills
1.	Oil Palm Estate Operational Training	Management Development Program
2.	SAP Administration System Training	Occupational health counseling
3.	Operational Safety Training	Effective communication
4.	Environmental Management Application Training	Work ethics and productivity
5.	Preventive Maintenance Training	Refresher on corporate policies and rules
6.	Plant Pest and Disease Control Training	Media handling
7.	Laboratory Training	Training the trainers
8.	SDA Conflict Management Training	Safety leadership
9.	Operational PKS Training	Strategy in a disruption era: Leadership series
10.	HCV Management Training	Legal for non-legal
11.	Emergency Response Training	Corporate values (ANJ Values)
12.	Safety Driving Training	Coaching skills
13.	Plasma and Partnership Management Training	
14.	Window Server Troubleshooting Training	
15.	Composting Management Training	
16.	Domestic Waste (anorganic & organic) Management Training	
17.	Employment Affairs Training	
18.	Tax Training	

Employee Retainment Program	
1.	Leadership Ladder Development Program (in accordance with level)
2.	Coaching & Mentoring Program
3.	External Technical Training Program
4.	Certification Training Program

The trainings above can be broadly categorized into technical skills, soft skills and certification programs. Training participation for all ANJ employees in 2017 is shown below.

Technical			Soft skills			Certification		
Men	Women	Man-days	Men	Women	Man-days	Men	Women	Man-days
5,096	825	2,951.5	4,856	648	2,760.25	90	0	402



STAFF TRAINING ACTIVITY AT KAL, KETAPANG  
Photo by ANJ Documentation

In keeping with our commitment to equality of opportunity and zero tolerance for discrimination on the grounds of gender, race, religion, nationality, political views or physical condition, which is reinforced in our Sustainability Policy, we are also trying to increase the number of local employees at all our operational sites. In addition, we are working to ensure that people currently at the non-staff level who have potential have opportunities to access our testing and selection processes for possible promotion.

All our permanent employees are covered by the Collective Labor Agreement (CLA), which is renegotiated every two years by management and the employees through the Bipartite Joint Committee and has been authorized and validated by the Ministry of Manpower and Transmigration. [\(102-41\)](#)

**Douglas McArthur Wihyawari**, originally from Manokwari, West Papua. Employee of ANJAP CID Department.

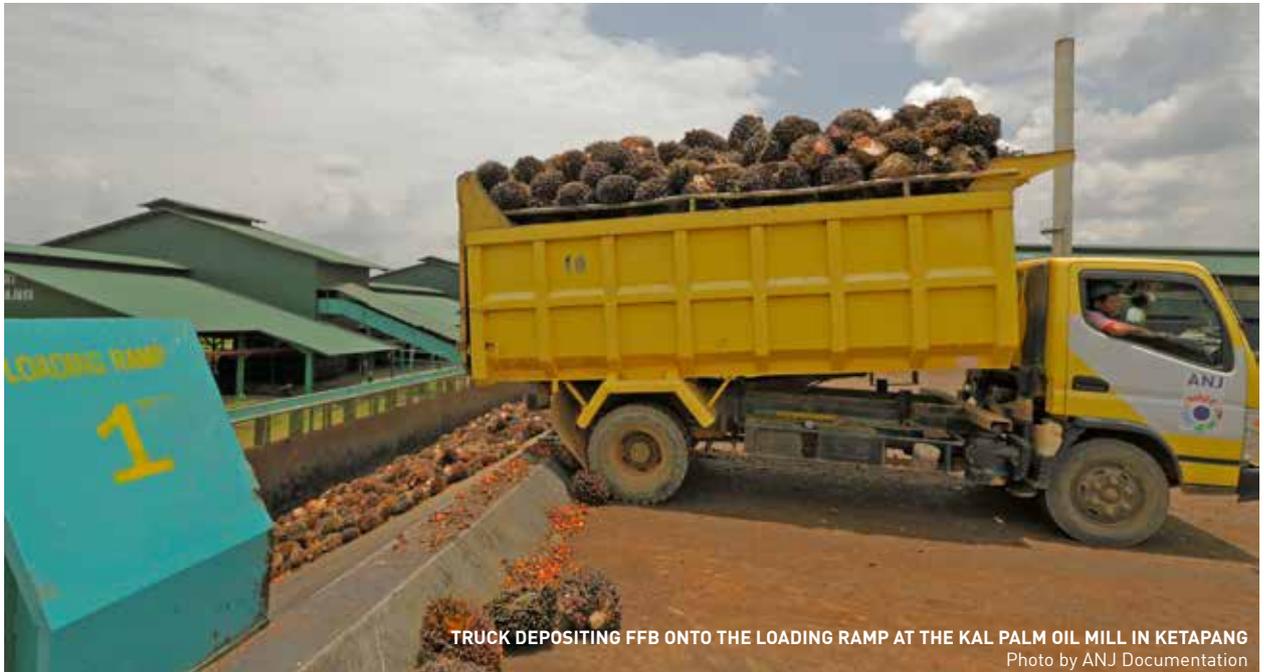
ANJ's Management Trainee program gave me insights into the social as well as environmental aspects of the oil palm plantation business, which are just as important. On the course I learned a lot about problem solving and analysis, team work, self-development, leadership, change agency, conservation and legal issues.

I'm now involved in community engagement, focusing on communication and community relations, stakeholder management conflict mitigation and land clearing. The main challenges in my job are trying to improve the community's understanding of our objectives; dealing with community expectations; and helping the community become more self-reliant and open-minded Papuans. Although I've already completed the mentoring period, I still contact my mentors as well as my line manager for advice when needed, but I'm also developing myself through self-directed learning.

I hope that the Management Trainee program will take on more people from Papua because many of the community relations issues in the province stem from insufficient knowledge about the business and its impacts. As an example, when I was a student I was against the oil palm plantations due to the environmental issues, but after I witnessed and experienced the company's activities myself I realized that ANJ really cares about social and community development, and this is very important.



## OUR SUPPLY CHAIN (102-9)



TRUCK DEPOSITING FFB ONTO THE LOADING RAMP AT THE KAL PALM OIL MILL IN KETAPANG  
Photo by ANJ Documentation

### Oil Palm

As of the end of 2017, our oil palm supply chain involved several external parties, as follows: two Limited Liability Companies (PT), four non-plasma cooperative units, eight Limited Partnerships (CV) and two independent farmers who supply our plantations operated by ANJA, ANJAS and SMM. In addition, ANJ purchased FFB from three plasma cooperative units in the KAL plantation as well as seven independent cooperative units and from one village-owned enterprise (BUMDes) in Belitung for SMM. As the development plantations in South Sumatra and West Papua operated by GSB, PPM, PMP and ANJ are not yet commercially operational, there are as yet no external suppliers involved.

The participation of external parties in our supply chain reflects ANJ's commitment to ensuring a positive economic impact for multiple stakeholders, particularly those in our local communities. In 2017, 100% of our FFB suppliers and 90% of our non-FFB suppliers or agents were local. However, in view of our commitment to sustainable, responsible growth, we also ensure that these suppliers comply with our sustainability policy and practices, in line with the RSPO and ISPO provisions on traceability throughout the supply chain.

### FFB Suppliers by Supplier Type and Business Unit as of December 31, 2017

Subsidiary	Partner Cooperative Unit and Village-owned enterprise (BUMDes)	Limited Liability Company (PT)	Non-plasma cooperative unit/group	Business entity (UD/CV)	Sole proprietorship
ANJA	0	0	0	4	1
ANJAS	0	0	1	2	1
SMM	8	2	3	2	0
KAL	3	0	0	0	0

### Sago

Our sago products are sourced directly from natural sago forests in West Papua. We take care to use this resource sustainably by selective harvesting, and we pay a mandatory forest resource levy (Provisi Sumber Daya Hutan, or PSDH) on the sago we harvest. Future plans include conducting research into faster growing and better quality species of sago to accelerate the harvest and improve the quality of our product, and developing an estate model for sago cultivation.



**Dance Nuaru**, from Saga Village, South Sorong, West Papua. Community leader and former ANJAP employee.

Before ANJAP arrived, it was hard for us to get enough money to live on because we had to cut the sago and take it by boat to Teminabuan (the district capital) to sell it. If the sea was calm, the journey took a day, but if it was rough it could take up to three days and we would lose half the logs on the way. This meant we got less income. We would also use up a lot of money by waiting in Teminabuan for up to a week until all the sago was sold.

Life got easier when the company arrived, as my hamlet, Dusun Sawaraj, was used for testing samples of sago palm and plant machinery. I retired in 2017 but I still get paid to do some work for the company in my village. I'm given responsibility to do thinning, which accelerates the sago growing process.

Since the company has been here, the Iwaro community has begun to feel the benefits. The company provides assistance for education, particularly early childhood education, as well as nutritional supplements and support to the Posyandu (local health post). If we need treatment, or in an emergency, we can go to the company clinic.

I really appreciate having ANJAP here in the customary Iwaro land, especially as the company is now helping to build the church that we have wanted for so long. I hope the company will continue to work here because we have already seen the changes it has brought, including opportunities to earn income, and opportunities for our children to work there in future. I hope they will help to open up Imeko District as well.



LOCATION OF ANJAP'S SAGO MILL IN SAGA, METAMANI DISTRICT, SOUTH SORONG REGENCY  
Photo by ANJ Documentation



**GMIT PARTNERS' EDAMAME PLANTATION IN JEMBER, EAST JAVA**  
Photo by ANJ Documentation



**Joko Ramadhoni**  
Field Assistant, GMIT

## Edamame

At the end of 2017, the edamame business was supplied by 91 smallholders working on a total of 203 hectares in and around Jember, East Java. They operate under two different types of partnership model: a regular partnership, where we provide certain inputs such as seed and fertilizers for the smallholders to harvest and supply the produce, and a cooperation model, for farmers with proven capacity, with the company providing capital support for smallholders to increase their land area. Under both types of partnership, smallholders have regular access to information and coaching from GMIT's field assistants.

I believe that edamame offers great opportunities for farmers because it is a food crop, so there will always be demand, and it has great export potential.

When looking for potential farmer partners I explain about edamame cultivation, its profit potential and the benefits for the environment (both community and the land). Admittedly the production costs are higher than for some other crops, like rice or chili. But to convince potential partners I invite them to visit our existing edamame farmers. Becoming an edamame partner farmer has clear benefits in terms of the price, guaranteed market, field mentoring and assistance, and credit facilities.

As for me, since becoming a field assistant, my self-confidence has grown and my communication skills have improved.



**Herri Mulyanto**  
Edamame farmer, Bondowoso

I've been growing edamame for more than two years. The main advantage over other crops is that it's fast growing, so we don't have to wait too long to harvest it. As a GMIT supplier, I also get a contracted price and a guaranteed market for what I produce. This has helped to increase my average income, which I have put towards my children's education, investing in land, and buying a pick-up truck. Participating in GMIT's Cooperation (KSO) program has brought additional advantages: I can access loans so that I can rent or buy more land to expand my growing area, and I have regular support from GMIT's field assistants on how to prevent pests and disease and improve my farming practices. Moreover, GMIT often invites us farmers for dialogs and training so that we can broaden our knowledge about growing edamame.

In future, I hope that GMIT will maintain and expand the assistance/mentoring program and continue to organize training to share innovations related to farming. I also hope that the new processing plant will be finished soon so that GMIT can export our edamame and then raise the buying prices for smallholders.

## CERTIFICATION (102-12)

An important aspect of ensuring the sustainability of our business is providing assurance to our stakeholders that our operational policies and practices are compliant with local and international standards and best practices, particularly on safety and environmental management and quality management.

