

RESPONSIBLE DEVELOPMENT:

RESOLVING CHALLENGES WITH RESILIENCE AND INNOVATION



SUSTAINABILITY REPORT 2019

PT Austindo Nusantara Jaya Tbk.



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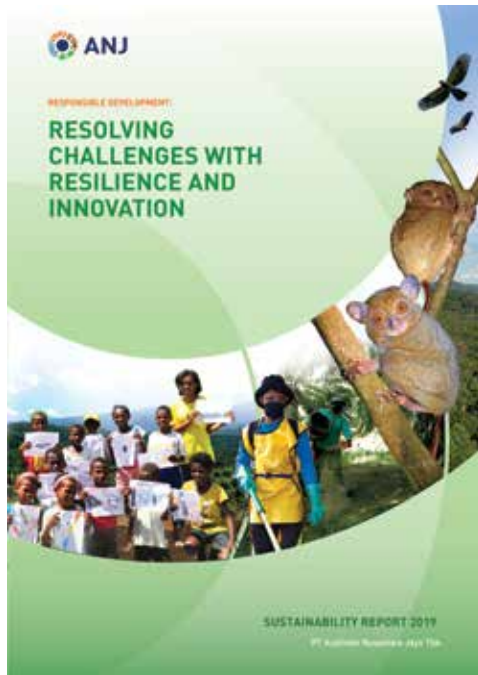
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RESPONSIBLE DEVELOPMENT: RESOLVING CHALLENGES WITH RESILIENCE AND INNOVATION

As a company engaged in the agribusiness sector across a range of geographies, we face unique environmental, social and economic challenges. The past year has been no different. Throughout its history, ANJ has proved its resilience by optimizing our resources, taking strategic and prudent action when needed, and always protecting the interests of our stakeholders through our philosophy of responsible development.

The past year has seen us step-up our focus on addressing challenges through innovation and resilience to ensure that we meet our responsible development commitments. We have consistently championed innovation by empowering our people to apply their knowledge, ingenuity and creativity to improve the productivity and sustainability of our business. They have responded by developing solutions across our operations that add value, increase efficiency and reduce costs. These have included technological advances such as our E-Plantation Mobile Solution to improve our field operations; new applications for sago starch and edamame that have both commercial value and can contribute to better nutrition and income generation in communities; engaging our people as citizen scientists to document the biodiversity in our operational areas; expanding our waste recycling initiatives to reduce inorganic fertilizer and fossil fuel use; and working with communities to bring about changes that make a real difference to their lives, such as our savings cooperative in West Papua. Across the business, we have identified innovative ways to use existing resources more effectively, never losing sight of our responsibility to build and sustain our business for a better future for all our stakeholders.

KEY PERFORMANCE 2019

CPO SALES VOLUME (tonnes)

239,800

TOTAL REVENUE (USD thousand)

130,355

SAGO PRODUCTION (tonnes)

2,781  **46.8%**
from 2018

NUMBER OF OIL PALM SMALLHOLDERS (people)

3,180

NUMBER OF EDAMAME SMALLHOLDERS (people)

42

CSR SPENDING (USD thousand)

7,509

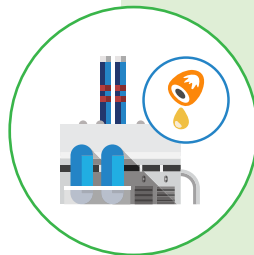
NUMBER OF COMMUNITY BENEFICIARIES (people)

76,597

(SPREAD ACROSS 9 REGENCIES, 28
DISTRICTS AND 88 VILLAGES)


CONSERVATION AREAS (hectare)

58,390



FFB PRODUCTION (tonnes)


732,837

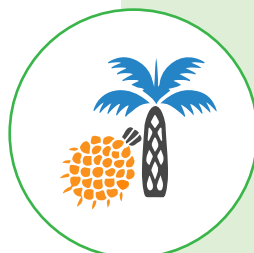
 **6.8%** from 2018



CPO PRODUCTION (tonnes)


240,844

 **3.2%** from 2018



PK PRODUCTION (tonnes)

51,585

 **4.5%** from 2018



EDAMAME PRODUCTION (tonnes)

710

 **42.2%** from 2018

SUSTAINABILITY PERFORMANCE

Sustainability Performance	2019	2018	2017
Prosperity			
Quantity of FFB production (tonnes)	732,837	786,104	730,356
Quantity of CPO production (tonnes)	240,844	248,694	210,248
Quantity of PK production (tonnes)	51,585	54,033	44,037
Quantity of sago starch production (tonnes)	2,781	1,894	788
Quantity of edamame production (tonnes)	710	1,229	789
Total revenue (USD thousand)	130,355	151,701	161,797
Profit (Loss) - (USD thousand)	(4,558)	(492)	46,540
Planet			
Intensity of energy usage (GJ/USD million)	403.6	390.6	349.4
Intensity of water usage (M ³ /Ton FFB)	1.31	1.35	1.34
Scope 1 emission intensity (Ton CO ₂ eq/Ton CPO)	4.88	4.74	5.58
Scope 1 emission reduction (percentage compared to baseline)	-19.0%	-18.7%	-19.4%
Area of High Conservation Value areas (hectares)	58,390	58,390	52,813
Number of IUCN Red List Threatened Flora Species	33	18	15
Number of IUCN Red List Threatened Fauna Species	64	41	37
People			
Employee training hours	43,860	61,457	48,440
Work accident	95	43	23
Work incident	8	11	9
Local workforce	5,221	4,630	4,492
Number of smallholder partners (Oil palm)	3,180	3,203	3,362
Number of smallholder partners (Edamame)	42	37	91

AWARDS RECEIVED IN 2019



AWARDS 2019

01. Estate/Holding: SMM

Name of Award:

Runner-up in Occupational Health and Safety (Keselamatan dan Kesehatan Kerja/K3) management

Date: February 7, 2019

Issuer: Provincial Government of Bangka Belitung

02. Estate/Holding: PMP

Name of Award: "Sorong Customs Award 1.0" as the biggest import tax payers in 2018

Date: March 13, 2019

Issuer: Customs and Excise Supervision and Service Office, City of Sorong

03. Estate/Holding: ANJ

Name of Award: PR Excellence Awards 2019 for Corporate Social Responsibility Program "Matahariku: Menggapai Cita dan Harapan untuk Generasi Kuat dan Unggul"

Date: April 3, 2019

Issuer: Indonesian Public Relations Association (Perhimpunan Hubungan Masyarakat Indonesia - Perhumas)

04. Estate/Holding: ANJAP

Name of Award: Outstanding Corporate Innovator (OCI) Indonesia Award Finalist. Competitive Edge: Accelerating Growth in Industry 4.0 through Product Innovation

Date: June 20, 2019

Issuer: PPM Management, Product Development & Management Association, and SWA Magazine

05. Estate/Holding: SMM

Name of Award: Award from the Central Bureau of Statistics of the Province of Bangka Belitung to SMM for providing quality industrial statistical data

Date: July 2019

Issuer: Central Statistics Agency, Bangka Belitung Province

06. Estate/Holding: ANJA

Name of Award: First winner of Green Industry competition

Date: August 13, 2019

Issuer: Environmental and Hygiene Agency, Paluta, North Sumatra

**07. Estate/Holding:** KAL

Name of Award: Recognition of Contributions to Advance Conservation for People and Nature

Date: September 19, 2019

Issuer: The Nature Conservancy

08. Estate/Holding: PMP

Name of Award: Ministry of Health Award 2019 for the participation and support in CSR Program for Health of Mother and Child category

Date: November 13, 2019

Issuer: Ministry of Health Republic of Indonesia

09. Estate/Holding: ANJ

Name of Award: Tempo Country Contributor Award 2019 for PT Austindo Nusantara Jaya Tbk, as one of the Most Compliant and Best Corporate Taxpayers

Date: November 15, 2019

Issuer: Pusat Data & Analisis Tempo (PDAT - Tempo Media Group) & Center for Indonesia Taxation Analysis (CITA)

10. Estate/Holding: SMM

Name of Award: Appreciation for Social and Environmental Responsibility Programs and the Partnership and Community Development Program

Date: November 2019

Issuer: Governor of Bangka Belitung

11. Estate/Holding: SMM

Name of Award: Environmental Literacy Synergy Award as a Company that contributes to the Conservation of Biodiversity and the Nursery of Tamarind (*Tamarindus indica*) in 2019

Date: November 21, 2019

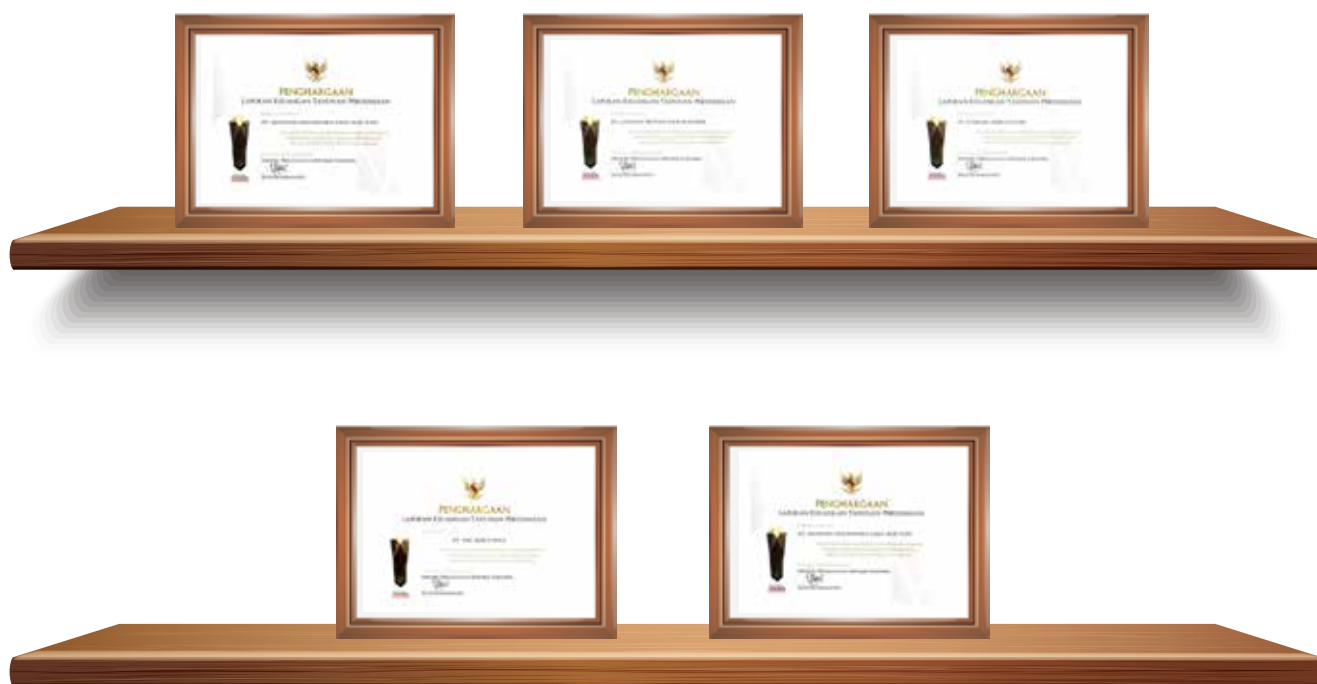
Issuer: Governor of Bangka Belitung

12. Estate/Holding: ANJ

Name of Award: "Gold Rank" for Sustainability Report by Asia Sustainability Reporting Rating (ASRRAT) 2019 with the theme "Consolidating Resources for Responsible Development"

Date: November 26, 2019

Issuer: National Center for Sustainability Reporting (NCSR) and Institute of Certified Sustainability Practitioners



13. **Estate/Holding:** AANE

Name of Award: Annual Financial Statement Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, punctually and accurately