### Certification as of December 31, 2017

	Certificate	Date/Validity	Issuer
ANJA	OHSAS 18001	June 16, 2017 Valid until June 15, 2020	British Standards Institution
	ISO 14001	June 16, 2017 Valid until July 6, 2020 (based on the first certificate obtained, July 7, 2014)	ISO Organization
	RSPO	November 14, 2017 Valid until November 13, 2022	RSPO
	ISCC	November 2, 2017 Valid until November 1, 2018	ISCC Organization
	PROPER	Blue Rating for year 2016 - 2017	Ministry of Environment and Forestry
	ISPO	July 19, 2016 - July 18, 2021	ISPO Commission
	SMK3	May 16, 2016 - May 15, 2019	Ministry of Labor and Transmigration
KAL	OHSAS 18001	January 4, 2018 Valid until January 3, 2021	British Standards Institution
	ISO 14001	January 4, 2018 Valid until January 3, 2021	ISO Organization
	PROPER GAMBUT	Blue Rating for year 2016 - 2017	Ministry of Environment and Forestry
	SMK3	July 14, 2017 Valid until July 13, 2020	Ministry of Labor and Transmigration
SMM	ISCC	January 17, 2017 Valid until January 16, 2018	ISCC Organization
	RSPO	January 6, 2016 - January 5, 2021	RSPO
	ISPO	December 8, 2014 - December 7, 2019	ISPO Commission
	ISO 14001	April 9, 2015 - April 8, 2018	ISO Organization
	PROPER	Blue Rating for year 2016 - 2017	Ministry of Environment and Forestry
	SMK3	August 31, 2015 - August 30, 2018	Ministry of Labor and Transmigration
ANJAS	OHSAS 18001	November 11, 2017 Valid until November 10, 2020	British Standards Institution
	ISO 14001	November 10, 2017 Valid until November 11, 2020 (based on the first certificate obtained, November 12, 2014)	ISO Organization
	RSPO	September 25, 2014 - September 24, 2019	RSPO
	ISPO	April 30, 2015 - April 29, 2020	ISPO Commission
	SMK3	July 14, 2017 - July 13, 2020	Ministry of Labor and Transmigration

All our CPO development areas are following the RSPO's New Planting Procedures (NPP) in preparation for full RSPO certification, which will be applied for once the estates concerned are producing and have access to an operational CPO mill.

GMIT is currently constructing a frozen line and cold storage facility for frozen edamame. Before commissioning the facility, we will apply for ISO 22000 and BRC food safety certification, both of which are requirements for entering the Japanese market, our initial target export market.

## MEMBERSHIP OF ASSOCIATIONS (102-13)

ANJ is an active member of a number of associations that are aimed at sharing information, improving compliance and improving standards among producers and other stakeholders. Aside from an annual membership fee, no significant additional cost is incurred through these memberships.

### ANJ's Membership in Associations as of December 31, 2017

Association	Role
Indonesian Public Listed Companies Association (AEI)	Participating as an active member.
Indonesian Palm Oil Producers' Association (GAPKI): North Sumatra Branch	Participating in forums to coordinate compliance with government policies, RSPO, ISPO and GAPKI certification.
Association of Large Private Plantations (APBS) Belitung	Participating in forums to coordinate compliance with government policies.

## PRECAUTIONARY APPROACH (102-11)

ANJ is exposed to a range of economic, environmental and social risks, and has adopted a precautionary approach that consists of comprehensive risk management and quality control systems. The application of these systems is explained briefly below.

Our company-wide approach to risk management is overseen by the Risk Management Committee, which reports to the Board of Commissioners. The Committee works with the Board of Directors and the Internal Audit

Unit to regularly re-assess the corporate risk appetite and review both the identification of risks by each division and the measures put in place to control them. The Risk Management Committee is responsible for supervising these activities and advising the Board of Directors on risk management actions and issues. A brief summary of the key risks and control measures is shown below, but a more detailed account can be found in ANJ's 2017 Annual Report (pages 122-125).

### Summary of Risk and Control Measures

RISK	CONTROL MEASURES
CPO price fluctuations	Increasing efficiency; forward sales contracts under certain circumstances
Delayed expansion due to land compensation issues	Extensive public consultations; offering attractive compensation and community development plans; establishing inclusive land compensation committees
Delays in obtaining land rights	Compliance with regulations and principles of responsible and sustainable plantation management to reduce potential for legal obstacles; starting permit processes well in advance
Social conflict and land ownership disputes in the community	Engaging regularly with community stakeholders and cooperating with local government and independent parties (including NGOs) to resolve disputes and improve practices
Difficulties in hiring suitably qualified employees	Ensuring competitive remuneration and benefit packages, living standards as well as career development opportunities

RISK	CONTROL MEASURES
Transportation and logistics disruptions	Developing flexible and reliable transportation systems, improving planning and creating synergies
Disruptions arising from adverse weather, crop disease, pests and natural disasters	Applying best agronomic practices to minimize impacts
Disruption by environmental groups, NGOs or other interest groups	Ensuring responsible plantation development and environmental management, including adhering to sustainability guidelines and commissioning independent assessments; maintaining proactive dialog with interest groups
Low community understanding of plasma program	Regular communication, capacity building for cooperative members
Forex fluctuations	Forward exchange rate contracts and/or increased cash holdings under certain circumstances
Labor cost increases	Incentives and standards to improve productivity



AANE STAFF CHECKING THE ELECTRICITY TRANSACTION PANEL  
 Photo by ANJ Documentation



KAL LABORATORY STAFF TAKING CPO SAMPLES TO MEASURE THE FAT CONTENT  
Photo by Titayanto Pieter

The precautionary approach is also applied through our quality control practices. To assure the quality of our palm oil products, we are highly selective with regard to both our choice of seedlings, using the 25% standard of selected samples, and the FFB that are processed in our mills, for which we use the standard of 98% ripe fruit. In addition, at every stage of the process, from seedling selection to planting, harvesting, grading and processing, there are standard operating procedures (SOPs) that must be adhered to. Further SOPs have been put in place to manage the impacts of our plantation activities, covering peatland management, soil and water conservation, and marginal land management, among others.

Similar SOPs are being developed and revised for our edamame and sago operations. As a pioneer of sago harvesting from natural forest, we are documenting a number of practices that will benefit the sustainable harvesting of sago in future.



# COMMITMENT TO THE ENVIRONMENT



“

*A key success of our biodiversity program is the presence of a population of more than 150 orangutan (*Pongo pygmaeus wrumbii*) in the conservation area managed by KAL.*

”

A BABY ORANGUTAN CHEWS THE BARK OF A KEMPAS TREE IN THE KAL HIGH CONSERVATION VALUE FOREST  
Photo by Hendriyana Rachman



# SAFEGUARDING BIODIVERSITY



We believe that managing biodiversity is a key pillar in sustainable agriculture and we have therefore accorded it due importance in our operational policy. This is articulated in ANJ’s own Sustainability Policy, adopted in 2016, which also underlines our commitment to supporting the Sustainable Development Goals (SDGs) on the protection and conservation of ecosystems and biodiversity.



LONG-TAILED MACAQUE  
Photo by M. Gudie Fithlail Nasution

Several of ANJ’s concession areas include, or are located in close proximity to, protected areas or areas of high biodiversity value (see table below). We believe that managing biodiversity is a key pillar in sustainable agriculture and we have therefore accorded it due importance in our operational policy. This is articulated in ANJ’s own Sustainability Policy, adopted in 2016, which also underlines our commitment to supporting Sustainable Development Goal 15 on the protection and conservation of ecosystems and biodiversity. It is also reflected in, among other things, the fact that we have a dedicated Directorate for sustainability, as well as our sustainability certification from national and international bodies including the RSPO, ISPO and ISCC (see page 26 of this report), and our compliance with

Indonesian laws and regulations, including: **(103-2)**

1. Law No. 5/1990 on the Conservation of Natural Resources and their Ecosystems;
2. Law No. 41/1999 on Forestry;
3. Law No. 18/2013 on the Prevention and Eradication of Forest Destruction;
4. Government Regulation No. 7/1999 on the Preservation of Flora and Fauna Species;
5. Ministry of Environment and Forestry Regulation No. P20/2018 on the Preservation of Flora and Fauna Species.

In 2017 the company did not receive any fines resulting from violations of environmental laws and regulations. **(307-1)**



**Tantyo Bangun**, Chairperson  
International Animal Rescue (IAR) Indonesia

PT KAL's operating area is in part of an important connectivity corridor for the orangutan population in the Gunung Palung-Sungai Putri-Pematang Gadung landscape. The area also contains some important parts of the deep peat ecosystem. For these reasons, commitment is needed for their protection.

That commitment is apparent, starting from the managers in the field, up to the highest levels of management. However, with the growing challenges of orangutan conservation, we now need even stronger efforts by a multistakeholder partnership.

Although the certification and standards referred to above relate primarily to our oil palm operations, we are also endeavoring to apply a similar approach to responsible biodiversity management in our sago harvesting operation operated by ANJAP, which is located close to areas of high biodiversity importance in West Papua. We believe that there are, as yet, no standards or guidelines that relate specifically to sustainable sago forest management.

Specific responsibility for ANJ's work on biodiversity protection rests with two Conservation Managers, who report directly to the Sustainability Director. Complaints or grievances related to biodiversity management may be received and handled through public consultations and stakeholder meetings held during the inception and development stages of any new project. These processes are managed by the Community Involvement & Development (CID) Department, which is also part of the Sustainability Directorate. However, the public can also submit their complaints and concerns about the Company's activities at any time.

### Proximity of Operational Sites to Protected Areas (304-1)

PLANTATION						
Subsidiary	Location		HGU Area (Ha)	Designation	Nearest Protected Area	
	Province	City/District			Name	Distance (Km)
ANJA	North Sumatra	North Padang Lawas	9,411	Oil Palm Plantation	Batang Gadis National Park	57
ANJAS	North Sumatra	South Tapanuli	9,171	Oil Palm Plantation	Siondop Protected Forest	Adjacent
SMM	Bangka Belitung	East Belitung	16,276	Oil Palm Plantation	Senusur Sembulu Protected Forest	4
KAL	West Kalimantan	Ketapang	10,920	Oil Palm Plantation	Gunung Palung National Park	2
PPM	West Papua	South Sorong	32,025*	Oil Palm Plantation	Suabor Protected Forest	3.5
PMP	West Papua	South Sorong	22,678*	Oil Palm Plantation	Suabor Protected Forest	0.175
ANJ	West Papua	Maybrat	36,506*	Oil Palm Plantation	Suabor Protected Forest	0.02
ANJAP	West Papua	South Sorong	40,000 (IUPHHBK-HA)	Sago Plantation	Suabor Protected Forest	0.131

\*Total HGU of nucleus and plasma



We recognize that some of our operational activities could have significant adverse impacts on the plant and animal species not only in the designated protected areas above, but also on buffer zones, river systems, areas that are traversed by wildlife and so on. These potential impacts, along with the measures we are taking to mitigate them, are shown in the table below.

**Significant Impacts of Operations on Biodiversity (304-2)**

OIL PALM PLANTATIONS (ANJA, ANJAS, SMM, KAL, PMP, PPM, ANJ, GSB)			
Phase	Methods	Potential Impacts	Impact Mitigation
Land clearing	Use of heavy machinery	<ul style="list-style-type: none"> <li>• Loss of fauna habitat</li> <li>• Injuries to fauna</li> <li>• Reduction in plant species diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Carrying out High Conservation Value (HCV) studies</li> <li>• Allocating identified HCV areas to be maintained as forest</li> <li>• Taking care during land clearing</li> <li>• Disseminating information about protected plant and fauna species</li> </ul>
Land preparation	Use of heavy machinery	<ul style="list-style-type: none"> <li>• Injuries to fauna</li> <li>• Erosion</li> </ul>	<ul style="list-style-type: none"> <li>• Taking care during land clearing</li> <li>• Disseminating information about protected plant and fauna species</li> <li>• Separating 1 large tree in each block that will be cleared (1 tree 1 block program)</li> <li>• Terracing slopes</li> </ul>
Planting	Manual planting	Injuries to fauna	Disseminating information about protected plant and fauna species
Fertilizer	Manual application of chemical and organic fertilizers	Pollution of soil and water	<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> </ul>
Cultivation	Use of manual and chemical methods	Poisoning of fauna	<ul style="list-style-type: none"> <li>• Disseminating information to workers</li> <li>• Not applying poisonous substances close to conservation areas</li> </ul>
Transportation of FFB	Use of trucks	Injuries to fauna	<ul style="list-style-type: none"> <li>• Placing warning signs in areas traversed by fauna</li> <li>• Disseminating information about protected plant and fauna species</li> <li>• Building wildlife crossings above roads</li> </ul>

OIL PALM PLANTATIONS (ANJA, ANJAS, SMM, KAL, PMP, PPM, ANJ, GSB)			
Phase	Methods	Potential Impacts	Impact Mitigation
CPO processing and production	Mechanical processing of fresh fruit bunches (FFB), as follows: receiving station - loading ramp - sterilizing - threshing - pressing - clarification - purification for CPO, and to the Kernel station for separation of the kernels from their shells.	Environmental impacts: <ul style="list-style-type: none"> <li>• Liquid waste (POME) which is used as fertilizer for oil palms</li> <li>• Dust and air pollution from the boiler</li> <li>• Noise from machine operation</li> <li>• Social impacts:</li> <li>• Improvement in local economy due to absorption of local workforce</li> <li>• Agricultural and fishery products from local community are needed for consumption at the operational site</li> </ul>	Environmental impacts: <ul style="list-style-type: none"> <li>• Building collection ponds to process the decomposition of liquid waste using anaerobic and aerobic bacteria</li> <li>• Building flat beds in the garden 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>
Processing of solid waste from CPO mills	Waste processing	Pollution of soil and water	<ul style="list-style-type: none"> <li>• Utilizing waste for bioenergy</li> <li>• Applying liquid waste to soil in oil palm plantations as liquid fertilizer</li> <li>• Processing solid waste into compost</li> </ul>
Land clearing	Use of heavy machinery	<ul style="list-style-type: none"> <li>• Sedimentation</li> <li>• Reduced water quality</li> <li>• Air and noise pollution</li> </ul> Potential impacts are still being analyzed	<ul style="list-style-type: none"> <li>• Conducting standardized testing of ambient air and water quality as well as noise levels (2 x year)</li> <li>• Monitoring wildlife species</li> </ul>

As noted above, one of the actions we have taken to mitigate the impacts of our operations on biodiversity is to set aside significant portions of our concession areas as conservation zones, where we have identified species that are endangered according to international and national laws and conventions, such as the International Union for the Conservation of Nature (IUCN) Red List and Government Regulation 7/1999. In these areas, which are shown in the table below, we are ensuring that such species are monitored and protected, and their habitats preserved. We have adopted a participatory approach to managing these areas, making it a priority to engage local communities, local government, and where feasible, NGOs with recognized conservation expertise, such as The Nature Conservancy, Conservation International and International Animal Rescue. Information and education campaigns with our employees, contractors, local communities and in schools are a key part of our strategy in raising awareness about the importance of preserving high-value biodiversity, tackling illegal logging

and poaching of endangered species, and preventing forest fires. Our community consultation and alternative income generation initiatives, particularly in West Papua, (discussed in the next chapter, 'Prosperity for All') also play a key role in addressing and resolving issues around the illegal use of protected forest resources. [\(304-3\)](#)

In our natural sago forest concession area in West Papua, where we are developing a sago harvesting operation, our subsidiary ANJAP is currently in the process of delineating a protected zone of 8,150 hectares in which we will identify species that are eligible for protection and then take the necessary actions to monitor and protect them. We have put in place an SOP for the management of this proposed conservation area, and will begin making regular monitoring reports once it is finalized. In addition, although we have not yet identified an NGO to partner with us on managing habitat protection and restoration, we are taking steps to educate and inform the surrounding communities about this.



**Palm Oil Conservation and Habitat Restoration Areas (304-3)**

Operational site	Conservation Area	HGU Area of Nucleus	% of total HGU area	Management	Local community involvement
ANJA	324	9,411	3.45%	ANJA	Yes
ANJAS	2,271	9,171	24.77%	ANJAS, Conservation International	Yes
SMM	1,736	16,276	10.67%	SMM	Yes
KAL	3,844*	10,920	29.01%*	KAL, The Nature Conservancy, Yayasan IAR Indonesia and BKSDA	Yes
GSB	1,138	20,000 (IUP)	5.69%	GSB	Yes
ANJ (West Papua)	>12,000+	36,506**	>33%++	ANJ (West Papua)	In early development
PMP	>7,500+	22,678**	>33%++	PMP	Yes
PPM	>24,000+#	32,025**	>74.94%	PPM	Yes
<b>TOTAL</b>	<b>52,813</b>	<b>156,987</b>			

**Notes:**

- \* Of this 3,844 ha, currently 2,330 ha is located in the Essential Ecosystem Area (Kawasan Ekosistem Esensial, or KEE), outside of our HGU. The KEE status was originated by KAL and approved by the local government in November 2017. KAL has taken responsibility for maintaining the conservation area and the management of this conservation area is included in the tasks of their conservation department.
- \*\* Total HGU of nucleus and plasma.
- + This figure represents the minimum committed conservation areas (consisting of selectively logged forest, riparian buffer, wetland area, etc.) of the date of the publication of this report, based on the current progress of our study. The area set aside for conservation will increase if, during a more detailed land clearing process, we obtain valid data justifying further conservation. This could, for example, include a request from villagers to keep sacred grounds, sources of forest-based livelihoods, or waterways, or the discovery of species that are legally protected, etc.
- ++ As the final conservation area has not yet been determined in the nucleus and plasma HGU, the computation of the percentage represents the minimum percentage.
- # Consisting mainly of a wetland area in the eastern part of PPM.

**Sago Conservation and Habitat Restoration Areas (304-3)**

Operational site	Conservation Area	HGU Area of Nucleus	% of total HGU area	Management	Local community involvement
ANJAP	8,150	40,000 (IUPHHBK-HA)	20.38%	ANJAP	Yes

Our conservation area in Siais, North Sumatra, is managed by ANJAS with Conservation International as our partner for conservation and biodiversity management. Independent verification of the health of the flora and fauna in our conservation area in West Kalimantan attests to the success of our participatory management model. However, we recognize that landscape-level solutions would be more effective in keeping ecosystems intact, with corridors linking our conservation areas with nearby HCV areas, including national parks. Through KAL and in cooperation with the local community, local government, universities and NGOs, we initiated the development of an Essential Ecosystem Area in Ketapang, West Kalimantan, to facilitate the coordinated planning of developed and conserved areas in the district. The Essential Ecosystem Area was formally designated in November 2017 through Governor’s Decree No. 716/



CUSCUS  
Photo by ANJ Documentation



**SRI GUNTING (DICRURUS)**  
Photo by M. Gudie Fithlail Nasution

DISHUT/2017. We hope to use it as a model for further landscape-level conservation initiatives, for example in West Papua.

As discussed above, in the designated conservation areas managed by our palm oil estates we have identified a number of species that are endangered and/or protected based on the IUCN Red List, the Convention on International Trade of Endangered Species (CITES) list, Government Regulation No.7 Year 1999 (PP No.7/1999) and Ministry of Environment and Forestry Regulation No. P20/2018 on the Preservation of Flora and Fauna Species as shown in the table below.

We continue to take action to monitor and protect all these species. Identification of the endangered species in the proposed conservation area in our sago forest concession operated by ANJAP will begin once the area is finalized.

A key success of our biodiversity program is the presence of a population of more than 150 orangutan (*Pongo pygmaeus wurmbii*) in the conservation area managed by KAL. To preserve their habitat, we have planted fruit trees for them to feed on and installed a number of rubber flying bridges to facilitate the movement of orangutans and other species between habitats.

### Protected Species with Habitats in ANJ's Operational Sites (304-4)

The basis for identification was either direct observation by company staff, animal traces or interviews with community members.

SUBSIDIARY	FAUNA		FLORA	
	Total identified fauna species on the IUCN Red List (CR, EN, VU, NT, CD, LC)	Total identified fauna species protected under PP7/1999	Total identified flora species on the IUCN Red List (CR, EN, VU, NT, CD, LC)	Total identified flora species protected under PP7/1999
ANJA	21	12	3	1
ANJAS	13	25	7	3
SMM	29	9	2	0
KAL	25	21	13	8
GSB	44	10	1	0
PMP & PPM	58	51	25	41
ANJ	Research still in progress			

Key to IUCN Status:

CR = Critically endangered  
NT = Near threatened

EN = Endangered  
CD = Conservation dependent

VU = Vulnerable  
LC = Least concern



**Yonatan Fatem**, from Maybrat, West Papua  
Employee of ANJAP Conservation Department

I'm responsible for patrolling and monitoring the conservation zones in ANJAP's concession area, including HCV areas and mangrove forest; identifying protected and non-protected flora and fauna in our concession area; and educating other employees about HCV areas and the rules and policies that support the company's environmental management commitments. I also make and maintain information signboards and report on conservation activities. The most challenging aspect of my job is dealing with mosquitos and flies when I'm patrolling and monitoring the forest.



I learned all about the different tasks and functions involved in managing a conservation area on ANJ's Management Trainee course. I still have frequent contact with my line manager about my activities and my mentors from the course continue to motivate and advise me via social media or face-to-face. I got a lot out of the Management Trainee program and I hope it continues to run well.

## ENVIRONMENTALLY FRIENDLY PEST CONTROL

A key risk in any agricultural operation is the damage to palm trees caused by various types of pest. However, we recognize that certain methods of integrated pest control, such as excessive use of hazardous chemicals, could pose a risk to the environment and local biodiversity. We have therefore endeavored to adopt an environmentally friendly approach to pest monitoring and integrated control management, the methods and results of which are outlined in the table below.

PEST TYPE	CONTROL METHOD	RESULTS
Nettle caterpillars	<p><b>Immature (non-producing) palms</b></p> <ul style="list-style-type: none"> <li>• Picking off caterpillar larvae.</li> <li>• Spraying with Bacillus thuringiensis bacteria.</li> </ul> <p><b>Mature (producing) palms</b></p> <ul style="list-style-type: none"> <li>• Fogging with Bacillus thuringiensis by Bio Fogger type K22 bio.</li> <li>• Regular planting of beneficial plants such as Turnera subulata, Antigonon sp, Cassia cobanensis.</li> <li>• Spraying with environmentally friendly chemicals in case of outbreak.</li> </ul>	Under control: no attack by second generation and no new attacks.
Tirathaba bunch moth	3 <sup>rd</sup> year palm planting until first harvesting: Spraying with Bacillus thuringiensis bacteria.	Under control: good palm vigor, successful bunch formation, estimated high yield at first harvesting.



PEST TYPE	CONTROL METHOD	RESULTS
Oryctes beetle	<ul style="list-style-type: none"> <li>• Application of Entomophatogen Metarrhizium with a locally specific strain, explored and produced by our own R&amp;D, at the initial phase of replanting.</li> <li>• Planting PJ and Mucuna legumes in replanting area prior to palm planting.</li> <li>• Winkling the oryctes beetle when found in the tip of the frond.</li> <li>• Applying carbosulfan granules to protect the growth of the tip of the frond against damage by the Oryctes beetle.</li> </ul>	Under control: very mild attacks, much reduced damage to or death of palms.
Rats	<ul style="list-style-type: none"> <li>• Use of natural predators such as barn owls (<i>Tyto alba</i>).</li> <li>• Application of environmentally friendly rat bait products in case of intense damage by rats</li> </ul>	Under control: mild damage, good bunch formation and healthy fruits.
Termites	<ul style="list-style-type: none"> <li>• Regular and systematic monitoring of palm census.</li> <li>• Earlier spraying with Fipronil following palm census results.</li> <li>• Finding biological control methods through continuous research focus.</li> </ul>	Controlled with continued and systematic monitoring: very mild attacks, reduced death of palms.

Under a four-year research collaboration with CIRAD (the French Agricultural Research Centre for International Development) focusing on integrated pest control, we discovered new ways to manage the Oryctes beetle following the replantation program. Among these were timing Metarrhizium application more effectively, and developing a new strain of Metarrhizium which is effective on Oryctes adults and has the potential to replace much of the chemicals we use.

Over the last three years, we have implemented some of the pest control methods resulting from the research over large areas of our oil palm estates. The results indicate that we can keep the palms healthy and prevent economically damaging attacks by pests.