Date: December 4, 2019

Issuer: Ministry of Trade Republic of Indonesia

14. **Estate/Holding:** KAL

Name of Award: Annual Financial Statement Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, punctually and accurately

Date: December 4, 2019

Issuer: Ministry of Trade Republic of Indonesia

15. **Estate/Holding:** SMM

Name of Award: Annual Financial Statement Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, punctually and accurately

Date: December 4, 2019

Issuer: Ministry of Trade Republic of Indonesia

16. **Estate/Holding:** ANJAP

Name of Award: Annual Financial Statement Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, punctually and accurately

Date: December 4, 2019

Issuer: Ministry of Trade Republic of Indonesia

17. **Estate/Holding:** ANJAS

Name of Award: Annual Financial Statement Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, punctually and accurately

Date: December 4, 2019

Issuer: Ministry of Trade Republic of Indonesia

18. **Estate/Holding:** ANJAS

Name of Award: Award at National Health Day 2019 on the theme "Generasi Sehat, Indonesia Unggul"

Date: December 4, 2019

Issuer: Ministry of Health Republic of Indonesia



19. Estate/Holding: SMM

Name of Award: The best participant in the category of Orderly Administration & Contribution in 2019

Date: December 7, 2019

Issuer: Employment Social Insurance Agency (BPJS Ketenagakerjaan)

20. Estate/Holding: ANJA

Name of Award: Appreciation award from the Regency of Padang Lawas Utara for the support to the Regency's goal in achieving "open defecation free" for all districts

Date: December 9, 2019

Issuer: Regent of Padang Lawas Utara

21. Estate/Holding: SMM

Name of Award: PROPER award in Green category (First Rank -Palm oil sector)

Date: January 9, 2020

Issuer: Ministry of Environment and Forestry

22. Estate/Holding: ANJA

Name of Award: PROPER award in Green category (Second Rank -Palm oil sector)

Date: January 9, 2020

Issuer: Ministry of Environment and Forestry

23. Estate/Holding: ANJ

Name of Award: Certificate of Recognition ANJ in recognition for the quality of their submission to the Sustainable Business Awards Indonesia 2019

Date: February 21, 2020

Issuer: Global Initiatives

MESSAGE FROM THE CEO (102-14)



“Sustainability is ingrained in our vision to be a world class agribusiness-based food Company that elevates the lives of people and nature by putting the health and safety of our employees first, investing in our local communities, and working towards better environmental outcomes in the areas where we operate.”

ISTINI TATIEK SIDDHARTA

President Director

Welcome to ANJ's 2019 Sustainability Report. I am pleased to share this report through which we voluntarily disclose our sustainability performance for the year covering health, safety, environmental, community, and economic aspects across the full spectrum of our agribusiness operations in oil palm, sago and edamame, as well as renewable energy. The report describes our responsible development approach to operating sustainably and how we put this into practice across the wide range of geographies where we operate. Sustainability is ingrained in our vision to be a world class agribusiness-based food company that elevates the lives of people and nature by putting the health and safety of our employees first, investing in our local communities, and working towards better environmental outcomes in the areas where we operate.

I am also pleased to announce that this is the first year that our sustainability report will be reported on the basis of the GRI Comprehensive Option and this is also the first year we have sought independent external assurance of the report.

The concept of Responsible Development is central to ANJ's business model and our corporate sustainability commitments. We recognize three pillars to sustainable development: Prosperity, People and Planet. These three pillars are mutually dependent; without one the others cannot flourish. Each pillar has its own requirements: long-term economic viability (Prosperity) needs a reasonable and sustainable return for its shareholders. Human well-being (People) needs social and economic growth, and stewardship of the natural environment (Planet) needs judicious environmental management and conservation of natural habitat, such as forests and peatlands, which also provides benefits (such as water) to the Company.

I would like to share with you the business model behind our Responsible Development approach. The model is comprised of three equal parts: one third for Prosperity, one third for People and one third for Planet, which actively have a balanced interaction with each other. Our business component is based around a minimum of 15,000 ha land right or 10,000 ha planted area for oil palm feedstock per mill that generates a return on investment of 4.35% in USD at a CPO price of USD 600. This is not an excessive return. With regard to our People pillar, we allocate 20% of each of our estates for surrounding community benefits, as per Indonesian regulations. The community is therefore entitled to income from 20% of the land that is planted. As a corporate entity, we pay 25% of our income to government through corporate income taxes, representing about 8.75% of the total potential income for the whole area. The balance of about 4-5% income is allocated to the community through a planned community development program. The third pillar is Planet, which we have made clear commitments to conserve in our operational area, but without effective management and investment most habitats over time will degrade and wildlife populations decline. We have set aside 58,390 ha of our total 215,802 ha landbank (or 27%) as conservation areas, where we try to manage wildlife and ecosystems carefully. We protect the hydrology and water sources, not just for the benefit of

nature but because our estates need water to be productive and to protect against fire. We are also able to disburse 6% of our income from the planted area to protect and maintain the conservation areas.

Not everyone will agree with our thinking and some people may ask why the palm oil business even gets involved in managing conservation areas. To those critics we respond that Indonesia's nature needs all the help it can get, including from the palm oil industry. As an example, our conservation areas in West Kalimantan now contain 200 wild orangutans that have become increasingly concentrated in our forests, because surrounding forests not under ANJ's management have all been logged and burned in the past 10 years. Without our efforts these orangutans would likely no longer have a forest home.

The year was a challenging one with ongoing geopolitical uncertainty around the world, coupled with the ongoing trade war between the US and China. This saw a drop in commodity demand with CPO in particular seeing a steady decline in consumption, resulting in a continual slide in the CPO price from January 2018 until the middle of 2019. Despite a slow recovery in the second half of the year, the CPO price averaged USD 479 per tonne over the year which resulted in growers making decisions to reduce costs, such as postponing replanting and reducing fertilizer use, as well as reviewing all cost centers including sustainability initiatives.

Climate change impacts at a global scale continue to cause concern for the industry as more frequent and extended drought conditions returned this year. A strongly positive Indian Ocean Dipole led to a prolonged dry season in Western Indonesia. Drought conditions were felt in our operations in Sumatra and Kalimantan. This led to high fire risk conditions in and around our operations. From June to November we fully implemented our fire prevention and management plan with teams on standby to prevent and fight fires around the borders so they can be prevented from entering our plantations. This was a very challenging time for us, particularly at KAL where the challenges of fighting the spread of wildfires from surrounding areas required non-stop vigilance by our teams on the ground.

The Indonesian palm oil industry continued to receive a lot of negative coverage over the year. We acknowledge the harmful environmental and social impacts that can arise from the uncontrolled expansion of palm oil. We believe, however, that our Responsible Development approach can play a major role in achieving the Sustainable Development Goals (SDGs) in Indonesia, particularly in remote and underdeveloped areas, such as West Papua. We are therefore striving to do our part to increase the share of certified sustainable palm oil in Indonesia's total output. All four of the producing estates - ANJA, ANJAS, SMM, and KAL - are now RSPO certified, with KAL being the most recently certified in November 2019. The young mature plantations in West Papua are all operated under the terms of the RSPO New Planting Procedure. We have strong partnerships with smallholders under the plasma scheme or with individual

smallholder farmers, involving more than 3,000 farmers, under 14 local business entities such as cooperatives and other local state enterprises. In 2019 three of our “plasma” smallholders in SMM and one in KAL received RSPO certification. These certifications will create a positive impact on our partners and our future business in terms of reducing environmental and social impacts and improving economic performance.

During the year, we also initiated a traceability project that represents a major step towards driving more sustainable practices and accountability throughout our palm oil value chain. Further evidence of our best management practices is seen by the fact that SMM and ANJA won the two top places among 29 companies in the palm oil sector which received the Green 2019 honors from the Program for Ranking Corporate Performances (PROPER) that recognizes the efforts of these companies in managing the environment sustainably. We believe that by adhering to responsible development practices and supporting our suppliers and other stakeholders to do the same, we can strengthen palm oil’s role as a driver of sustainable, equitable development while minimizing the threats to biodiversity.

As a company that operates with integrity, we strive to improve transparency of reporting and disclosure to, and engagement with external stakeholders such as the local communities, NGOs, the media and our critics. In 2019, our sustainability policies and practices were assessed by the Sustainable Palm Oil Transparency Toolkit (SPOTT) developed by Zoological Society of London (ZSL). SPOTT is designed to measure the transparency of companies in public disclosures of best practices and sustainability commitments via the RSPO, Company Annual/ Sustainability Report and Company Website. Our status as of October 2019 is 66.6% resulting in us being ranked 17 amongst the 99 assessed Global Oil Palm Producers and Traders. Our ranking rose by 3.9% from 2018. This makes us one of the top ranked Indonesian owned palm oil companies in transparency reporting.

In addition to SPOTT, in 2019, ANJ, for the first time, also participated in CDP disclosure platform. CDP is a leading international non-profit organization that runs the global environmental disclosure system. Although a newcomer, ANJ was able to achieve score B- under forest theme.

Our employees have been and will always be our core asset, remaining a key pillar for the success and continued growth of ANJ. Their welfare, rights, health and safety in the workplace are of key importance in every aspect of our operations. We remain focused on safety leadership and strategies targeting risk reduction as we value the lives and wellbeing of our employees and local communities across our operations. We are pleased to report that there were no fatalities this year but we continue to place a strong emphasis on safety awareness and training to minimize the risk of work place accidents.

We continue to focus on building a skilled and empowered workforce that is ready to meet the increasingly complex challenges of our business. Particularly in our more remote locations, the employment and capacity building opportunities we provide for local people play an important role in transforming livelihoods and local economies for the better, an important part of our vision to elevate people’s lives. In West Papua we continued our vocational training program, this year focusing on preparing professional field foremen with agronomic expertise for our PMP and PPM estates. A total of 74 trainees, all from West Papua, graduated from the program. We also continued to mentor the mechanics trained in last year’s vocational program, all of whom are now employed in the PMP mill.

Our lean budgets required that we carefully assessed all our ongoing sustainability programs and thought long and hard about the effectiveness of each program in achieving our objectives to elevate the lives of people and nature. In 2019, we built on the success of our Responsible Development Projects started in 2018, focusing on in-house projects, rather than projects implemented by external parties on our behalf. To date we have 24 responsible development projects. During the year we continued to champion innovation by our employees, empowering them to conceive, test out and apply solutions that add value, increase efficiency and reduce cost in all aspects of our operation. This shift to greater involvement of employees in taking responsibility for designing and implementing responsible development projects has been beneficial for us, it improves the engagement of all staff with both conservation and community development projects. Furthermore, it requires more direct interaction between our employees and the communities with whom we work, creating stronger bonds and trust. We also note that shifting responsibility to our employees has enhanced the creativity on how to manage, complete and influence the success of their sustainability projects.

Our businesses are located in diverse landscapes across Indonesia, each with different socio-economies, cultural heritage and biodiversity. ANJ’s responsible development philosophy encourages our employees to develop and implement projects which will benefit and enhance aspects of the local area preferably integrating people, planet, and prosperity. Several of these initiatives are strengthened by graduates from our Management Trainee program, the most recent batch of which included, for the first time, food technologists. The Warung Mama project in West Papua is focussed on developing nutritious and appetizing recipes for sago, whilst also contributing to improving the nutrition and livelihoods of local communities. In 2019, we opened a restaurant and small food laboratory in Jakarta, ‘Bueno Nasio’, specifically to introduce sago and edamame-based menus to the public.

A number of new initiatives that are already providing important sustainability benefits but at low or no costs started in 2019. Our Pendaki program, which is a Citizen Science based approach to biodiversity monitoring, has now been rolled out across all our businesses, resulting in the increase in wildlife observations. The result has shown us that the biodiversity values of our planted areas are higher than one would think. We also continue to strengthen the protection of our conservation areas.

Our various recycling initiatives (3R) are also showing great promise from our office in Jakarta across all our operations, as our employees are proving their creativity in recycling. Another success story is the Bentara Program (Belitung Integrated Alternative Tourism Development) at our SMM estate, which has proved to be a real example of our values in action.