PREPARATION AND INSPECTION BEFORE PESTICIDE SPRAYING ON THE ESTATE  
Photo by ANJ Documentation



# MITIGATION OF FIRE RISKS

Fire is an ever-present risk in plantation operations and poses further grave risks to the environment, with the potential destruction of plants and wildlife, air pollution and increase in GHG emissions. We have taken a series of mitigating measures in all our producing and developing oil palm and sago estates, including establishing fully equipped and trained emergency response, firefighting and patrol teams and installing fire towers and strategically located warning and information signs. Many of these actions are being taken in coordination

with local authorities and local communities, and both ANJAS and KAL have established Farmer Firefighting Groups. At all sites, we do regular activities to increase the communities' awareness about forest fire risks and what to do in the event of a fire. No fires were reported on any of our estates in 2017; however, there was one fire that affected 30 hectares of land outside the KAL estate, namely 20 hectares in Palansi, Kuala Satong, and 10 hectares in Laman Satong. None of the estate land was affected.



**BRIEFING BEFORE CONDUCTING A FIRE HAZARD CONTROL SIMULATION**  
Photo by ANJ Documentation



**FIRE TOWER AT PPM**  
Photo by ANJ Documentation



**FIREFIGHTING SIMULATION AT KAL**  
Photo by ANJ Documentation

### Empowering Communities to Mitigate Fire Risks

The Farmer Firefighting Group in KAL was formed in part as a response to several large fires that broke out in 2015 along KAL's borders with community farmland. These were triggered by a long dry season, the use of burning by local communities to clear land, and illegal logging in the conservation forest areas bordering the KAL estate. Firefighting efforts were further complicated by burning peatland. To mitigate future forest fire hazards, KAL took various actions, including strengthening its SOP on fire prevention and control (SOP-EHS-005), improving the capability of our Emergency Response Team and installing more fire towers, water pumps and reservoirs. These steps were taken in collaboration with stakeholders such as the Agriculture and Plantation Agency, Manggala Agni (the Forest Fire Brigade), and local police and military units.

Recognizing that the local communities are equally important stakeholders, KAL also initiated a social approach. The External Affairs-Community Involvement & Development (EA-CID) Department began by engaging the community in the villages of Laman Satong, Kuala Satong and Kuala Tolak, close to the KAL estate, to reach a shared understanding and awareness about the risks and how to mitigate them. This led to MOUs between KAL and the village governments on fire prevention and control cooperation, and in 2016 KAL facilitated the establishment of a Farmer Firefighting Group (KTPA) in Laman Satong. KAL followed this up by supporting the formation of KTPAs in Kuala Satong and Kuala Tolak.



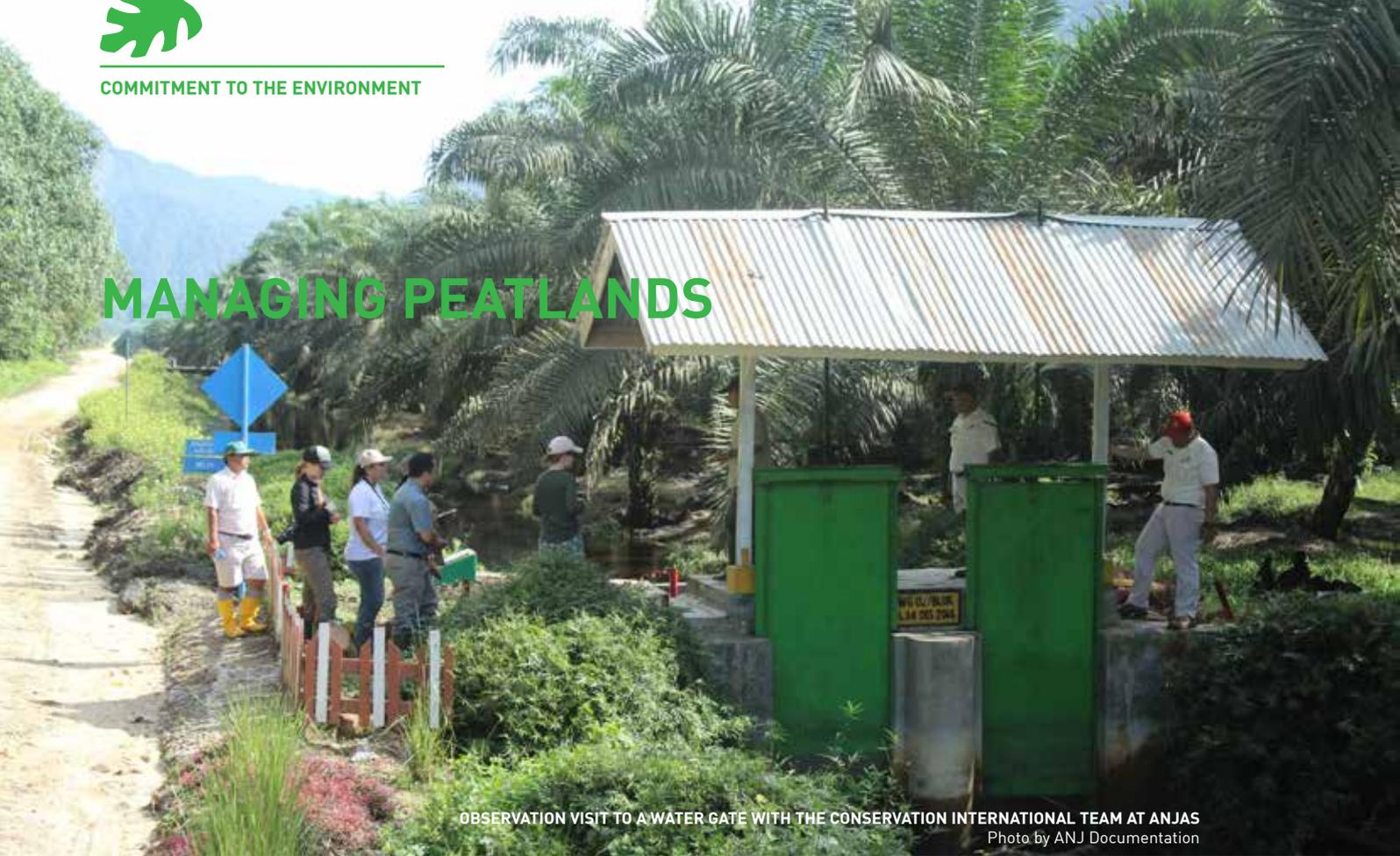
**RESOURCE PERSON FROM MANGGALA AGNI MAKING A PRESENTATION DURING THE TRAINING FOR FARMER FIREFIGHTING GROUPS AT KAL**  
Photo by ANJ Documentation

In collaboration with the Manggala Agni in Ketapang, KAL then trained the KTPAs on the different types of forest fire and how to control them, and provided them with personal protective equipment. Since then, KAL has continued to provide support with firefighting facilities and infrastructure.

The Agriculture, Livestock and Plantation Office of Ketapang Regency as well as the chiefs of the respective villages have all expressed their appreciation to KAL for facilitating the firefighting groups, and have pledged their commitment to preventing fires in the area. The KTPA initiative combines risk mitigation and community empowerment. It also supports KAL's compliance with Law No. 39/2014 on Plantations, Ministry of Agriculture Regulation No. 47/2014 concerning Brigades and Guidelines for the Prevention and Control of Land and Plantation Fires, and Minister of Environment and Forestry Decree No. 32/ 2016 concerning Forest and Land Fire Control.



# MANAGING PEATLANDS



OBSERVATION VISIT TO A WATER GATE WITH THE CONSERVATION INTERNATIONAL TEAM AT ANJAS  
Photo by ANJ Documentation

As well as serving an important biodiversity function, peatlands preserve significant amounts of carbon. This has been acknowledged by the Indonesian government, which has adopted peatland management as part of its carbon emission reduction strategy, as specified in:

- Minister of Agriculture Regulation No. 14/2009 on the Guidelines on Peatland Development for Oil Palm Cultivation;
- Government Regulations No. 71/2014 and No. 57/2016 on the Conservation and Cultivation of Peatland Ecosystems; and
- Presidential Regulation No. 1/2016 on the establishment of the Peatland Restoration Agency.

In compliance with these regulations, and in line with the RSPO ban on the cultivation of peatland in HCV areas by its members, we have taken action to preserve the peatlands in our concession areas. These include not developing peat and wetlands, as specified in our Sustainability Policy, and following best practice with regard to managing and utilizing water within peatlands in order to prevent carbon release and fire.

As of December 31, 2017, a total of 11,075.82 hectares of peatland had been recorded in the plantations managed by ANJAS and KAL. We have not detected any peatland in any of our other plantations managed by ANJA, SMM or GSB. Moreover, according to the Indicative Map of the Moratorium on Issuing New Licenses (PIPIB), which refers to the Ministry of Environment and Forestry Decision Letter SK No. 351/MENLHK/Setjen/PLA.1/7/2017, there are no indications of peatland in any of our development areas managed by

PMP, PPM and ANJ in West Papua. We have performed certain procedures to check the physical existence of peat areas within our concession, including using an independent third party soil investigation. Any identified peat areas within our land rights are automatically treated as conservation areas.



KAL STAFF MEASURE THE WATER TABLE LEVEL IN PEAT LANDS  
Photo by Titayanto Pieter

## REDUCING SUPPLY CHAIN IMPACTS (308-2)

We seek to minimize any adverse social, economic or environmental impacts arising not just from our own operations but throughout ANJ's supply chain. To this end, we have a defined procurement policy that requires that all goods and services are procured professionally, independently, efficiently and effectively, and in compliance with good corporate governance principles. As well as meeting specific qualification standards regarding their technical, financial and administrative capacity, vendors are also required to comply with ANJ's standards for environmental, health and safety management systems as well as our Sustainability Policy. This helps to enhance traceability across the supply chain and build in greater visibility for the purposes of quality

control and risk management. Overall responsibility for vendor compliance rests with the Procurement & Logistics Department under the Finance Directorate, with assistance from the Compliance Management Department under the Operations Directorate. In 2017 there were no negative environmental impacts caused by vendors that had been selected on environmental criteria.

All existing and new vendors that have a cooperation contract with ANJ or any of our subsidiaries are bound by that contract to our Sustainability Policy. In 2017, vendors were required to attend an information session on ANJ's sustainability policy. ANJ had a total of 1,811 vendors in 2017.

### ANJ Sustainability Policy Information Sessions Held in 2017

Subsidiary	Venue	Attendees
ANJA	GM's office, Binanga Estate	12 vendors
ANJAS	GM's office, Siais Estate	15 vendors
KAL	Meeting Hall, KAL Estate Office, Ketapang	40 vendors
SMM & AANE	ALC Belitung	18 vendors
GSB	GM's office, Empat Lawang Estate	4 vendors
PPM, PMP, ANJ (West Papua) & ANJAP	Sorong	52 vendors
PPM, PMP & ANJ (West Papua)	PPM Office	15 vendors
GMIT	GMIT Office	17 vendors

In addition to ensuring vendor compliance, the company is also taking steps to enhance the role of small businesses and suppliers around our estate locations, and in so doing, empower local communities and reduce the risk of social conflict. One example is in the districts of Belitung and East Belitung, where SMM has established an empowerment program for the independent smallholders who supply the company with fresh fruit bunches (FFB). The initiative evolved out of an effort to resolve a conflict that arose in late 2016 when the company briefly stopped accepting FFB from local farmers due to the poor quality of the fruit. The program, which was designed by SMM's CID Department

and launched in early 2017, covers both theory and hands-on practice at the demonstration plots managed by each of the participating farmer cooperatives, as well as coaching, all aimed at helping the farmers to improve their farming techniques and thereby raise the quality of their produce. This will, in turn, contribute to improving the income they receive from selling to SMM and other companies. The program is an inter-departmental collaboration involving the estate, mills, security, External Affairs and CID. There are plans to expand it by developing quality guidelines and introducing certification for the farmers, which will support ANJ's efforts to improve traceability.