In 2019, we identified the following strategic priorities to sustain the growth of our agribusiness segments going forward. These include optimizing estate and mill management to maximize FFB production and oil extraction; a continued focus on initiatives to preserve HCS, HCV and peatlands with increased stakeholder engagement; and the use of digital technology to make field operations and the supply chain more efficient, accurate and transparent. We also plan to focus on growing our non-palm oil agribusiness segments by increasing production and improving the quality of sago starch from our West Papua sago mill; preparing to enter the edamame export market by improving field operations and completing a frozen line facility; and exploring the potential of other agribusiness options, such as okra.

Despite all the progress we made, many challenges remain. Drought and fire in 2019 negatively affected our yields and threatened our plantations. We recognize this as a major material risk, especially under current trends of changing regional and global climates. We also face major risks in our West Kalimantan operations where a bauxite mining license has been given out, threatening the forest areas in our estate as well as our water resources. Finally, as mentioned above, the historically low CPO prices have forced us to be resilient and tighten our belts, but also pushed the Company to find innovative approaches and solutions to meeting our sustainability commitments.

To close my message, on behalf of the Board of Directors, I would like to thank ANJ's Commissioners, management and

all our employees, our smallholder farmer partners, and our investors for their continued role in realizing our sustainability goals. We also want to convey a special gratitude and deep respect as we bid farewell to one of our Sustainability & CSR Committee members, Mr. Arifin Siregar, who passed away last September 2019. He was a very supportive Commissioner in our sustainability journey.

Our appreciation also goes to all our stakeholders, who include local communities and their leaders in the areas where we operate; our business partners; our partners in government; the non-government and community-based organizations; the media; and the scientific community. We are grateful for your continued support and engagement in contributing to our sustainability journey.



ISTINI TATIEK SIDDHARTA
President Director

REPORTING APPROACH



ANJ is proud to present its fourth Sustainability Report, which details the Company's economic, social and environment performance for the period of January 1 to December 31, 2019. (102-50). There is no restatement of the information presented in previous years' sustainability reports. (102-48).

Our 2018 Sustainability Report was published in October 2019. (102-51) The reporting practice is now an established part of our reporting cycle since our first report in 2016 and we have published reports since then on an annual basis. For our 2018 Sustainability Report we were awarded Gold Rating from Asia Sustainability Reporting Rating (ASRRAT) in November 2019. (102-52)

In the event of questions regarding the report or its content, the contact point is listed at the back of this report on page 113. (102-53)

This report has been prepared in accordance with the GRI Standards: Comprehensive Option. (102-54)

The Global Reporting Initiative (GRI) content index, which specifies each of the GRI Standards used and lists all disclosures included in the report, is available at the back of the report, as well as the content index for the United Nations Sustainable Development Goals (UN SDGs). (102-55)

This report is also prepared in accordance with the Financial Services Authority Regulation (*Peraturan Otoritas Jasa Keuangan/POJK*) No. 51/POJK.03/2017 (POJK 51) on Sustainable Finance Implementation for Financial Institutions, Listed Companies and Public Companies, issued by the Financial Services Authority (OJK) of Indonesia. The objective of POJK 51 is to increase awareness and commitment to implement sustainability principles and supports Indonesia's commitment towards sustainable growth and development of a low carbon economy.

GRI recommends that external assurance enhance the credibility of a sustainability report. We also believe that this adds robustness and transparency to our reporting, therefore this year, for the first time, we are pleased to inform stakeholders that TUV Rheinland Indonesia has provided an independent assurance of Type 2, Moderate Level for our 2019 Sustainability Report. The assurance report is available on pages 100 – 103. (102-56)

REPORTING CONTENT AND TOPIC BOUNDARIES

The sustainability performance data and narratives included in this report relate to all our business entities contained in our consolidated financial statements, which include the head office in Jakarta, all of our oil palm plantations and mills, the sago

and edamame business, as well as our renewable energy entity. These entities are located across a wide of geographic locations from North Sumatra, West Kalimantan, Bangka Belitung, to East Java, and West Papua, as shown below (102-45).

Entities included, location and business sector (102-45)

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

The report content is based on stakeholder inclusiveness, sustainability context, materiality and completeness. The views and concerns of our diverse range of stakeholders are important indicators of our sustainability performance. We engage frequently and listen to their views and concerns and have considered their inputs in determining the key focus areas and content of the sustainability report. The issues and concerns, both positive and negative, which arise from our stakeholder engagement channels were used to guide the key focus areas for the sustainability report. The intent of this report is to ensure that our stakeholders gain an accurate and comprehensive understanding of our sustainability commitments and performance in 2019. Civil society organizations at local, regional, national and global-levels are also key stakeholders and partners who provide us with input and feedback on our sustainability performance. We gather this feedback in various forms such as regular meetings, workshops and seminars, media monitoring, and through the grievance process. The input and priority setting from non-governmental organizations also has a strong influence on the content of the sustainability report. **(102-46)**

The three main sustainability themes in the report are prosperity (our business performance), people (social responsibility towards our employees and communities) and planet (stewardship of natural resources and management of the environment). From year to year the priority and degree of focus for each of these main topics varies depending on specific challenges encountered during the year, or significant achievements during the year in terms of business development, community engagement, compliance with best practices, or attainment of certification. **(102-46)**

The preparation and agreement on content of the Sustainability Report starts with discussions between the President Director/ Chief Executive Officer (CEO) and the Sustainability Reporting Team whereby the theme and topics are agreed. Material topics and their boundaries are initially identified through an internal process and then specifically discussed at the ANJ Executive Leadership Team (AELT) bi-weekly meeting to obtain approval for reporting from the AELT team. During the writing process, all Board of Directors (BOD) members are interviewed in order to understand the key economic, environmental and social topics based on their respective areas. The final draft report is reviewed by all BOD members and approved by the BOD and representatives of the Board of Commissioners (BOC). **(102-32)**

This year, we have also sought to engage employees, partners, and some external stakeholders in contributing to the content of the report. Employees provided narratives from their functional and personal perspective. These narratives and testimonies were then discussed on an individual basis to verify facts and identify specific highlights for inclusion in the report. This approach provides a number of positive benefits to the Company and the individual. By placing the responsibility on our employees to write about their functions in terms of sustainability and the Company theme of responsible development, they have to consider more deeply about how they contribute to wider sustainability commitments. **(102-46)**

In terms of report quality, we have endeavored to meet the principles of balance, comparability, accuracy, timeliness, clarity and reliability. The BOD were closely involved in the validation process at various stages throughout the preparation of the report to ensure that the key topics and reporting boundaries

were presented accurately and that the required data was delivered in a timely manner. A final review of the report was conducted to provide assurance that the report accurately reflects the key issues which have emerged throughout the year as part of the routine stakeholder engagement process. We also endeavored to ensure that the report provides stakeholders with an accurate picture of our sustainability objectives and our performance against these objectives. **(102-46)**

STAKEHOLDER ENGAGEMENT



▲ Meeting with community in ANJAS.

We interact with a range of stakeholders at local, regional, national and global level. External stakeholders at the local-level play a crucial role in providing our social license which is key to the success of our business. Stakeholders include employees, suppliers and customers, shareholders, government and regulators, local communities, community-based organizations, non-government organizations, business partners, industry peers and associations, and media. The mapping of the list of stakeholders is carried out internally and revised and updated through regular engagement with all stakeholders listed. **(102-42)**

Our methods and frequency of engaging with and listening to stakeholders are diverse. We collect feedback and concerns from regular engagement and dialogue with local leaders, community members, local government, independent farmers and our employees. We document this feedback, input and concerns through formal and informal channels, such as structured and opportune meetings, grievance mechanisms, the whistleblowing system, social assessment reviews, and risk assessments. **(102-43)**



▲ ANJ Group management representatives meeting with the Regent of South Sorong in Teminabuan, West Papua.

At a global/regional level, we communicate via our Annual General Meeting of Shareholders (AGMS), corporate publications (including Annual Report and Sustainability Report, in both Indonesian and English languages), our website (anj-group.com), releases to the market and media, speeches and interviews with senior executives. **(102-43)**

At regional and local level, all businesses (oil palm, sago and edamame) are required to plan, implement and document stakeholder engagement activities, such as community forums and consultation groups, implementing community complaints and grievance mechanisms; representation on specific industry association committees and initiatives; and community programs. **(102-43)**

Our employees are a key stakeholder group with whom we engage via internal channels, such as email, newsletter (*Simpul*) and magazine (*Cakrawala*), town halls, and by inviting feedback through socializations and meetings. Key internal announcements and videos are made available in English and Indonesian. **(102-43)**

External stakeholders were not engaged specifically as part of the preparation of the sustainability report, but they were

engaged regularly for many environmental, social and economic topics/issues described in the report. Internal stakeholders were engaged to the extent that testimonies and narratives from feature stories were provided by employees. **(102-43)**

We regularly review materiality through the Corporate Social Responsibility (CSR) and Sustainability Committee, Risk Management Committee and at bi-weekly AELT meetings to identify the sustainability risks and issues that are most critical to our business and to our stakeholders. This process assists us to both track ongoing issues and identify emerging ones. This informs our sustainability strategies and enables us to provide transparent coverage of key topics in line with the Global Reporting Initiative GRI standards. As part of this assessment, we analyze risk at the corporate and business-level through the regular strategic risk planning and mitigation planning process and other feedback and inputs from external stakeholders to identify the issues of most concern to them. These topics of concern/discussion are listed in the table below. Some of the key sustainability concerns are sustainable plantation management practices and other external initiatives; and progress with developments and operations, and their impacts on communities and the environment. **(102-44)**

List of stakeholder groups (102-40)

Stakeholder Groups (102-40)	Basis for Inclusion (102-42)	Topics of Discussion (102-44)	Engagement Approach (102-43)	Frequency (102-43)
Shareholders and Investors	Corporate investors	Company performance, corporate governance	Production performance report	Monthly
			Financial performance/Investor newsletter	Quarterly
Employees and laborers	Corporate asset in operations	Efficiency and productivity	General Meetings of Shareholders (AGMS/ EGMS)	Annually, and as needed
			Annual Report	
			Sustainability Report	
			Corporate website (anj-group.com)	
Employees and laborers	Corporate asset in operations	Training and development/capacity building	Speeches by BOD	
			Labor union	As needed, at least annually
			Training and seminars	Annually and as needed
			Soft skill trainings, certifications, seminars	
Employees and laborers	Corporate asset in operations	Fulfillment of employees' and laborers' normative rights	Collective Labor Agreement	Every two years
Employees and laborers	Corporate asset in operations	Responsible Development projects	Socialization, meetings, magazines, newsletters	Annually, periodically

Stakeholder Groups (102-40)	Basis for Inclusion (102-42)	Topics of Discussion (102-44)	Engagement Approach (102-43)	Frequency (102-43)
Central Government/ regulator	Mandatory compliance	Compliance with laws and regulations	Licence and permit process	As required by regulations
		Up-to-date and transparent information Good corporate governance	Regular meeting Regular reporting, including Annual Report to OJK	As needed, periodically Annually
Local government		ANJ contribution to economic, environmental and social aspects	Participation in regional development planning forum (<i>musrenbang</i>) Stakeholder meeting	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 Socialization of relevant policies	Regular meetings	Annually
			Workshops	Periodically
			Training & assistance	Periodically
Customers (B2B)	Buyers of products	Sustainable plantation management practices and other external initiatives	Business partnership	Periodically
			ISPO and RSPO certification	Periodic evaluation related to implementation of agreed practices
Community (Including Local Leaders)	Parties impacted by Company operations	Progress of development and operation, and its impacts to community (social and environmental)	Stakeholder meeting	Periodically, at least annually
		Community involvement and development	Community involvement and development programs Responsible development projects Capacity building	Continuously, based on needs assessment
		Local workforce involvement	Stakeholder meetings and dialog Capacity building	Periodically
		Grievance Mechanism	Socialization of procedure Response to grievance	Periodically
		Land acquisition and plantation development	Information dissemination and dialog Stakeholder meetings	Periodically
Media	Communication and publication channels	Financial performance/ share value	Production report Financial performance/Investor newsletter AGMS/EGMS	Monthly
				Quarterly
				Annually
		Corporate actions and performance	Annual Report, Sustainability Report Press Releases, Media Briefing	Annually As needed
Non-Governmental Organizations	Partners in execution of program or maximizing the sustainability agenda	Performance update Issues update Awareness building	Media briefings and interviews Site visits Press conference	As needed
	Performance update Issues update		Direct meetings	As required