# MANAGING WASTE



AANE UTILIZES METHANE EXTRACTED FROM POME PRODUCED BY SMM TO PRODUCE BIOGAS FUEL

Photo by ANJ Documentation

## Waste by Type and Disposal Method

Significant amounts of waste are produced in the harvesting and processing of oil palm, sago and edamame. To minimize the environmental impact of this, we have adopted a zero waste approach that emphasizes the reuse or recycling of non-hazardous waste and the safe disposal of hazardous waste. All waste utilization and disposal is reported periodically to the relevant agencies.

The hazardous waste generated by our palm oil estates and mills includes used oil, used batteries, oil/diesel filters, used lamps, fabric, clinical waste, pesticide packaging, used hoses, oil packaging and paint cans. None of this hazardous waste is reused, but is instead stored in licensed temporary on-site storage units before being collected periodically by third party waste management companies.

Non-hazardous waste from our palm oil estates and mills is treated and utilized where feasible. However, the same types of waste may be treated differently at different sites. Some solid palm oil waste (fiber from empty fruit bunches and palm kernel shells) can be used for composting, adding valuable nutrients to the soil, or as biomass fuel for the boilers in our CPO mills. Palm oil mill effluent (POME) is treated anaerobically at our waste water treatment plants, and in some estates returned to the land as a high-nutrient fertilizer after meeting legal quality standards. At its CPO

mill in Belitung, our subsidiary SMM extracts methane from POME, which is then used as biogas fuel by our power plant operated by AANE and sold to the national electricity company, PLN. Organic and inorganic domestic waste is generally given to collectors.

In our Sumatra and Kalimantan estates (ANJA, ANJAS, KAL, SMM and GSB), non-hazardous domestic waste is not incinerated but is placed in temporary storage units before being collected by third parties and transported to a landfill in the vicinity of the concession area.

In the Papuan estates (PPM, PMP and ANJ), non-hazardous domestic waste is dealt with as follows: inorganic matter from our operational activities is stored temporarily on site before being transferred to third parties, while organic matter is collected and taken to a landfill in the vicinity of the concession area. Our sago factory at ANJAP also uses biomass as fuel for most of its production.

All waste produced by our contractors is managed by the contractors concerned, and not disposed of in our estates. GMIT, which operates our edamame harvesting business, provides leave-stem waste from the edamame plants to local cattle farmers in exchange for cow manure, which is then processed into compost and applied to the soil. This has delivered significant improvements in edamame yield and quality.

## CONTROLLING GHG EMISSIONS (305-1)

Like any other business with significant processing and transportation operations, ANJ generates emissions into the air that can be harmful to the environment, specifically by contributing to the 'greenhouse' effect. In line with our commitment to protecting the environment, as well as the conditions for RSPO, ISPO and ISCC certification, we attempt to identify, measure and reduce the greenhouse gas (GHG) emissions from our operations. These actions are also compliant with the government's commitment to controlling GHG emissions, as articulated in various regulations, including the following:

1. Presidential Regulation No. 71/2011 on the National Greenhouse Gas Inventory;
2. Presidential Regulation No. 61/2011 on the National Action Plan for Greenhouse Gas Reduction;
3. Presidential Regulation No. 62/2013 on the Managing Agency for the Reduction of Greenhouse Gas Emissions from Deforestation, Forest Degradation, and Peatland; and
4. Regulation of the Minister of Environment No. 15/2013 on the Measurement, Reporting and Verification of Climate Change Mitigation Actions.

The data in this section reflect the monitoring of emissions from our palm oil estates and mills based on the reporting standards required for RSPO, ISPO and ISCC certification. They cover only ANJ's operational palm oil estates (ANJA, ANJAS, SMM and KAL). The development palm oil estates operated by GSB, PPM, PMP and ANJ, as well as the edamame business operated by GMIT, do not yet have fully operational mill/processing plants and are therefore not yet reporting GHG emissions, although they are preparing to do so, as is ANJAP.

The following tables show GHG emissions in 2017 as calculated for the RSPO, ISPO and ISCC certification systems for ANJ's producing estates.

### Palm GHG Emissions, RSPO Ver. 3

Subsidiary	Estate Emissions (Ton CO <sub>2</sub> /Ton FFB)		Mill Emissions (Ton CO <sub>2</sub> /Ton FFB)		Total Emissions (Ton CO <sub>2</sub> /Ton CPO)	
	2017	2016	2017	2016	2017	2016
ANJA	0.19	0.30	0.12	0.14	1.54	1.68
ANJAS	1.17	1.27	0.12	0.15	4.80	5.35
SMM	0.07	0.91	0.07	0.03	0.52	4.23
KAL	3.73	7.05	0.03	0.11	15.9	28.12

The increase in mill emissions of 0.04 ton CO<sub>2</sub>/ton FFB at SMM was attributable to less absorbent of POME in 2017 (76%) than in 2016 (97%).





# PROSPERITY FOR ALL

“

*We aim to establish and maintain relationships with the local people that are founded on respect and mutual benefit.*

”

EARLY CHILDHOOD EDUCATION ACTIVITIES IN BENAWA 1  
VILLAGE FACILITATED BY ECCD RC FIELD STAFF  
Photo by ECCD RC Documentation



## UPHOLDING HUMAN RIGHTS



All our employees, partners and suppliers are responsible for ensuring that human rights are respected, and responsibility for the policy enforcement is embedded in every department. ANJ has put in place policies and SOPs to ensure, for example, that none of our subsidiaries or their suppliers employ underage workers and do not engage in any forms of forced or compulsory labor.



TRAINING FOR THE PMP SECURITY TEAM  
Photo by Nawakara Documentation

As an agribusiness company, the continuity of our business rests on our ability to maintain a conducive relationship with our most valuable asset, our farmers, as well as our stakeholders in the surrounding communities. We therefore do our utmost to implement best practices with regard to human rights. We also recognize that companies that operate in the plantation sector often come under intense scrutiny for potential human rights violations, and we therefore aim to make our policies and processes as transparent as possible. For example, our human rights commitments and responsibilities are outlined in our

Sustainability Policy; moreover, all vendors are required to sign a statement of commitment to this policy. This is in line with our own internal employment regulations, which in turn refer to national employment laws and regulations. In addition, our palm oil subsidiaries ANJA, ANJAS and SMM are all RSPO certified, indicating that they have complied with the RSPO's principles and conditions relating to human rights. RSPO certification for KAL is still in process and our development plantations (GSB, PPM, PMP and ANJ) will be eligible to apply for certification once they have operational palm oil mills.



MEETING WITH COMMUNITY (MOTHERS' GROUP) IN SOUTH SORONG  
Photo by ECCD RC Documentation

All our employees, partners and suppliers are responsible for ensuring that human rights are respected, and responsibility for the policy enforcement is embedded in every department. ANJ has put in place policies and SOPs to ensure, for example, that none of our subsidiaries or their suppliers employ underage workers and do not engage in any forms of forced or compulsory labor. As of the end of 2017, there had been no reports of any cases of child labor, forced or compulsory labor at any of our subsidiaries or suppliers, and no indication that any of those organizations were at significant risk for such cases.

We also have policies to ensure that the rights of indigenous peoples are respected, for example through the free prior and informed consent (FPIC) process, which was undertaken at the early stages of development of our oil palm and sago plantations in West Papua (PPM, PMP, ANJ and ANJAP) to ensure that local communities had a full understanding of the proposed developments and guarantee their right to withhold consent to ANJ's plans. In all our subsidiaries, regular public consultations ensure that the concerns of local communities are heard and addressed in good faith. Such concerns typically involve disputes over land or tribal boundaries, land compensation, entitlements related to the plasma program and the provision of local infrastructure. [\(408-1, 409-1\)](#)

ANJ is committed to protecting all of its employees and assets from security threats by implementing effective mitigation to identified security risks. To ensure compliance with government regulations and human rights, security personnel must possess Security Basic Training Certification, which includes Ethics and Voluntary Principles on Security and Human Rights. [\(410-1\)](#)

These efforts notwithstanding, a number of allegations were made in 2017 in relation to one of our subsidiaries, PPM, in South Sorong district, West Papua, and members of the Mobile Brigade (a unit of the National Police) who are assigned to provide security for PPM. Specifically, there were allegations of intimidation and physical violence against members of the Iwaro tribe, the original inhabitants of the area where PPM operates, stemming from a series of alleged violations by the company of the traditional land rights of the Iwaro people, including failure to pay compensation for land, failure to consult with local people regarding the status of the land, and a lack of transparency regarding PPM's socioeconomic empowerment programs for the community. Said complaints were published on behalf of the victims in a press release by representatives of a number of NGOs acting under the banner of 'Solidarity for the Victims of Violence and the Indigenous People of Iwaro, West Papua' on November 20, 2017.



GROUP PHOTO FOLLOWING THE STAKEHOLDER MEETING AT ANJAS  
Photo by ANJ Documentation

After conducting an investigation, ANJ strongly rejected the claims, providing an alternative timeline and version of events, and confirming that the alleged victim of assault did not suffer the injuries reported, is in good health and continues to live at the PPM contractor camp. It also stated that in 2014, PPM had obtained a signed agreement from the Iwaro people for the use of the forest, and continued to communicate intensively with the community and the local government regarding the amount of compensation to be paid. In addition, PPM continues to communicate the company's plans, including its rights, socioeconomic and cultural empowerment programs, and address the

community's concerns through stakeholder meetings, public consultations (as part of the ongoing FPIC process) and other forums, as well as through regular communication via the company's community relations officers at each location. (411-1)

As a member of the RSPO, ANJ complies with the RSPO principles and criteria on human rights and community engagement. We recognize that protests and disputes are part of this engagement and attempt to resolve any issues through ongoing, open communication and a joint approach to problem solving.



GROUP PHOTO FOLLOWING THE STAKEHOLDER MEETING AT ANJA  
Photo by ANJ Documentation



## STRENGTHENING HEALTH AND SAFETY IN THE WORKPLACE (403-2, 403-3)

A measure of the value we place on our employees is the priority we give to ensuring their safety and wellbeing at our operational sites. As well as being integral to our responsible development approach, maintaining high standards with regard to workplace health and safety is also a legal requirement, as articulated in Law No. 1/1970 on Occupational Safety, and Government Regulation No. 50/2012 on Occupational Safety and Health Management Systems. Each subsidiary has formally established a Health and Safety Committee, comprising both management and employees, to ensure that all health and safety procedures are in compliance with both company policies and legal requirements. The committees also serve as a channel for employees' concerns or complaints, which can also be conveyed through the bipartite forum and ANJ's whistleblowing mechanism (see ANJ Annual Report 2017 pages 89 and 133).

Our workplace health and safety management systems and practices, which are codified in a number of SOPs, are regularly audited to ensure that they comply with nationally and internationally recognized external standards and practices, as reflected in the health and safety certification held by our operational business units (please refer to ANJ Annual Report 2017 page 58 and 88). The above standards are already being implemented in our development estates as well as our sago and edamame business units in preparation for certification.

The Health and Safety Committees are overseen by the Environment Health and Safety (EHS) Department, which is responsible for developing and monitoring safety policy, standards and guidelines. Each estate has at least two EHS Officers, who monitor environment and safety activities, compliance and certification, and provide daily safety briefings. All employees are expected to take personal responsibility for their own safety, and undergo comprehensive safety training upon joining the company as well as taking part in mandatory training, drills and simulations, which are conducted year round.

While our overall safety goal is Zero Accidents (no lost time injuries), we have also set a target for our operational plantations of no more than three minor findings on the OHSAS 18001 and ISO 14001 audits (which was achieved in 2017) and Golden Flag achievement on the SMK3 (Indonesian OHSAS equivalent) audit. The results can be seen on page 88 of the 2017 Annual Report.