MATERIAL TOPICS

This report presents material topics, as listed in the table below. These topics are selected for the significance of their economic, environmental, and social impacts. The material topics were collated from various internal and external sources of information which include the views of the BOD, the CSR & Sustainability Committee, and the Risk Management Committee, all from within our organisation. The list of material topics is also influenced by the concerns and views of stakeholders, such as communities and NGOs, industry groups, standards recommended by global and industry specific reporting bodies, such as the Roundtable on Sustainable Palm Oil (RSPO), Sustainability Policy, Sustainable Palm Oil Transparency Toolkit (SPOTT), Financial Services Authority Regulation 51 (POJK51) and GRI. The final list of material topics was approved by the BOD. **(102-47)**

As a result of the process described above, there are a total of seven material topics comprehensively reported in this year's report. Compared to 2018, there is no change in the reporting boundaries; however, there is a change in the list of material topics. Two material topics presented in 2018 are now removed, these are Education and Training, and Waste Management. Education and Training is not considered as a material issue this year as we have made good progress with building our employee capacity, including in West Papua as described elsewhere in the report. Waste Management is also not considered a material topic as we have received no fines or complaints in the past year, while we have also made considerable process with recycling this year through our Responsible Development projects as described elsewhere in this report. **(102-49)**

Material Topics and Boundaries Table (102-47)

Material topic	Sub-topic/themes	Disclosure	Topic boundaries
Prosperity			
Economic Performance	Price fluctuations	GRI 201	ANJ Group
Planet			
Biodiversity	<ul style="list-style-type: none"> Conservation Deforestation and peatlands management Fire prevention and management 	GRI 304	Palm oil and sago segments
Emissions	Reducing GHG emissions	GRI 305	ANJ Group
Supplier environmental assessment	<ul style="list-style-type: none"> Traceability Supply chain impact/compliance 	GRI 308	FFB suppliers
People			
Occupational health and safety	Safe and healthy workplace	GRI 403	ANJ Group
Local communities	Community development and engagement	GRI 413	ANJ Group
Supplier social assessment	<ul style="list-style-type: none"> Traceability Supply chain impact/compliance 	GRI 414	FFB suppliers

RESPONSIBLE DEVELOPMENT PROGRAMS

In 2018, we commenced the Responsible Development (RD) Project initiative for all employees with the aim of encouraging our employees to think outside the box and outside their comfort zone in stepping up to contribute to the corporate vision. Every RD project has a clear objective which clearly links to strengthening economic resilience and improving business prosperity, as well as building social and environmental resilience which benefits the community and the environment. In order for a project to be selected by management, the project proposal must have a clear objective, structure, detailed activities and milestones and time line as well as the budget for the project. In some cases, the project has to raise funds by itself. The project progress is monitored and evaluated every six

months by the project management and the direct superior of the staff. Progress reports are made to the BOD and the CSR & Sustainability Committee.

We currently have 24 RD projects managed by our staff and Directors. Of these 24 projects, nine are classified as Strategic Projects, three are Critical Projects, five are Enrichment Projects, five are Quality of Life Projects, and the remainder are called Exploratory Projects which will take a few years to complete. Throughout this report we feature many of the RD projects and demonstrate how they are contributing to our overall sustainability goals and addressing material issues and concerns raised by stakeholders.

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



▲ Monitoring from fire look-out tower.

Sustainable development and how we put it into practice through our responsible development approach, across a wide range of geographies, is guided by our corporate vision, mission and values.

Our vision is to be a world class agribusiness-based food Company that elevates the lives of people and nature through ensuring that we only prosper and grow as a business when the communities and the environment around us grow and prosper in a balanced and equitable manner and benefit from our presence.

ANJ is committed to responsible business practices which require that the Company takes into consideration ethical, environmental, and social factors when striving for profitability. In order to achieve this, we have identified the following eight factors which are articulated in our Sustainability Policy:

Our value philosophy of integrity, respect for people and the environment, and continuous improvement is articulated in our Vision, Mission and Values statement, which is available on our website and communicated to all employees and contractors in either Bahasa Indonesia or in English. Our business partners, vendors and investors are made fully aware of our values and all contracts include clauses which clearly convey expectations with regards to upholding our values and sustainable business practices.

ANJ's Vision, Mission and Values were developed and approved by the BOD and BOC and are subject to periodic review to ensure that they are aligned with, and reflect the development of our business. The Corporate Vision and Mission were most recently amended in 2018. (102-26).

VISION

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

MISSION

- **People and nature oriented:**
People and nature as the north star of the company, guiding every aspect of all business activities.
- **Striving for world-class excellence:**
A continuous quest to comply with and exceed local and global standards, exercising good corporate governance.
- **Sustainable growth for prosperity:**
Achieving widespread economic prosperity 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.

VALUES



INTEGRITY



RESPECT FOR PEOPLE AND THE ENVIRONMENT



CONTINUOUS IMPROVEMENT

- **Compliance with local laws and regulations, and international conventions;**
- **Commitment to Good Corporate Governance;**
- **Subscribe to fair and ethical Code of Conduct;**
- **Compliance to the requirements of RSPO Principles & Criteria;**
- **Traceability;**
- **Guaranteed good quality products;**
- **Reporting and Disclosure; and**
- **Commitment to continuous improvement.**

UPHOLDING CORPORATE VALUES

ANJ places a high priority on ensuring that all employees uphold the corporate values of integrity, respect for people and the environment and continuous improvement. Ensuring that employees understand and implement these values is achieved through a number of means. The starting point is through training which is given to all new employees so that they are fully aware of the corporate vision, mission and values. Refresher training is also delivered on a periodic basis. On a daily basis, employees are reminded of these values by the Directors, the Commissioners and nominated Value Champions who lead by example. The Company Value Champion system commenced in 2013 as a means of further embedding the Company values on a continuous basis across the organization at all levels and in all business units.

The Value Champions are carefully selected from the business units and from varying levels within these business units, and are given special training so that they are equipped with the skills to effectively communicate the corporate values to their colleagues and to monitor the implementation of the values by employees in their daily jobs. Value Champions at the business unit level are coordinated by two Value Coordinators, one assigned to the Western region (covering Sumatra, Belitung and Kalimantan) and the other to the Eastern region (covering West Papua and East Java). The total number of Value Champions across the ANJ Group was 29 at the end of 2019.

The Value Coordinators review monthly reports from the Value Champions on implementation of and compliance with the corporate values at each business unit. Being selected as a Value Champion is a responsibility to be taken seriously, anyone who proves to be unable to live up to the high standards required will be asked to step down from the position. The monthly reports are reviewed by the Value Committee at Head Office in Jakarta. The Value Committee's analysis is submitted to the Company's two Value Guardians, Commissioners George Tahija and Anastasius Wahyuhadi, who decide on any further action that may be needed.

All employees are expected to conduct themselves according to ANJ's Values and Code of Ethics and any infringement of these standards may lead to consequences, including the termination of employment. The Company's whistleblowing system/WBS (*Berani Bicara*) is another means by which the Company can monitor implementation of the value philosophy. Through this channel, any employee, third party vendor, supplier and other stakeholders can report concerns about suspected misconduct of any kind, including fraud, corrupt practices, breaches of the Code of Ethics or the corporate values, or any violation of laws and regulations by any member or associate of the Company. It is designed to contribute to the prevention and early detection of misconduct that could be detrimental to the Company or its reputation. It provides a secure and confidential channel for anyone to report suspected misconduct. Whistleblower reports are investigated by the Internal Audit Unit. If the allegations of misconduct are upheld, the Company issues a range of measures including verbal warnings, dismissal, or even referral to the criminal justice system. In 2019 a number of measures were taken to improve awareness of and access to the system, for example by distributing cards bearing the WBS hotline numbers to employees, contract workers and vendors, and enabling secure reporting via WhatsApp. **(102-17)**

VALUE GUARDIAN – GEORGE TAHIJA, ANJ COMMISSIONER



▲ ANJ Commissioner, George Tahija, sharing his insights at ANJ internal event.

George Tahija is one of ANJ's two Value Guardians. His values regarding sustainability and the trade-offs necessary between economic development and biodiversity conservation are at the heart of ANJ's corporate values. Here he shares with us his insights and views on getting the balance right.

One of the biggest global challenges faced this century is managing the balance between development and the conservation of biodiversity. By 2050 it is estimated that world population growth will have reached 9.5 billion, which is an increase of two billion people in 30 years, equivalent to eight times Indonesia's current population. This challenge requires collaboration and creativity by all stakeholders to find appropriate and area-specific solutions for our planet.

As a Value Guardian of ANJ, I want all our employees and partners to understand the values that drive our sustainability principles and strategies. In our producing estates, at least 25% of our land holdings are conservation areas, for which the Company incurs substantial protection costs. We increasingly recognize that our conservation areas not only provide benefits to us but also to the communities around our plantations. Forests help provide clean air, clean water for consumption and irrigation, carbon sequestration, habitat for biodiversity and a more stable climate – services that have real economic value. We understand that as a company we cannot work in isolation and require the buy-in and support from those in our immediate vicinity: communities, government, other companies and NGOs.

Our aspiration for integrated landscape management is based on the principles of Development by Design. If done well, it allows development and conservation to go hand in hand. This will be especially challenging in our West Papua land holdings where both the needs for increasing community welfare and for biodiversity conservation are high. We aim to find solutions that balance the objectives of business prosperity, people and planet, but we also understand that this will take time, effort and careful financial investment.

Balancing economic and social development, and conservation is complex. The solutions are equally complex and require alignment of government development goals for the economy, the landscapes, and the well-being of people. I remain fully committed to helping to drive that agenda.

VALUE CHAMPIONS



In Apri Martha Nugraheni (Ita), Assistant Manager for Internal Control at GMT in East Java, and Lambok Limbong, Administration Manager at PMP, West Papua are both Value Champions.

"Being a Value Champion is not a task to be undertaken lightly", says Ita, "Some people think it is about being perfect; being the moral police." Since becoming a Value Champion in 2013, she has realized that it is about embracing a culture of integrity, not only in the workplace but also personally. She sees her role as supporting her colleagues on this journey of creating a work culture which is based on a real understanding of what it means to work together in a way that embodies the Company value philosophy.



Lambok Limbong, who first joined ANJ in 1993, agrees with Ita, that being a Value Champion, is about being a role model for your colleagues and demonstrating this both personally and professionally. Again, mentoring new employees and helping them to really understand what it means to work with integrity, honesty and discipline, and uphold the Company values is an essential role of the Value Champion. Each individual Value Champion needs to work out the best way to do this based on the local situation. Lambok feels that he has grown personally and professionally as a Value Champion. He added, "I recall being really tested in a crisis situation at PMP which required me to step up and be courageous, but I never faltered in applying the Company values although it was a very challenging situation. Throughout I really felt supported by the BOD."

Lambok emphasized that being a Value Champion is a journey on which support and training are needed to ensure that they are equipped with the right skills, particularly when it comes to making decisions in difficult and challenging situations, such as where he works in West Papua.

ANJ SUSTAINABILITY POLICY

The ANJ Sustainability Policy is our commitment to Sustainable Development in the Oil Palm Industry. On October 31, 2019, we re-issued the policy making clear our commitments with regards to avoiding and minimizing the impacts of activities on communities and the environment in compliance with RSP0 Principles & Criteria (P&C 2018) and other international benchmarks.

The policy is formulated in a way that it supports the United Nations 17 Sustainable Development Goals (SDGs) and links them to our sustainable development approach. It demonstrates how we practice Responsible Development, especially in the oil palm sector. The guiding principles of Corporate and Social Responsibility, Transparency, and No Exploitation thread through the entire policy. The foundation of this policy has three key elements: (1) Long-term economic viability (Prosperity), (2) Human well-being (People), and (3) Stewardship of natural resources and management of the environment (Planet). This policy aims to balance prosperity, the well-being of people, and environmental stewardship and management.



▲ ANJ Operation Director, Geetha Govindan, discussing sustainability compliance at an internal workshop in ALC.

CONTRIBUTING TO AND REPORTING AGAINST THE UN SDGs

The UN SDGs are ambitious goals to improve the wellbeing of present and future generations. The 17 SDGs aim to tackle the world's most pressing challenges through the promotion of sustainable development. Many of these challenges are clearly evident to us in the areas where we operate. We believe that we contribute towards the achievement of the SDGs through:













1. Our direct business activities – the products we produce and the way we produce them;
2. The use by the government of the taxes and royalties we pay;
3. The direct and indirect employment opportunities we create, including our supply chain; and
4. Our voluntary social and environmental investment.





The UN SDGs explicitly calls on business to contribute, along with governments and civil society, to end poverty and create a life of dignity and opportunity for all within the boundaries of the planet. This call requires businesses to apply creative and innovative thinking in solving sustainable development challenges. The objective of the SDG Compass is to guide companies on how they can align their strategies as well as measure and manage their contribution to the SDGs.

In 2019, we started the process of applying the SDG Compass by evaluating how well our responsible development approach

aligns with the SDGs and where opportunities might exist for improving alignment with the SDGs. We followed the steps recommended by the UN Global Compact (UNGC), GRI and World Business Council for Sustainable Development (WBCSD) to develop our SDG Compass. These steps were implemented through a number of working sessions with the CSR & Sustainability Committee and relevant departments. Through the process we focussed on understanding the business case (our key business sectors, the positive impacts of our activities), defining the priorities based on social and environmental impacts, setting our goals for integrating and anchoring sustainability goals within the business, and finally how we will communicate our performance in contributing to the SDGs.

Through this process we unpacked our RD approach, including our corporate values, and identified where and how we aligned with the SDGs. The table below represents of our initial assessment of our SDG Compass which shows how our RD approach, comprising Prosperity, Planet, and People, whilst fostering Peace and Partnerships, aligns with the SDGs. For each one of our corporate values and the associated business practice or programs we implement, we have assessed how these individually contribute to the 17 SDGs. Over the next year we will continue to refine and improve our alignment with the SDGs and use this as a basis to streamline existing programs and target new programs.

ANJ RD Approach	RD Alignment with UN SDGs	How ANJ contributes to the SDGs
PEACE – Foster peaceful, just and inclusive societies		Respecting human rights Working with integrity Free, Prior, and Informed Consent (FPIC) Good Corporate Governance
PARTNERSHIPS – Implement the agenda through a solid global partnership		Multi-stakeholder Partnerships (RSPO, ISPO, PONGO Alliance) Civil Society Partnerships (TNC, CI, YIARI, YKAN)
PROSPERITY – Ensure prosperous lives	   	Job Opportunities Vocational Training Income opportunities (Plasma and independent smallholders, Transportation Cooperative, local suppliers, ecotourism, buffalo husbandry) Alternative Livelihood Programs (mushroom farming, vegetable gardens) Industrial supporting infrastructure which also supports the social and local development, such as road access and other public facilities.
PEOPLE – End poverty and hunger in all forms and ensure dignity and equality	     	Community Empowerment Health programs (Stunting, Maternal Health) Education programs (Early Childhood Education, Providing teachers) Gender and Livelihood Programs (Warung Mama) Other income generation programs (mushroom farming, vegetable garden, transport cooperative, local suppliers) Decent Sanitation Employee Empowerment Safe Work Place Healthcare/benefits ANJ Foundation Schools Employee Training Gender Equality

ANJ RD Approach	RD Alignment with UN SDGs	How ANJ contributes to the SDGs
PLANET – Protect our planet’s natural resources and climate for future generations	   	Climate Biogas Plant at AANE GHG Emission reduction initiatives Energy Reduction Initiatives Biodiversity High Conservation Areas Maintain biodiversity values (Orangutan conservation, Pendaki System) Fire Prevention and Management Peatland Management Recycling initiatives Waste-to-Energy Programs 3R Program Best Agronomic Practices Integrated Pest Management Soil and Water Conservation Organic Fertilizers

In October 2019, GRI signed a Memorandum of Understanding (MoU) with Indonesia’s Ministry of National Development Planning (*Badan Perencanaan Pembangunan Nasional/ Bappenas*) to promote the contribution of the private sector in achieving the 2030 Agenda, and to support and provide the reporting frameworks for the country’s commitments to the UN SDGs. The MoU promotes SDG reporting by publicly listed companies by using the GRI Standards, includes public

and private sector engagement to raise awareness of the contribution companies can make to the SDGs and highlight sustainable business practices. In connection with this, ANJ is the only agriculture and plantation company taking part in the initiative implemented by Bappenas SDG Secretariat with GRI and OJK to pilot the alignment between GRI Standards, POJK 51 and the UN SDGs in sustainability reporting.

PRECAUTIONARY PRINCIPLE OR APPROACH (102-11)



▲ Conservation staff installing wildlife camera trap

We subscribe to the Precautionary Principle through implementing comprehensive risk management and quality control systems to reduce negative environmental and social impacts through avoiding and reducing impacts, and mitigating residual impacts.

In 2019, we re-issued our sustainability policy to incorporate the latest RSPO Principles and Criteria. Our approach to environmental stewardship encompasses the following:

- Responsible development of new areas incorporating an integrated landscape approach;
- Total protection and conservation of independently identified HCV-HCS areas and primary forest;
- No land clearing for oil palm in independently identified HCV and HCS areas following RSPO protocols. Development of identified HCS areas pertaining to legacy cases will strictly follow RSPO’s requirements and protocols;
- No new development in peat areas of any depth and conservation of peat land;
- Commitment to reducing Greenhouse Gases (GHG) emissions;
- Zero Land Burning; and
- Precaution when developing on fragile soils, slopes and water ways (including river basins).

In line with the precautionary approach in our Sustainability Policy, we implement an environmental management system which includes a range of specific Standard Operating Procedures (SOPs) to manage the environmental impacts of our oil palm plantation activities, covering risk areas such as peatlands, water, soil and marginal land management. We are committed to continuously improving our SOPs as new information becomes available or as new risks arise.

KEY IMPACTS, RISK, AND OPPORTUNITIES (102-15)

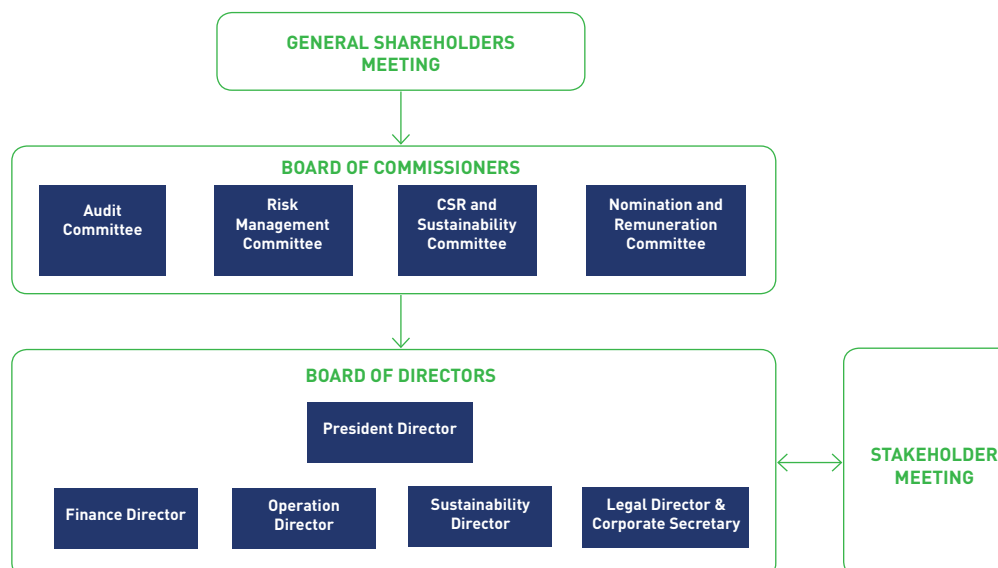
We implement a company-wide approach to risk management supervised by the Risk Management Committee, which reports to the BOC. The Risk Management Committee works with the BOD to conduct regular reviews of the corporate risk appetite and exposure, including sustainability-related risk based on the identification of risks and the measures put in place to control

them. The Risk Management Committee advises the BOD on risk management actions and issues. The key risks and control measures are summarized in the table below, but a more detailed presentation, especially regarding risk to Prosperity can be found in ANJ's 2019 Annual Report.

Summary of Key Impacts, Risks and Opportunities (102-15)

Risk	Impact	Opportunity	Intervention
PROSPERITY			
CPO price fluctuations	Revenue, profitability, cash flow	Forward sales, bulking station	Increasing efficiency; forward sales contracts under certain circumstances.
PLANET			
Disruptions arising from adverse weather, crop disease, pests and natural disasters, including risks associated with longer term climate change.	Environmental damage, productivity, revenue	R&D, new clones, plantation redesign	Applying best agronomic practices to minimize impacts; engaging in monitoring and modelling climate change impacts on precipitation, evaporation, soil moisture and temperature, and how these affect production.
Forest and land fires affecting our estates and the communities living around them	Environmental damage, productivity	Community based forest fire guard	Monitoring; raising awareness among employees and local communities; establishing farmer firefighting groups in higher risk areas; building strong collaboration with local authorities.
Contamination of water sources from mill effluent	Environmental damage, reputation	3R (Reduce, reuse, recycle)	Treating and (independently) testing all effluent to ensure it is within legal safe limits; entering into Pollution and Remediation Legal Liability Insurance for protection.
Pollution of local environment from toxic and/or hazardous waste	Environmental damage, reputation	3R (Reduce, reuse, recycle)	Storing all toxic and/or hazardous waste in licensed units before being collected and managed by licensed waste management contractors; entering into Pollution and Remediation Legal Liability Insurance for protection.
Biodiversity loss due to plantation development	Environmental damage, reputation	Partnership with NGO, Ecotourism	Implementing sustainable natural resource management, including active management of the Company's conservation forests and the biodiversity they support.
PEOPLE			
Delayed expansion due to land compensation issues	Project delay, return of investment	Community economic development	Extensive public consultations; offering fair compensation and attractive community development plans; establishing inclusive land compensation committees.
Delays in obtaining land rights	Project delay, return of investment	Deregulations packages, ease in doing business	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	Project delay, operation disruption	Participatory mapping	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	Insufficient resource, competency gap	Management Trainee Program	Ensuring competitive remuneration and benefit packages, living standards as well as career development opportunities.
Transportation and logistics disruptions	Project delay, operation disruption	Long term partnership, project logistic	Developing flexible and reliable transportation systems, improving planning and creating synergies.
Disruption by environmental groups, NGOs or other interest groups	Reputation and corporate image	Co-development	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	Social unrest	Capacity Building	Maintaining regular communication and building capacity for cooperative members.
Labor cost increases	Declining margin, profitability	Mechanization, automation	Applying incentives and standards to improve productivity.
Loss of livelihoods in local communities due to plantation development	Social unrest, corporate image	Community economic development project, job creation	Providing decent work opportunities, including training, on our estates; developing sustainable income generation initiatives to enhance livelihoods of communities surrounding our estates.