The EHS Department records and classifies all work accidents in accordance with Ministry of Manpower and Transmigration regulations (MoMT Regulation No.03/MEN/1998 on the Recording and Inspection of Accidents and Director General of Industrial Relations and Employee Supervision No.:KEP.84/BW/1998 on the Completion of Accident Reports and Statistical Analysis. The results from 2017 are shown in the following table. There were no fatalities in 2017. [\(103-2\)](#)



OCCUPATIONAL HEALTH AND SAFETY MESSAGES ARE INCLUDED IN THE MORNING BRIEFING AT THE ANJAS PALM OIL MILL  
Photo by ANJ Documentation



### Total Recordable Incidents for All ANJ Operational Plantation Subsidiaries

Accident Classification	ANJA		ANJAS		SMM		KAL		PPM		PMP		ANJAP		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Fatality</b>	0	1	0	0	0	0	0	0	0	0	0	0	0	N/A	0	1
<b>Restricted Work Injury</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	0	0
<b>Occupational Disease</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	0	0
<b>Medical Treatment Injury</b>	1	0	2	1	2	1	3	3	1	0	0	0	0	N/A	9	5
<b>Lost Time Injury</b>	0	2	0	3	1	1	2	0	1	0	1	0	4	N/A	9	6
<b>Total Recordable Incidents</b>	1	3	2	4	3	2	5	3	2	0	1	0	4	N/A	18	12

Notes:

- PT. ANJAP did not systematically record or monitor TRI in 2016.
- Cases of fire, near misses, environmental pollution, property damage and first aid are not included in the calculation of TRI.
- The table shows only work accidents involving ANJ employees and not those involving contractors or suppliers.

Total Recordable Incidents represents the sum of cases of restricted work injuries, occupational disease, medical treatment injuries, lost time injuries and fatalities. In 2017 there was a decrease in TRI in the operational areas of ANJA and ANJAS, while other regions experienced an increase, despite numerous actions aimed at preventing accidents, including road shows, training, meetings and OHS campaigns.

In 2017 there were no employee fatalities in any of ANJ’s operational areas, whereas in 2016, there was one fatal accident at ANJA Binanga. This caused a sharp increase in the number of lost workdays, resulting in 6,000 working days lost.

### Total Working Days Lost for All ANJ Operational Plantation Subsidiaries

Accident Classification	ANJA		ANJAS		SMM		KAL		PPM		PMP		ANJAP		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Days Lost</b>	0	6,016	0	32	2	2	4	0	3	0	7	0	99	N/A	115	6,050

The highest number of working days lost in 2017 was recorded by ANJAP, at 99 lost workdays, while ANJA, ANJAS and PMP recorded zero days lost.

In compliance with the regulations set by the Ministry of Manpower and Transmigration based on ILO standards, ANJ also calculates the accident frequency rate (FR) and severity rate (SR).



HEALTH CHECK-UP AT THE ANJA POLYCLINIC  
Photo by ANJ Documentation



OCCUPATIONAL HEALTH AND SAFETY INFORMATION BOARD  
Photo by ANJ Documentation

We recognize that improving employee safety awareness is not easy, and that in order to achieve Zero Accidents we need to ensure that all parties participate intensively in OHS programs and set clearer and more measurable targets.

In cooperation with the site-level EHS Committees, the EHS Department regularly assesses and analyzes the potential health and safety hazards and risks associated with particular operational activities, such as working at heights or pesticide spraying.

Mitigating actions for these risks, which are set out in specific SOPs, include specialized training, provision of personal protective equipment, providing supplemental nutrition for employees who are exposed to chemical substances (even within safe limits), and the use of permit schemes and lockout-tagout (LOTO) systems. Some examples of high-risk activities are shown in the table below. In addition, it is company policy to ensure that pregnant women do not work in any capacity where their condition exposes them to additional risks, such as chemical spraying or handling, or working at heights. [\(403-3\)](#)

### High-Risk Activities and Their Mitigation

No	Hazardous Activities at PT ANJ Tbk Plantations	Location	Administrative Controls	Personal Protective Equipment
1	Harvesting fresh fruit bunches (FFB)	Estate	Awareness-raising and training	Boots and safety helmets
2	Mixing of chemicals (pesticides/herbicides)	Estate	Awareness-raising and training	Boots, safety goggles, respirators, rubber gloves and aprons
3	Harvesting near power lines	Estate	Awareness-raising, training and supervision during work	Boots, safety helmets and cotton gloves
4	Welding and cutting	Central Workshop & Transportation	Work Permit for welding and cutting	Safety shoes, welding goggles, leather gloves, aprons
5	Working at heights	Mill	Work Permit for working at heights	Safety shoes, safety helmets and full body harness
6	Working in restricted spaces	Mill	Entry Work Permit and gases check	Safety shoes, safety goggles and respirators



# EMPOWERING AND ENHANCING COMMUNITIES (413-1) (203-1)

**We recognize that a key factor in the long-term sustainability of our business is the strength of our relationships with the communities in and around which we operate.**

In many cases, we depend on local communities as a source of labor; in some areas, we require the agreement of indigenous communities to access lands to which they may have traditional rights of ownership, occupation or use. We therefore aim to establish and maintain relationships with the local people that are founded on respect and mutual benefit, as well as a commitment to minimize the adverse societal and environmental risks and impacts of our operations. In this way, we seek to work as equal partners with our communities to build resilience and social and economic wellbeing. Our commitment to engaging and empowering stakeholders and their communities is enshrined in our Sustainability Policy as well as being among the conditions of our RSPO, ISPO certification and included in the principles of ISO 26000. More broadly, our work is aligned with the Sustainable Development Goals, specifically SDGs 1 (No Poverty), 2 (No Hunger), 3 (Good Health and Well-being), 4 (Quality Education), 6 (Clean Water and Sanitation) (this will be the basis for Goal 3), 8 (Decent Work and Economic Growth), 16 (Peace, Justice and Strong Institutions) and 17 (Partnerships for the Goals).

In Papua, to achieve these goals, we also need to balance our efforts with our commitment to SDG 15, Life on Land. Our focus is on sustainable approaches to natural resource management, which include improved management of forest areas, their wildlife and ecosystems, and zero net-deforestation in Indonesia. This sustainable approach means that we are not fully embracing zero deforestation in specific regions of our operation as this conflicts with efforts to achieve other SDGs in that specific area. We believe that the Sustainable Development Goals can be achieved optimally through a dynamic balancing of all efforts to achieve all 17 Goals.

We identify potential impacts and risks and determine strategic and relevant actions through various mechanisms including social mapping, ethnographic studies and social and environmental impact assessments. The results of

these inform our engagement with stakeholder communities using approaches that are deemed appropriate to the local context, such as free prior and informed consent (FPIC), which aims primarily to prevent conflicts with local communities over land using a rights-based approach; public consultations; regular stakeholder meetings and committees. These are designed to ensure that community members are empowered to understand the potential impacts of the company's plans and to play a meaningful role in the planning, implementation, oversight and evaluation of local development initiatives and programs.

The same mechanisms can also be used for channeling and resolving grievances and complaints, although these can be submitted to the company at any time. ANJ has specific SOPs relating to the handling of grievances, and these apply to all our subsidiaries. [\(103-2\)](#)

Overall responsibility for community engagement and empowerment is held by the External Affairs (EA) and Community Involvement and Development (CID) Departments, which work through dedicated stakeholder engagement and community relations teams in each subsidiary. Team members receive regular training on relevant topics such as rural communication, participatory approaches, community development program management and customary laws. In 2017, 25 personnel received training on conflict resolution.

All ANJ subsidiaries have conducted social impact assessments and these are reviewed every year. Informed by our mapping, impact assessments and consultations we have initiated sustainable community empowerment initiatives at each operational site that are planned and implemented in consultation with the communities as equal partners. To maximize the impact of these programs, we also cooperate with NGOs with relevant experience and expertise. Our programs focus on enhancing access to and the quality of education and health facilities; improving economic opportunities through the plasma program and sustainable income generation initiatives; providing support and training to our smallholder partners to improve the quality of their produce; and building social infrastructure. These investments not only contribute to strengthening community cohesion, preventing conflict and improving the sustainability of ANJ's operations, but also promote and facilitate solutions to pre-existing problems in the surrounding communities and environment, in keeping with our ambition to be a good corporate citizen.

The results of all social impact assessments, local community development programs, stakeholder mapping, stakeholder meetings, and response to grievances are fully documented and disclosed to the public.



## KEY COMMUNITY ENGAGEMENT AND EMPOWERMENT PROGRAMS IN 2017



Photo by ANJ Documentation

### ANJA

#### Adiwiyata School

ANJA works to strengthen schools in the ANJA estate complex with the support of the Austindo Nusantara Jaya University Foundation. Education is provided for the children of staff and employees through schools within the ANJA and ANJAS estates. The Adiwiyata School platform is used as a reference for the development of education in these schools.



Photo by ANJ Documentation

### ANJA

#### Clean water access

In 2017, ANJA built clean water facilities in the villages of Simangambat Julu, Aek Raru, Langkimat, Janji Matogu and Huta Baru, all located in Simangambat District, North Padang Lawas Regency. These facilities have reduced the communities' dependence on the Sionggoton River which often recedes and becomes muddy during the dry season.



Photo by ANJ Documentation

## ANJAS

### Health program

In collaboration with the ANJAS Polyclinic team, the CID team worked to strengthen posyandu cadres in villages around the ANJAS estate. This was done to raise community awareness about the importance of maternal and child health, and about clean and healthy living behaviors.

## ANJAS

### Support for School

ANJAS contributes to the procurement and repair of facilities at several schools in the vicinity of the ANJAS estate.



Photo by ANJ Documentation

## KAL

### KTPA program

Forest and land fires are a challenge for both KAL and the stakeholders in the vicinity. KAL therefore facilitated the communities in Laman Satong, Kuala Tolak and Kuala Satong to form Farmer Firefighting Groups (KTPA). KAL does regular awareness-raising, training, mentoring and monitoring to strengthen the capacity of the KTPA.



Photo by ANJ Documentation



Photo by ANJ Documentation

**SMM**

**Education**

Working with ProVisi Education, SMM is strengthening teacher capacities by holding classroom management workshops. SMM has also facilitated parents' committees to work together with the school management on improving their schools. This is complemented by mentoring for teachers, school management and the parent committees.



**GSB**

**Livelihoods programs**

GSB is focusing on improving families' economic status in its operating area in Empat Lawang District, South Sumatra. In 2018 GSB assisted local communities to cultivate catfish using a biofloc system.

To improve the knowledge and skills of young people around the operating area so that they have added value and are ready to enter the workforce, GSB is organizing English and Japanese language courses.



Photos by ANJ Documentation



Photo by ECCD RC Documentation

## PAPUA

### Early Childhood Education (ECE)

ANJ's subsidiaries in Papua are collaborating with ECCD-RC to develop ECE activities in villages around the operating area (Benawa, Kauri, Sumano, Puragi and Tawanggire) in South Sorong Regency. ECCD-RC empowers women to become local ECE teachers and coordinates with the South Sorong Regency Education Office. 150 children are being served by 5 ECE sites facilitated by ECCD-RC.



Photo by YPCII Documentation

### Community Empowerment on Health

In partnership with YPCII, ANJ's subsidiaries in Papua are strengthening health worker capacities at the Kais District Health Center, South Sorong Regency, so that they can develop service programs effectively. At the community level, YPCII is empowering posyandu cadres to carry out regular activities, which are complemented by the provision of supplementary feeding and vitamin A. YPCII is also providing training on making complementary food for breastfeeding and facilitating the establishment of mothers' groups that are tasked with promoting maternal and child health in the villages and encouraging mothers to take their babies regularly to the posyandu. YPCII is also encouraging communities to make communal agreements on environmental hygiene and attention to maternal and child health.



**Horticulture**

ANJ is collaborating with Yayasan Paramitra on an organic farming program for the communities of Puragi, Tawangire, Unae, Saga, Kaori, Marai, Benawa 1 and Sumano. Paramitra’s field extension staff are providing training and assistance on various community agriculture activities, including developing a demo vegetable plot and making their own compost.



Photos by Yayasan Paramitra Documentation



Photo by ANJ Documentation

**Assistance to Local Craftspeople**

Grass cloth and noken (bags woven from tree bark fiber) are typical local handicrafts in Papua. The CID team supported women who make grass cloth and noken in Saga and Puragi villages, South Sorong, to make various models and market them in Sorong.

**GMIT**

**Edamame school**

GMIT field extension staff provide an explanation to a group of students visiting the edamame fields of GMIT’s partner farmers.



Photo by ANJ Documentation



### Education

In the education sector, our priority is improving education from early years to high school and adult learning. By the end of 2017, ANJ was working with the Early Childhood Care and Development Resource Center (ECCD-RC) in five villages in West Papua, on social, physical, cognitive and emotional development in early childhood (0-8 years) and home-based parenting and education. Working through local mothers trained as community change agents, this initiative helps to build a strong foundation for lifelong learning.

ANJ is also supporting students in Papua through the provision of educational scholarships.

In our producing estates in Sumatra and Kalimantan, i.e. ANJA, ANJAS, KAL and SMM, we are supporting local schools to gain accreditation as Adiwiyata schools, the government's program to create high performing 'green' schools that serve as a focal point for embedding a better understanding of sustainability and environmental management among school students and the wider community.

Through our educational foundation, Yayasan Perguruan Austindo Nusantara Jaya, we also provide schools that offer the full 12-year compulsory education from pre-school up to middle school for the children of employees on the ANJA and ANJAS estates. In 2017, a total of 1,538 children were studying at these schools.



NAOMI, A CHILD IN PURAGI VILLAGE, METEMANI DISTRICT, SOUTH SORONG, IS HELPED TO LEARN BY HER MOTHER. THIS IS PART OF THE HOME-BASED PARENTING APPROACH PRACTISED BY ECCD RC. Photo by ECCD RC Documentation



**Nindyah Rengganis**

Project Manager, Support for Child-Friendly and Culture-Friendly ECE in South Sorong, West Papua.

The Yogyakarta Early Childhood Care and Development Resource Center (ECCD-RC) has been partnering with ANJ since 2016 to support access to early childhood education (ECE) in five villages close to ANJ's operations in South Sorong. We are strengthening community-based ECE that is both child-friendly and culture-friendly, and advocating for the government to take responsibility for ECE as it is a community right. ECCD-RC works through facilitators who are placed in the villages.

When ECCD-RC first began working there, there were few ECE services and children lacked the ability to do basic reading, writing and counting, which are important for pre-school development. However, the parents demonstrated a strong desire to improve their children's condition.



ECE prepares children for primary school by helping to familiarize them with routines and preparing them to read, write and count in line with their cognitive, language and social-emotional development, all in a playful and fun atmosphere. Now that we have found mothers from the villages who are willing to teach, the preparation for school can begin at an early age. The mothers are playing an important role by providing easy and inexpensive learning activities at home, by making everything at home, from household equipment to daily activities and even mums' and dads' stories, into meaningful learning resources for early childhood.

ANJ has demonstrated its willingness to invest in education right from early childhood. This is part of its corporate responsibility to uphold a sustainable partnership between the company, the Papuan community and the environment. As one of the community leaders in Sumano Village, Mr. Agus Hadome, put it, "We have released our forest for investment, so the company must plant people, through education."

If ANJ's commitment to sustainability is central to its business, it must maintain its investment in education, ensuring that the community is always involved.



GETTING TO KNOW SHAPES AND COLORS IN AN ACTIVITY AT THE PURAGI ECE SILO, METEMANI DISTRICT, SOUTH SORONG, FACILITATED BY ECCD RC FIELD STAFF.  
Photo by ECCD RC Documentation



CHILDREN PARTICIPATING IN AN ECE ACTIVITY IN PURAGI VILLAGE.  
Photo by ECCD RC Documentation



POSYANDU ACTIVITIES IN BENAWA VILLAGE, FACILITATED BY YPCII  
Photo by YPCII Documentation

## Health

Several integrated health programs are making a real difference in communities across our operations. The Water Access, Sanitation and Hygiene (WASH) initiative is spearheading public education as well as the building of wells, reservoirs and public toilets to support clean and healthy living. In collaboration with Yayasan Pembangunan Citra Insan Indonesia (YPCII), health authorities, local health centers and health volunteers, PPM and PMP are implementing the Matahariku program, which is designed to enhance the health and nutritional status of women and children through improving community health management and delivery.

The Matahariku program has already recorded measurable impacts. According to YPCII's baseline study conducted in Kais district in October 2016, 23.81% (15 out of 63) of children under two and 38.46% of 2 to 5-year-olds (30 out of 78 children) were moderately or severely malnourished. By December 2017, following just over a year of interventions by ANJ in partnership with YPCII, this figure had fallen to 25.84% (23 out of 89 children) for 2 to 5-year-olds. The figure rose slightly to 24.39% for under twos (20 out of 82 children). This was due to the increasing number of mothers bringing their infants to be checked and weighed by the YPCII staff, resulting in more cases being found.

The intervention was initially designed to cover only under twos; however, when YPCII staff saw that many of the children's older siblings, who came with them to the health post, were also moderately or severely malnourished, ANJ and YPCII decided to expand the program to cover them as well.

Another serious family health issue in Kais district is chronic energy deficit, which was found to affect up to 80% of pregnant women during YPCII's baseline assessment in October 2016. By December 2017, following an intervention to provide nutritional support to expectant mothers, this figure had fallen to 51%.

In North Sumatra, our Clean Water Access initiative arose from a social impact assessment by ANJA, which found that a number of surrounding communities that rely on rivers for their water supply suffered from poor water quality and flow during the dry season. ANJA therefore launched an initiative to address this, and by the end of 2017, had built clean water facilities in five villages (Simangambat Julu, Aek Raru, Langkimat, Janji Matogu and Huta Baru, all in Simangambat Sub-District, Padang Lawas Utara District) with four more planned for 2018.

In Belitung, SMM helped to build 15 healthy latrines for the residents of Simpang Tiga village, East Belitung district, in support of the Open Defecation Free Program. In addition, SMM provides counseling on environmental health and supplementary feeding through health posts posyandu. This program will continue in Simpang Tiga in 2018.

Meanwhile, KAL built a 2-door WC at the Matan Hilir Utara 01 Middle School in Ketapang district. This activity is being backed up by counseling, supplementary feeding, and blood donation.



**Dr. Lydia Fransisca Karouwan**  
 Program Manager, YPCII (Yayasan Pembangunan Citra Insan Indonesia)

A survey conducted by YPCII in 2016 revealed a high prevalence of chronic energy deficiency among pregnant women, high rates of chronic malnutrition (stunting) among children under five, poor sanitation conditions, and a high incidence of environmental-based diseases. This was due to, among other factors, poor awareness about proper parenting and clean and healthy lifestyles, low food security at the household level, and little access to quality health services.

Through the Matahariku program, we are working closely with local health centers (puskesmas) in the Kais district of South Sorong to improve community-based health services; enhance childcare skills and knowledge among young parents; encourage people to adopt clean and healthy habits; and strengthen cross-sectoral cooperation. In the program's first year, we have seen positive changes in community behavior: child feeding has improved, parents have begun to take more care of their children's health, pregnant women are more willing to have regular health check-ups, and health services are improving.

Through the Matahariku program, ANJ has demonstrated its real concern for the health issues affecting the local communities. We appreciate their commitment to joining us in support of the government's health programs.



Photo by YPCII Documentation



**DEMONSTRATION OF HAND WASHING WITH SOAP FOR PRIMARY SCHOOL STUDENTS, FACILITATED BY YPCII**  
 Photo by YPCII Documentation



**THE PMP POLYCLINIC TEAM AND THE YPCII FIELD TEAM TOGETHER WITH VILLAGE OFFICIALS AND STAFF FROM THE KAIS HEALTH CENTER (PUSKESMAS) AFTER COMMEMORATING NATIONAL HEALTH DAY AT PUSKESMAS KAIS.**  
 Photo by YPCII Documentation



A COMMUNITY MOBILIZER FROM YILB PROVIDES COUNSELING ON HOUSEHOLD ECONOMY AT KAIS  
Photo by YILB Documentation

### Rural Community Empowerment

PMP, PPM, ANJ and ANJAP are partnering with Yayasan Indonesia Lebih Baik (YILB) to implement an innovative community empowerment program that works through live-in community facilitators, who support local residents

to engage more effectively with education, managing household finances, village management, and appreciating and creating economic value from local arts and culture. This is helping to build more self-reliant and confident communities that are better equipped to deal with change.

#### Aditya Rikidaniel

Deputy Director, Yayasan Indonesia Lebih Baik (YILB)

Our program with ANJ targets changes in community behavior in eight villages, and is facilitated through eight resident Community Facilitators. Having gained the communities' trust, they were able to map potential change leaders, including parents, mothers, village and school administrators, youth, and religious and cultural leaders. Working through these change leaders, the facilitators are using directed learning and mentoring activities to build self-confidence and promote behavior changes related to education, clean and healthy living habits, household economics, village governance and arts and culture.

We are now seeing real changes in clean and healthy living behavior and a growing enthusiasm for school activities. This indicates the increasing awareness of the importance of education and health, and is one of the key achievements of the program.

For us, ANJ's commitment to community development goes beyond just fulfilling its social responsibilities; it demonstrates that the organization wants to play a direct role in building a better future for the Indonesian people, starting in the areas where the company operates.



### Income generation

In addition to enhancing livelihoods, sustainable income generation opportunities can contribute to protecting biodiversity by providing an alternative to the unsustainable or illegal use of forest resources. In partnership with the Paramitra Foundation, PMP and PPM worked with 10 villages in South Sorong in 2017 to

establish organic farming enterprises. Mostly managed by women and supported by trained community facilitators, the farms are beginning to generate income by selling their produce to local markets and our estate catering services. Meanwhile, in South Sumatra, GSB launched a fish farming enterprise and initiated edamame cultivation. The local communities will thus benefit from fish and edamame cultivation as well as the oil palm harvest.



### Irfan Fauzi Arief

Director, Yayasan Paramitra Persada Indonesia



From a sustainable development perspective, a company's success is indicated not only by its public profile, but by the positive impact its activities have on the environment and surrounding communities. ANJ is living up to this by empowering communities economically, for example through organic farming. Yayasan Paramitra is partnering ANJ in dozens of villages in West Papua with a program based on four key principles: it is local community-based, local resource-based, entrepreneurial, and sustainable.

The organic farming program is yielding direct benefits to the communities in terms of education on farming and cultivation techniques, healthy organic vegetables, environmental improvements due to non-shifting cultivation, reduced unemployment, and a healthier economy due to the income from the sale of vegetables. As a result, we expect to see a gradual increase in people's prosperity in line with the growth the company's profits. This is the essence of ANJ's social investment.

### Cooperative Development

ANJAS organized a study visit in 2017 for managers and supervisors from three cooperatives around the estate (the Tani Binasari, Makmur Jaya and Maju Cooperatives, all in Tapanuli Selatan district) to Yogyakarta, where they visited cooperatives and credit unions initiated by local farmers. Participants consolidated their new knowledge in a workshop in which they conducted a gap analysis and planning exercise for their own cooperatives.

### Conflict Resolution

A Quick Scan carried out by the CID Department at the end of 2016 identified a need for conflict resolution skills among ANJ staff. In 2017, CID provided training for 25 staff from CID, community relations and partnership teams in all subsidiaries on handling conflicts in the field. Facilitated by experienced conflict resolution specialists alongside lawyers, anthropologists and specialists in agrarian affairs, the training underlined the importance of identifying business risks in each unit and the root cause in order to be able to make appropriate and timely interventions.

### Employment Opportunities

Our operations open up numerous employment opportunities for people in the surrounding communities. One of our priorities is to increase the absorption of local people into our workforce and we also seek to identify people at the non-staff level who have management potential. Our Management Trainee program is also open to local people: Intake XVI (2016-2017) included two employees from West Papua.

### Philanthropy

In addition to the above, our regular philanthropic programs conducted through our subsidiaries have delivered community infrastructure (churches, mosques, clean water facilities, roads, bridges and so on); support for community treatment at company clinics; education scholarships; donations to orphanages and disadvantaged people; support for the celebration of religious festivals, including Eid al Fitri, Christmas and Eid al Adha; and support for child circumcision.