GOOD CORPORATE GOVERNANCE



Good corporate governance (GCG) plays a vital role in enhancing the Company's value for its shareholders and stakeholders and sustaining the business over the long term. The corporate governance structure comprises three independent bodies which are the General Meeting of Shareholders (GMS), the Board of Commissioners (BOC), and the Board of Directors (BOD). The shareholders exercise their rights at the GMS to make decisions on matters that are not mandated to the BOD and BOC, to receive reports about performance and to question the Boards about their actions. The GMS is convened at least once a year and no later than six months after the end of the Company's financial year for the Annual General Meeting. It can also be convened any time as deemed necessary in an extraordinary meeting. Decisions regarding economic, environmental and social topics are mandated by the GMS to the BOD and BOC. **(102-18, 102-19)**

The highest governance body is comprised of two tiers, the BOD as the executive board, and the BOC as the supervisory board. The Chair of the two-tier governance system is the President Commissioner of the BOC, which is a non-executive position, and the President Director of the BOD, which is an executive role. **(102-23)**

The BOC is responsible for supervising the management of the Company and advising the BOD. The scope of this responsibility includes ensuring that the BOD's strategies, policies and actions are in accordance with the provisions of the Company's Articles of Association, its Code of Ethics and the prevailing laws and regulations. The BOC is also responsible for monitoring the implementation of good corporate governance at all levels of the Company. **(102-18)**

The BOD is collectively responsible for managing the Company's interests and objectives in pursuit of its vision and mission, in accordance with the Articles of Association and the prevailing laws and regulations. They are responsible for the management of the Company for the interest of the Company in accordance with the purpose and objectives of the Company, the Articles of

Association of the Company, the prevailing laws and regulations and the principles of good corporate governance. The BOD is accountable to the shareholders through the GMS. **(102-18)**

ANJ's governance structure ensures very strong oversight across the Group by virtue of the fact that, to the extent permitted by prevailing laws and regulations, one or more directors of the Company serve on the BOC of each of the Company's key subsidiaries and each subsidiary has at least one director of the Company serving on its BOD. ANJ's BOD thus has direct oversight over each of the Company's subsidiaries and the material actions they take. **(102-18).**

To support its strategic oversight function, the BOC is informed by four separate committees: the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the CSR and Sustainability Committee. The latter is responsible for advising the BOD on the ANJ Group's CSR and sustainability plans and monitoring their development and execution. Each of the Board committees is chaired by one of the Company's Commissioners. **(102-20)**

The Sustainability Director is responsible for the development and execution of the Company sustainability initiatives including formulating the sustainability policy, strategic direction for the implementation through all aspects of Community Involvement and Development (CID), Biodiversity and Conservation, Compliance with sustainability standards, Plasma and Smallholder Partnership and Stakeholder Relations, including national and local governments, international and national NGOs and other key stakeholders. **(102-20, 102-21)**

Sustainability topics and issues raised by stakeholders on economic, social and environmental issues, including material topics, are discussed at bi-weekly meetings of the AELT. The AELT is attended by all the BOD including BOD members from subsidiaries, and BOC representatives. **(102-20, 102-21)**

The BOC comprises seven commissioners, three (42.9%) of whom are independent, thus meeting OJK Regulation No.33/POJK.04/ 2014 requiring that more than 30% of the BOC is independent. The BOD comprises five directors. The gender composition of the BOC and BOD combined is 91.7% male and 8.3% female. There is no membership of under-represented social groups or stakeholders. Both BOC and BOD run for a term up to the fifth GMS as of their first appointment. The BOC members also hold other positions outside the Company's group, but the BOD members do not. In terms of competency in environmental, social and economic matters, the BOC and BOD members as a group are well qualified with members holding degrees in social science, political science, engineering, agronomy, medicine, science, economics, law, business and accountancy. George Tahija is on the Advisory Board of The Nature Conservancy (TNC) Indonesia Chapter, and also Founder and Chairman of the Coral Triangle Center (CTC). The Sustainability Director worked for almost 15 years with United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP) and UN Refugee Agency (UNHCR). **(102-22)**

The Articles of Association specify that the BOC must consist of at least two members, one of whom is to be appointed as the President Commissioner and that the BOD must comprise a President Director and at least one Director. Commissioners and Directors are appointed by the shareholders at a GMS based on the recommendations of the Company's Nomination and Remuneration Committee (NRC). Aside from shareholders, other stakeholders are not involved in the process. The nomination and selection process considers criteria of diversity as well as expertise and experience in economic, environmental and social fields. Independence of board members is also taken into account as the BOC and BOD also comprise independent commissioners and professional directors who are not related or affiliated with shareholders of the Company. Additionally, the NRC is headed by an independent commissioner to ensure that the nomination and selection process is as independent and unbiased as possible. **(102-24)**

The Company's Code of Ethics on business conduct has clear procedures in place regarding conflict of interest. The Company makes a clear and distinct division between personal interests and the interests of the Company and avoids any situation which may result in or be perceived as a conflict of interest between the interests of the Company and personal interests. This applies to all members of the BOD and BOC. The affiliate relationships between members of the BOD, BOC and the Controlling Shareholders are described in the Annual Report. All such relationships comply with OJK regulations. **(102-25)**

The BOD is responsible for leading, managing and directing the day-to-day operations and ensuring that the Company meets its vision and mission with regards to environmental, social and economic topics, and principles of good governance. The President Director co-ordinates, supervises and leads the Company's management and ensures that all business activities are executed in accordance with the vision, mission and values of the Company. All Directors work under the supervision of the President Director. **(102-26)**

Making commitments to operate sustainably also means that our BOD and employees have the appropriate knowledge and skills related to sustainability practices to implement these commitments. Sustainability training and awareness are conducted through a number of means, such as short-courses, attending workshops and seminars, self-study and involvement in sustainability-oriented projects. **(102-27)**

In 2019, the BOD attended individually over 33 conferences, workshops and seminars related to sustainability. The President Director attended nine events and presented at a number of these. The Sustainability Director attended eleven events, two of which were RSPO conferences, and also presented at a number of these events. This demonstrates ANJ's active engagement in sustainable palm oil dialogue. The BOC received no specific sustainability training in 2019 but one Commissioner made a presentation at a sustainability related forum. **(102-27)**

Every year, BOD is allocated Key Performance Indicators (KPIs) based on the corporate strategy and implementation plan. Each member also assumes responsibility for at least one of the corporate KPIs for responsible development, which directly relates to economic, environmental and social topics. At the end of the appraisal period, each Board member evaluates their performance against their respective KPIs through a self-assessment. For BOD members, their annual performance is further verified and evaluated by the President Director or, in the President Director's case, by the NRC. The results of the assessments are further discussed with the NRC and recommendations are made on the remuneration for the Directors. No external consultants are involved in the process of determining the remuneration. BOC also undertakes an annual self-assessment of its performance and its supporting committees against the objectives in their respective annual work plans. These committees include those directly related to economic, social and environmental topics, such as the CSR & Sustainability Committee, and the Risk Management Committee. **(102-28, 102-36, 103-3)**

In terms of good corporate governance, ANJ was one of Indonesia's top three mid-cap non-financial sector companies for corporate governance implementation in 2018 in the Indonesian Institute for Corporate Directorship (IICD)'s annual assessment of the ASEAN Corporate Governance Scorecard (ACGS). In 2019, we continued to implement the recommendations from ACGS, but the Company was not included in the 2019 review due to the decline in our market capitalization, which was a direct result of the low CPO price. However, as we value this external perspective of our corporate governance performance, we made a special request to the IICD to verify our Scorecard results. We achieved a total score of 76.71 in 2019, which was above the average score of 72.87 of the BigCap 100 (100 public companies with the largest capitalization). **(102-28)**

THE CSR AND SUSTAINABILITY COMMITTEE **(102-29, 102-31)**

The CSR and Sustainability Committee plays an important governance role in terms of the oversight function of BOC in being fully informed of, and accurately monitoring the development and implementation of the Company's CSR and Sustainability commitments based on identified environmental, social and economic impacts of the business, as well as related risks and opportunities. The issues and aspects reported on and discussed in the quarterly meetings include updates on sustainability compliance (e.g. RSPO), progress with responsible development projects, environmental and social issues and community grievances, community engagement, government engagement, biodiversity conservation, alignment with SDGs, media attention, and sustainability awards. The CSR and Sustainability Committee met on four occasions in 2019 (quarterly). The Chair of the CSR and Sustainability Committee is Sjakon George Tahija who is also a Commissioner of the Company.

RISK MANAGEMENT COMMITTEE

The BOD has primary responsibility for risk management, as specified in the OJK's corporate governance framework. Each business unit and, at the corporate level, the Business Development and Corporate Planning Department are tasked to map and prepare plans to mitigate those risks to be reported to the BOD. After verification, validation, feedback and executive decision from the BOD, the risk mitigation plans are then implemented and monitored at the business unit and corporate levels. The risk management and due diligence processes, as well as its performance are reported by the BOD to the Risk Management Committee. **(102-29)**

Oversight of risk management is provided by the BOC with support from the Risk Management Committee, which reviews the effectiveness of the Directors in identifying, assessing and mitigating risks. The committee also advises the BOD and provides reviews of the current and potential risk management and compliance issues, including those related to economic, social and environmental topics. The Risk Management Committee works independently of the Company's management. Two members are Independent Commissioners of the Company. **(102-30)**

In addition to Risk Management Committee and CSR & Sustainability Committee meetings, dates of which are listed in the annual report, opportunities to discuss environmental, social and economic topics arise at meetings of the BOC and the BOD. The BOC must meet at least once every two months and the BOD at least once every month. The BOC and BOD meeting agendas and topics are listed in the annual report, including a list of specific economic, environmental and social topics discussed. **(102-31)**

Critical concerns are raised through a number of channels, including by Value Champions System, Whistleblowing System, internal audit, stakeholder meeting, grievance system, review of social and environmental assessments and at the annual shareholders meeting. Critical concerns related to economic, social or environmental topics are discussed at the CSR & Sustainability Committee meetings and the bi-weekly AELT attended by all the BOD, including BOD members from subsidiaries. Another avenue for discussing critical concerns is through joint meetings between the BOC and the BOD. These meetings are disclosed in the annual report. **(102-33)**

The table below shows the nature and total number of critical concerns. **(102-34)** These concerns are discussed and investigated further by the BOD and Internal Audit Unit. Where appropriate, penalties and sanctions are given in accordance with the Company regulations. In cases where laws are violated, the incidents are reported to relevant authorities and law enforcers.

No	Description of Cases	Number of Cases		Total Cases
		Major	Minor	
1	Fraud & Manipulation (Integrity related)	9	1	10
2	Non-Compliance to Internal Control SOP	31	85	116
3	Operational Inefficiency	6	16	22
Total		46	102	148

REMUNERATION POLICY

Members of the BOC are entitled to a monthly honorarium, while members of the BOD are entitled to compensation consisting of a basic salary, performance bonus, allowances and benefits. Directors also receive management stock options. The amount of the remuneration for both the Commissioners and the Directors is determined by the shareholders at GMS, based on the recommendation of the Nomination and Remuneration

Committee. Both Boards also undertake an annual self-assessment of their performance. In 2019, no external stakeholders were involved to determine the remuneration of either the BOC or the BOD. Details on remuneration are disclosed in the annual report. **(102-35, 102-36. 102-37)**

For reasons of confidentiality we cannot disclose details of annual compensation ratio or percentage increase in annual compensation ratio. **(102-38, 102-39)**





ABOUT

PT. AUSTINDO NUSANTARA JAYA TBK.



PT. Austindo Nusantara Jaya Tbk. (ANJ) is an agricultural commodity holding company that engages primarily, both directly and through its subsidiaries, in trading, services and operations related to palm oil plantations and processing, trading in palm oil products including crude palm oil (CPO) and palm kernel (PK), as well as harvesting and processing sago and edamame, and generating renewable energy from palm oil waste (biogas). (102-2)



**CRUDE PALM OIL (CPO) AND
PALM KERNEL (PK)**



SAGO



EDAMAME



**RENEWABLE ENERGY FROM
PALM OIL WASTE**

OIL PALM

ANJ holds landbanks across the archipelago where it manages fully the operation of mature and young mature oil palm plantations. The mature oil palm plantations comprise two estates in North Sumatra (ANJA and ANJAS), one in West Kalimantan (KAL), and one on Belitung Island (SMM), all of which have an on-site processing mill. In support of our sustainable growth strategy, we manage additional landbanks in West Papua (PPM and PMP) comprising of young mature oil plantations planted in 2015-2018, with a processing mill in PMP which came on-line at the end of 2019. In addition, ANJ owns and manages an oil palm development plantation in South Sumatra (GSB). ANJ has been a member of the RSPO since February 2007. The Company's subsidiaries with RSPO certification are ANJA, ANJAS, SMM, and KAL. Part of our producing oil palm plantation is allocated to local smallholders under the government's Plasma Program aimed at supporting independent farmers. (102-2)

All our landbanks for oil palm plantations, apart from GSB, are fully titled for the development of oil palm plantations, through individual Land Cultivation Right Titles (Hak Guna Usaha/HGU) which confer the right to use the land for cultivation. HGU titles are issued by the Ministry of Agrarian Affairs and Spatial Planning. GSB's HGU application is still being processed. All associated mills and other facilities comply fully with all prevailing regulatory requirements, including Ministry of Environment and Forestry decrees, business permits, location permits, environmental permits and plantation permits. (102-2)

In SMM plantation, Belitung Island, AANE operates a biogas power plant which captures methane released from the decomposition of palm oil mill effluent (POME) at SMM oil palm plantation and burns it to generate electricity.

SAGO

ANJAP is the only commercial sago business of its size in Indonesia. We extract sago starch from natural sago forest in West Papua by implementing selective harvesting, replanting as we harvest, and restoring soil and biomass that is disturbed during harvesting. Managing water balance is very important in sago forests and we do this according to best practice to ensure no negative environmental impacts on the ecosystem. We pay a mandatory forest resource levy (*Provisi Sumber Daya Hutan/PSDH*) on the extracted sago. As sago harvesting at this scale is new in Indonesia, we put effort into agronomic research on sago cultivation and management to improve product quality and productivity, and to develop a model for large-scale sago production. (102-2)

VEGETABLES

GMIT, our vegetable business located in East Java currently focuses on edamame, an immature soybean popular in Asian cuisine. The edamame is supplied to the factory from smallholder farmers that receive guidance and agronomy support from GMIT. Currently, the market is only domestic but the Company has invested in a frozen line factory and entered into a strategic partnership to facilitate GMIT's market expansion into Asia Pacific region, with a view to exporting its first frozen products in 2020. (102-2)

ORGANIZATIONAL STRUCTURE (SUMMARY)

CORPORATE DATA

Company Name (102-1)

PT. Austindo Nusantara Jaya Tbk.

Date of Establishment

April 16, 1993

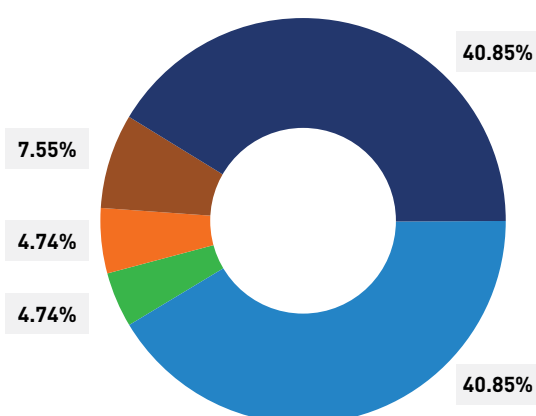
Legal Form & Share Ownership (102-5)

Listed Company

Listed on the Indonesia Stock exchange (IDX) since 2013 under the stock code ANJT

Shareholders:

PT. Austindo Kencana Jaya	40.85%
PT. Memimpin Dengan Nurani	40.85%
Sjakon George Tahija	4.74%
George Santosa Tahija	4.74%
Yayasan Tahija	0.00%
Public	7.55%



Products (102-2)

Crude Palm Oil (CPO)
Palm Kernel (PK)
Sago starch
Edamame
Renewable energy

Headquarters (102-3)

BTPN Tower, Floor 40
Jl Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6
Jakarta 12950
Tel : +62 21 2965 1777
Fax : +62 21 2965 1788
Email : corsec@anj-group.com,
anj.corcomm@anj-group.com
Website : www.anj-group.com

Operating Area (102-4)

ANJ operates entirely within Indonesia in the following provinces:

- North Sumatra - West Kalimantan
- Bangka Belitung - West Papua
- South Sumatra - East Java

Total HGU Area 2019

Oil Palm

Operational Site Area	Nucleus Conservation Area (Ha)	Nucleus HGU (Ha)	Plasma/ Partnership HGU (Ha)
ANJA	591.64	9,465	-
ANJAS	2,271.00*	9,182	157.5
SMM	1,568.48	16,277	948.1
KAL	3,844.52**	10,920.12	2,958.12
GSB	1,564.84	12,800***	-
PMP	14,804.20	18,860.3	3,818.11
PPM	25,595.40	26,570.7	5,454.48
ANJ (West Papua)	****	30,515.8	5,990.18

* Includes 288 ha of conservation area outside ANJAS's HGU

** Includes 2,330.88 ha of conservation area outside KAL's HGU

*** Land compensation and HGU still in process

**** Not yet determined

Sago	Conservation Area	Total Concession
ANJAP	8,150 (Ha)	40,000 (Ha)

Marketing (102-6)

- > Domestic and overseas
- > Agents, distributors and companies that process CPO and sago starch into derivative products

ORGANIZATION SCALE AS OF DECEMBER 31, 2019 (102-7)

Description	Unit	2019	2018	2017
Number of employees	people	8,258	7,998	7,596
Operating areas	plantations/sites	7	7	7
Development areas	plantations	4	4	4
Revenue	USD (thousand)	130,355	151,701	161,797

Total capitalization

Total liabilities	USD (thousand)	237,000	215,816	174,142
Total equity	USD (thousand)	388,708	386,389	395,354
Total assets	USD (thousand)	625,708	602,205	569,496
Net profit (loss)	USD (thousand)	(4,558)	(492)	46,540

Products












FFB production	tonnes	732,837	786,104	730,356
FFB from third parties	tonnes	405,754	375,181	234,452
Processed FFB	tonnes	1,138,591	1,161,285	964,808
CPO production	tonnes	240,844	248,694	210,248
PK production	tonnes	51,585	54,033	44,037
CPO sales	tonnes	239,800	246,138	209,000
PK sales	tonnes	52,115	54,285	42,797
Edamame production	tonnes	710	1,229	789
Edamame sales	tonnes	630	864	716
Sago starch production	tonnes	2,781	1,894	788
Sago starch sales	tonnes	2,148	1,771	518
Electricity production	kWh	7,106,562	8,734,408	7,909,133

SIGNIFICANT CHANGES TO THE ORGANIZATION (102-10)

In the past year there were no significant changes to the organization or its supply chain.



LOCATION MAP OF OPERATIONS (102-7)

1 	PT AUSTINDO NUSANTARA JAYA AGRI (ANJA) Binanga, North Sumatra	5 	PT KAYUNG AGRO LESTARI (KAL) Ketapang, West Kalimantan	9 	PT AUSTINDO AUFWIND NEW ENERGY (AANE) Belitung, Bangka Belitung
2 	PT AUSTINDO NUSANTARA JAYA AGRI SIAIS (ANJAS) Padang Sidempuan, North Sumatra	6 	PT PUTERA MANUNGAL PERKASA (PMP) Maybrat and South Sorong, West Papua	10 	PT ANJ AGRI PAPUA (ANJAP) South Sorong, West Papua
3 	PT GALEMPA SEJAHTERA BERSAMA (GSB) Empat Lawang, South Sumatra	7 	PT PERMATA PUTERA MANDIRI (PPM) South Sorong, West Papua	11 	PT GADING MAS INDONESIA TEGUH (GMT) Jember, East Java
4 	PT SAHABAT MEWAH DAN MAKMUR (SMM) Belitung, Bangka Belitung	8 	PT AUSTINDO NUSANTARA JAYA Tbk. Maybrat, West Papua		

LEGEND



PALM OIL



SAGO



EDAMAME



RENEWABLE ENERGY



OUR MARKETS (102-6)

Our main plantation product is oil palm Fresh Fruit Bunches (FFB) which is processed at our mills into crude palm oil and palm kernel. The CPO and PK are sold directly to domestic or foreign companies where it is further processed into derivative products, or it is sold to agents and distributors. Geographically the largest export markets we serve are other Asian countries, such as China and India.

Sago starch produced by ANJAP in West Papua is solely sold to a domestic market and to food manufacturing businesses where it is further processed into food products. Customers include two major companies in the food industry. We are currently exploring export and retail opportunities that will be pursued further when production increases.

The edamame we produce is currently sold in fresh form to distributors in East Java, Central Java and Bali, but a portion

of our production in 2019 was used for process trials in our new frozen line and cold storage facility. Our plan to export frozen edamame came to realization in August 2019 with a trial shipment of nine tonnes of frozen edamame to Vancouver, Canada. We hope to begin exporting to Japan in 2020. GMIT also remains focused on growing the domestic market where edamame is able to offer a vegetable which is rich in protein, fiber and antioxidants.

AANE operates a biogas power plant which captures methane released from the decomposition of palm oil mill effluent (POME) at SMM oil palm plantation and burns it to generate electricity. AANE was licensed as an independent power producer (IPP) in 2013 and has been operating commercially since 2014, selling electricity to the State Electricity Company (*Perusahaan Listrik Negara/PLN*) and supplying electricity to over 2000 homes in the vicinity of the SMM.



OUR EMPLOYEES (102-8)



▲ ANJAS management and staff.

As of December 31, 2019, ANJ had a total headcount of 8,258 people, of whom 7,089 (86%) are permanent full-time employees and 1,169 (14%) are on full-time fixed-term contracts. In terms of gender 1,436 (17%) are female and 6,822 (83%) are male.

By business segment, the majority of our employees work in our oil palm businesses, comprising 6,483 males and 1,380 females. The head office in Jakarta employs 55 males and 27 females. The sago business employs 244 people, predominantly men. The edamame business employs a total of 56 people and the biogas

business employs 13 people. There is no significant portion of activities conducted by workers who are not employees, for example there are no seasonal workers. All employee data are collected from each business unit to be stored and analyzed by the head office in Jakarta. **(102-8)**

TOTAL NUMBER OF EMPLOYEES BY GENDER, CONTRACT TYPE, AND BUSINESS LOCATION (102-8)

2019	Location	Female			Male			Grand Total
		Contract	Permanent	Total	Contract	Permanent	Total	
PT. Austindo Nusantara Jaya Tbk. (HO)	Jakarta	2	25	27	2	53	55	82
Regional Office Medan (RO)	North Sumatra	0	24	24	1	51	52	76
OIL PALM								
PT. Austindo Nusantara Jaya Agri (ANJA)	North Sumatra	19	209	228	3	1,178	1,181	1,409
PT. Austindo Nusantara Jaya Agri Siaia (ANJAS)	North Sumatra	0	251	251	2	946	948	1,199
PT. Sahabat Mewah dan Makmur (SMM)	Bangka Belitung	0	316	316	2	1,538	1,540	1,856
PT. Kayung Agro Lestari (KAL)	West Kalimantan	15	450	465	4	1,434	1,438	1,903
PT. Galempa Sejahtera Bersama (GSB)	South Sumatra	4	3	7	5	13	18	25
PT. Putera Manunggal Perkasa (PMP)	West Papua	20	32	52	616	256	872	924

2019	Location	Female			Male			Grand Total
		Contract	Permanent	Total	Contract	Permanent	Total	
PT. Permata Putera Mandiri (PPM)	West Papua	15	22	37	315	119	434	471
SAGO								
PT. ANJ Agri Papua (ANJAP)	West Papua	3	16	19	130	95	225	244
EDAMAME								
PT. Gading Mas Indonesia Teguh (GMIT)	East Java	5	5	10	5	41	46	56
RENEWABLE ENERGY								
PT. Austindo Aufwind New Energy (AANE)	Bangka Belitung	0	0	0	1	12	13	13
Grand Total		83	1,353	1,436	1,086	5,736	6,822	8,258

In terms of level of position, the highest level is director-level with 12 positions, of which 8 are held by men, and 4 by women. The next level down is general manager with 33 positions, of which 29 are held by men, and 4 by women. At manager-level there are 211 positions with 183 held by men and the remaining 28 by women. Staff positions account for 382 position out of which 313 are men. The largest demographic is held by laborers and workers who account for 7,620, or 92% of our workforce.