# IMPROVING PERFORMANCE



*As a limited liability company, we measure our economic performance on the basis of growth in production, revenue, profitability and other financial indicators.*



PALM OIL MILL AT KAL  
Photo by ANJ Documentation

“ As a limited liability company, we measure our economic performance on the basis of growth in production, revenue, profitability and other financial indicators and present the results in our annual reports, which are available to the public on our website. The disclosure of our economic performance in this sustainability report is based on the GRI 2016 Sustainability Reporting Standards. However, as the data are based on our audited financial statements, they are not presented by area of production or by product. ”

## ECONOMIC PERFORMANCE (201-1)

The table below presents the economic value generated and distributed by ANJ in 2017 and 2016. We generated economic value from our principal economic activities, namely FFB harvesting and CPO/PK processing (which accounted for 95.6% of total revenue in 2017), sago harvesting and sago starch processing, edamame harvesting and renewable energy generation, as well as from the sale of the remaining tobacco inventory of GMIT, which has now switched entirely to edamame production. The 20.3% increase in revenue between 2016 and 2017 was largely due to increased FFB production and a higher CPO selling price. (103-2)

Economic value was distributed in the form of operating costs, payments to employees and suppliers, dividends to shareholders, interest on loans (which was significantly lower in 2017 compared to the previous year due to the repayment of short-term bank loans), various central and regional-level taxes and levies, and investments in the communities in and around which we work.



TRUCKS DELIVER FFB TO THE PALM OIL MILL TO BE PROCESSED INTO CPO  
Photo by ANJ Documentation



### Economic Value Generated and Distributed (USD) (201-1)

Description	2017	2016
<b>Economic Value Generated</b>		
Revenue	161,797,280	134,443,317
Total Revenue	161,797,280	134,443,317
<b>Economic Value Distributed</b>		
Operating Costs	24,388,630	17,280,036
Employee Wages and Benefits	16,995,554	12,788,930
Payments to Owners of Capital	4,479,379	8,496,239
Payments to Government	58,684,668	40,571,770
Community Investments	2,207,378	1,657,215
<b>Total Economic Value Distributed</b>	<b>106,755,609</b>	<b>80,794,190</b>
Economic Value Retained (total revenue – total economic value distributed)	55,041,671	53,649,127

Remarks: This table presents the Company's consolidated economic performance in accordance with the audited financial statement.

In 2017 ANJ did not benefit from any financial support from the government in the form of income tax, value-added tax, subsidies, grants, export loans, awards, royalty holidays, or other incentives.

ANJ's shares are in private hands and neither the Indonesian government nor any other government is present in the shareholding structure. (201-4)



## CROSS-REFERENCE



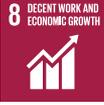
VISIT BY MANAGEMENT & SUPERVISORS OF COOPERATIVES  
AROUND ANJAS TO THE AREA SUPPORTED BY THE KEBON MAKMUR  
COOPERATIVE IN YOGYAKARTA.  
Photo by ANJ Documentation

# CROSS-REFERENCE TO GRI STANDARDS

	INFORMATION PRESENTED	PAGE AND/OR URL
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	<b>ORGANIZATIONAL PROFILE</b>	
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102-3	Location of headquarters	16
102-4	Location of operations	16, 18
102-5	Ownership and legal form	16
102-6	Markets served	16, 19
102-7	Scale of the organization	17
102-8	Information on employees and other workers	20
102-9	Supply chain	23
102-10	Significant changes to the organization and its supply chain	16
102-11	Precautionary principle or approach	27
102-12	External initiatives	26
102-13	Membership of associations	27
	<b>STRATEGY</b>	
102-14	Statement from senior decision maker	4
	<b>ETHICS AND INTEGRITY</b>	
102-16	Values, principles, standards and norms of behavior	11
102-17	Mechanisms for advice and concerns about ethics	12
	<b>GOVERNANCE STRUCTURE</b>	
102-18	Governance structure	15
	<b>STAKEHOLDER ENGAGEMENT</b>	
102-40	List of stakeholder groups	8
102-41	Collective bargaining agreements	22
102-42	Identifying and selecting stakeholders	8
102-43	Approach to stakeholder engagement	8
102-44	Key topics and concerns raised	8
	<b>REPORTING PRACTICE</b>	
102-45	Entities included in the consolidated financial statements	8
102-46	Defining report content and topic boundaries	8
102-47	List of material topics	10
102-48	Restatements of information	8
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102-50	Reporting period	8
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102-55	GRI content index	72
102-56	External assurance	8
103-1	Explanation of material topics and their boundaries	10

INFORMATION PRESENTED		PAGE AND/OR URL
<b>ECONOMIC DISCLOSURES</b>		
<b>ECONOMIC PERFORMANCE</b>		
103-2	The management approach	68
201-1	Direct economic value generated and distributed	68, 69
201-4	Financial assistance received from government	69
<b>INDIRECT ECONOMIC IMPACTS</b>		
203-1	Infrastructure investments and services supported	54
<b>ENVIRONMENTAL DISCLOSURES</b>		
<b>BIODIVERSITY</b>		
103-2	The management approach	32
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	33
304-2	Significant impacts of activities, products, and services on biodiversity	34
304-3	Habitats protected or restored	35, 36
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	37
<b>EMISSIONS</b>		
305-1	Direct (Scope 1) GHG emissions	45
<b>ENVIRONMENTAL COMPLIANCE</b>		
307-1	Non-compliance with environmental laws and regulations	32
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
308-2	Negative environmental impacts in the supply chain and actions taken	43
<b>SOCIAL DISCLOSURES</b>		
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
103-2	The management approach	51
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	51
403-3	Workers with high incidence or high risk of diseases related to their occupation	51, 53
<b>CHILD LABOR</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	49
<b>FORCED OR COMPULSORY LABOR</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	49
<b>SECURITY PRACTICES</b>		
410-1	Security personnel trained in human rights policies or procedures	49
<b>RIGHTS OF INDIGENOUS PEOPLES</b>		
411-1	Incidents of violations involving rights of indigenous peoples	50
<b>LOCAL COMMUNITIES</b>		
103-2	The management approach	54
413-1	Operations with local community engagement, impact assessments, and development programs	54

# CROSS-REFERENCE TO SDGs

SDGs	Action taken by the Company	Pages
 1 NO POVERTY	Economic development in areas of high poverty (Partnership with local smallholders & vendors, CID clean water program, CID income generating programs/small business creation for local people) Job creation and local recruitment	3, 20, 23, 24, 25, 54, 55, 57, 59, 62, 64, 65
 2 ZERO HUNGER	Economic development in areas of high poverty (CID organic farming program with Paramitra, CID health program with Matahariku, YPCII and others, including education on nutrition, food variety, additional nutrition) Sustainable agriculture and forest management (sago, edamame) Community empowerment and income generating activities	57, 58, 59, 62, 63, 64, 65 4 64, 65
 3 GOOD HEALTH AND WELL-BEING	Occupational health and safety Community involvement and development (CID health, clean water and sanitation programs, including health facility provision, health education, recording of mortality rate, efforts to reduce stunting) Mitigating fire risks	51-53 55, 56, 58, 62, 63 40, 41, 56
 4 QUALITY EDUCATION	Community involvement and development (CID education programs with ECCD RC and YILB; scholarship programs; Adiwiyata schools program)	55-58, 60, 61, 65
 5 GENDER EQUALITY	Equal employment and advancement opportunities: employment of women in all fields, including operational and top management positions CID income generation programs and household finance management	20-22, 65 64
 6 CLEAN WATER AND SANITATION	CID clean water, sanitation and ODF programs Infrastructure investments CID health outreach and empowerment programs	55, 62 18-19, 55, 62, 65 55, 58, 62, 63
 7 AFFORDABLE AND CLEAN ENERGY	Renewable energy generation using biogas derived from oil palm waste Biomass use in mills and sago factory	6, 19, 44 44
 8 DECENT WORK AND ECONOMIC GROWTH	Employee education and training programs Inclusive and equal employment opportunities Cooperatives empowerment Facilities for employees (education, sports/recreation, health, worship)	20-22 20, 65 64, 65 60

SDGs	Action taken by the Company	Pages
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Infrastructure investments, including schools, road access, best practice management (composting), water transportation for sago logs, water transportation management	18, 19, 44, 55, 56, 60, 65
 10 REDUCED INEQUALITIES	Non-discrimination with regard to age, gender, ethnicity, religion etc. Reducing inequalities by empowering women Income generation for local people, plasma system, cooperatives development	20, 22 54-65 18, 22, 54-65
 11 SUSTAINABLE CITIES AND COMMUNITIES	Waste management Infrastructure investments (clean water access and sanitation) infrastructure) Environmental conservation Handicrafts in Papua	44 55, 60, 62, 65 32-39, 42 59, 64
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Waste management Supply chain management (traceability) Renewable energy generation Publication of sustainability report Best practice management in operations	44 43 19, 44 8 45
 13 CLIMATE ACTION	Managing GHG emissions	45
 14 LIFE BELOW WATER	Waste management	44
 15 LIFE ON LAND	Environmental conservation Environmentally friendly pest control	32-38, 42 38-39
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Human rights training for security personnel Free Prior and Informed Consent Grievance procedures, stakeholders meetings	48, 49 49, 50, 54 49, 50, 54
 17 PARTNERSHIPS FOR THE GOALS	Partnerships with local NGOs on health, education and conservation Partnerships with local & central government and local community leaders	6, 33, 35, 36, 57, 58, 59, 60, 61, 62, 63, 64, 65

# FEEDBACK FORM

The PT Austindo Nusantara Jaya Tbk 2017 Sustainability Report provides an overview of our financial performance and sustainability. We look forward to your input, criticism and suggestions after reading this Sustainability Report, either by email or by sending this form by fax/post.

## YOUR PROFILE

Name (if you wish) : \_\_\_\_\_  
 Institution/company : \_\_\_\_\_  
 Email : \_\_\_\_\_  
 Phone/Cell phone : \_\_\_\_\_

## STAKEHOLDER CATEGORY

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

Please pick the response that best fits the questions below:

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

Please rate the material aspects that you consider important for sustainability (from 1-least important to 6-most important)

Economic performance      
 Community Development Program      
 Occupational health and safety      
 Emissions      
 Biodiversity      
 Environmental impacts in the supply chain   

Please provide your suggestions/advice/comments on this report:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Thank you for your participation.

Please send this feedback form to: [\[102-53\]](tel:102-53)

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# ABBREVIATIONS

AANE	PT Austindo Aufwind New Energy
ANJ	PT Austindo Nusantara Jaya Tbk
ANJA	PT Austindo Nusantara Jaya Agri
ANJAP	PT ANJ Agri Papua
ANJAS	PT Austindo Nusantara Jaya Agri Siais
CID	Community Involvement and Development (Department)
CPO	Crude palm oil
EA	External Affairs (Department)
ECCD-RC	Early Childhood Care and Development Resource Center
EHS	Environment Health and Safety (Department)
FFB	Fresh fruit bunch
FPIC	Free Prior and Informed Consent
GHG	Greenhouse gas
GMIT	PT Gading Mas Indonesia Teguh
GSB	PT Galempa Sejahtera Bersama
HCV	High Conservation Value
HGU	Hak Guna Usaha (Cultivation Use Right)
ISCC	International Sustainability and Carbon Certification
ISPO	Indonesian Sustainable Palm Oil
KAL	PT Kayung Agro Lestari
NGO	Non-government organization
OHS	Occupational health and safety
OHSAS	Occupational Health and Safety Assessment Series (international certification system)
PK	Palm kernel
PMP	PT Putera Manunggal Perkasa
POME	Palm oil mill effluent
PPM	PT Permata Putera Mandiri
RSPO	Roundtable on Sustainable Palm Oil
SDGs	Sustainable Development Goals
SMM	PT Sahabat Mewah dan Makmur
SOP	Standard operating procedure
WASH	Water Access, Sanitation and Hygiene
YILB	Yayasan Indonesia Lebih Baik
YPCII	Yayasan Pembangunan Citra Insan Indonesia

## Sustainability Report 2017



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