In terms of education level of our employees, the majority (88%) are senior/vocational high school level. Almost 8% of our workforce have a Master's/Bachelor's degree, which translates in to almost 9% of our female workforce, which is a higher percentage than for the male workforce. Employees holding a diploma are 120 men and 48 women.

The age composition of our employees has the highest representation in the age group 25-40 years with 60% of the workforce in this age group. This is followed by 25% of employees in the age group 41-55 years, 13% under 25 years, and the remainder, only 1%, in the age group over 55.

In terms of gender diversity, we actively promote opportunities for women to work for us. Overall, 17% of our workforce are women, the majority of whom are permanent employees. At head office in Jakarta, 33% of our employees are female, and four out of twelve director positions are female. The highest

female position, is the President Director, held by Istini Tatiek Siddharta, who is considered a role model and leading example for many women in the Company. She is also recognized in the wider Indonesian business community where she has won a number of accolades for performance as a CEO. The recognition of Istini as a top female business leader in Indonesia, was repeated again this year with the award of Indonesia Business Women of the Year from SWA Magazine Group at its Top Female Leaders event in July 2019.

The Company is committed to the implementation of gender equality to achieve conditions in which all workers (both men and women) are free to develop their personal abilities and make choices without being constrained by stereotypes of rigid gender roles. As a company engaged in the oil palm plantation and processing industry sector, which is currently still dominated by men, the Company considers it important to make active efforts to create gender equality in the work environment. Several initiatives have been carried out to increase women's empowerment, including providing opportunities for women to occupy strategic positions. In the case of preparing prospective leaders through the Management Trainee (MT) program, the Company has gradually recruited female participants, which in the last batch of the MT program, female participants rose by more than 30%.

Employee Composition ANJ and Subsidiaries

Employee Composition ANJ And Subsidiaries		2019			2018			2017		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
By Segment	Head Office Jakarta	55	27	82	81	31	112	81	32	113
	Palm Oil	6,483	1,380	7,863	6,064	1,502	7,566	5,778	1,438	7,216
	Sago	225	19	244	225	16	241	186	17	203
	Others	59	10	69	67	12	79	60	4	64
Total		6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596
By Position	Director	8	4	12	8	4	12	7	2	9
	General Manager (GM)	29	4	33	35	3	38	36	6	42
	Manager	183	28	211	190	27	217	185	28	213
	Staff	313	69	382	326	77	403	319	58	377
	Laborers or Workers	6,289	1,331	7,620	5,878	1,450	7,328	5,558	1,397	6,955
Total		6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596

Employee Composition ANJ And Subsidiaries		2019			2018			2017		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
By Education	Master's/Bachelor's degree	522	131	653	509	155	664	483	130	613
	Diploma	120	48	168	96	49	145	92	50	142
	Senior/Vocational High School	6,055	1,225	7,280	2,059	259	2,318	1,844	262	2,106
	Other	125	32	157	3,773	1,098	4,871	3,686	1,049	4,735
Total		6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596
By Employment Status	Contract Workers	1,086	83	1,169	744	86	830	362	68	430
	Permanent Staff	5,736	1,353	7,089	5,693	1,475	7,168	5,743	1,423	7,166
Total		6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596
By Age	Over 55	81	13	94	85	19	104	90	19	109
	41-55	1,620	463	2,083	1,555	438	1,993	1,451	363	1,814
	25-40	4,109	880	4,989	3,982	981	4,963	3,874	971	4,845
	Under 25	1,012	80	1,092	815	123	938	690	138	828
Total		6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596

TESTIMONY ON GENDER

Erik Noer Mazhlina, is a young recent Mechanical Engineering graduate from ITS University in Surabaya, who recently completed the ANJ Management Trainee (MT) Program for the period 2018-2019.

"As a woman who works in an industry where the workforce is predominantly male, I have faced many challenges. In the beginning, I thought that if I worked in the factory many people would question me for wanting to work in there. It turned out, however, that my assumption was wrong. Almost everyone at ANJ provides a supportive work environment for women, which makes me motivated to do more for the Company."

"As a female engineer, I hope to strengthen research and development activities for the processing industry, both palm oil and other ANJ Group business processes. I think that the different style and perspectives that women bring to the workplace can make a positive contribution to ANJ as a whole."

Naurah Z. Aufaira, is an experienced doctor stationed at PMP since 2016. Besides working as a doctor, she is also the Chairperson of PMP's Gender Committee which was pioneered at PMP in 2017. One issue close to Dr Naurah's heart is the protection of women and children from domestic violence. When she first started working at PMP she was confronted by the frequency of cases of domestic violence towards women in the surrounding community. She immediately saw that there was a lack of awareness about laws which protect women and children from violence. As the Chair of the Gender Committee, one of the first actions she took was to commence a program to socialize the existence of the gender committee to all female workers, the wives of employees and all PMP staff, as well as deliver a seminar on the protection of women and children. Her aims through the Gender Committee initiatives was to prevent physical and psychological violence both directly and verbally against women who live around the Company, create better gender equality at work, achieve reproductive health among women workers and follow up on female victims of violence through the law so that perpetrators did not continue to perpetrate violent acts towards women and children.

OUR SUPPLY CHAIN (102-9)



▲ Smallholders loading fresh fruit bunches for delivery to the mill.
(Photo by Dita Purnamasari, PMP; Winner of ANJ Annual Photo Competition 2020.)

OIL PALM

Local communities who live around our estates are not only key stakeholders but also business partners, all of whom are an integral part of our sustainability journey. Independent smallholders and farmer cooperatives provide an important supply of FFB for our mills in addition to the supply from our own estates. We believe in the importance of supply chain sustainability and we are committed to working with our suppliers to help them implement sustainable practices.

The table below details the different types of FFB suppliers by business unit, excluding GSB which is still in the development phase.

FFB suppliers by supplier type and business unit as of December 31, 2019

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	1	3	2
ANJAS	1	0	0	2	1
SMM	8	7	4	5	0
KAL	3	1	0	3	0
PPM	1	0	0	0	0
PMP	1	0	0	0	0

Supporting and improving the capacity of smallholder partners

We have strong partnerships with smallholders under the plasma scheme or with individual smallholder farmers, involving more than 3,000 farmers, under 14 local business entities such as cooperatives and other local state enterprises. The smallholders own 4,056 ha of plantation land of which 3,590 ha are planted. Partnerships with smallholders facilitate our direct contribution to local economic development in the area surrounding our plantations. In 2019, smallholders have supplied USD 36.7 million worth of FFB to our plantations, which has had both direct and indirect impacts on the local economy.

We strive to ensure our partnerships are mutually beneficial, improving capacities and addressing challenges. This is based on our long experience in partnering and supporting smallholders, and our recognition that most smallholders' challenges arise from a lack of capacity in managing their

organization and businesses, resulting in lack of access to business financing. Productivity and sustainability is another area where smallholders need significant support. ANJ has developed programs and capacity building activities to improve smallholder capacities to address these challenges. For example, to increase organizational capacity, we support the formation of cooperatives to enable smallholders to improve their management and financial capacity. Currently, 14 smallholder cooperatives have been established in Sumatra, Belitung and Kalimantan and more are under formation in West Papua. As a result, eight cooperatives have secured financing support from domestic banks through credit facilities.

To improve their productivity, we have developed a program which includes training on agronomic practices, fertilizing and pest management. We also provide support for smallholders to obtain higher quality oil palm seedlings, and provide technical support to increase productivity.

Remote Sensing of Smallholder Oil Palm Plantations

As part of our continuing effort to identify innovative ways to use technology and work with external partners to optimize the sustainability of our supply chain, in the past year, ANJ's Information and Communication Technology (ICT) Department and the Geographic Information System (GIS) Section collaborated in a remote sensing assessment with the University of Amsterdam and the EU Joint Research Center. This assessment focused on developing automatic classification algorithms to accurately identify smallholder oil palm plantations using satellite imagery. The results were published in the Journal of Remote Sensing in November 2019 with two ANJ employees as co-authors. The assessment looked at the feasibility of mapping oil palm plantations, by typology (industrial versus smallholder) and age (young versus mature), in the largest palm oil producing region of Indonesia (Riau province) using optical images (Sentinel-2) and radar scenes (Sentinel-1) in a Random Forest classification model. The approach is unique because none of the previously published studies on mapping of oil palm plantations have focused on the discrimination of smallholder plantations from industrial plantations at a province-wide scale, or the differentiation between young and mature oil palm stands. The classification process was tested and supported by using geo-tagged site photos from ANJA and surrounding smallholder plantations depicting industrial and smallholder plantations at different tree growth stages. Classification accuracy was found to be high and was also ground-checked with the support of ANJ's GIS team who collected aerial drone photography.

The results over Riau province show that smallholders represent 49.9% of total oil palm plantations, which is higher than reported in previous studies. This study is an important step towards a global map of oil palm plantations at different production scales and stand ages that can frequently be updated. Resulting insights would facilitate a more informed debate about optimizing land use for meeting global vegetable oil demands from oil palm and other oil crops. Such an automated method of detecting industrial and smallholder plantations has the benefit that it can potentially lead to a global oil-palm plantation map that could be adopted by certifying bodies such as the RSPO, and additionally help to create a transparent and free mapping tool for all of the involved stakeholders. At a Company level we have integrated the results in our GIS and plan to use the results to potentially identify new FFB smallholder sources.



▲ Pati Alam, sago starch produced by ANJAP.

SAGO

ANJ's commitment to the sago business in West Papua is aligned with the province's strategy of promoting sago as a commodity that can potentially make an important contribution to the local economy and to sustainable commodity development in Papua, particularly with regard to food security. Currently all sago starch harvested is from land owned by villagers under customary right, who receive payment for every sago log harvested. It is not economical for the smallholder villagers to harvest the sago manually and supply them to our factory. (102-2)



▲ A GMIT partner farmer harvesting edamame in Jember, East Java.

EDAMAME

Edamame was supplied to the factory from 42 smallholder partners in 2019, which is up from 37 in 2018. GMIT works together with individual farmers during the planting and harvesting of the edamame to ensure good product quality. All our smallholder farmers have access to information and coaching through the Edamame School and mentoring by GMIT field assistants.

EXTERNAL INITIATIVES AND CERTIFICATION (102-12)

In order to implement sustainable business practices and demonstrate this to external stakeholders, we subscribe to a number of economic, environmental and social principles, standards and certification schemes. These standards are embodied in various certification schemes, specifically the RSPO, Indonesian Sustainable Palm Oil (ISPO) and International Sustainability and Carbon Certification (ISCC), which focus on no deforestation, no exploitation of peat-land, transparent supply chains and measurement of greenhouse gas emissions. ANJ is committed to ensuring that all of its plantations and mills achieve and maintain certification under these internationally recognized schemes. Other standards to which ANJ is committed include the International Standards Organization's Environmental Management System (ISO14001) and the Occupational Health and Safety Management System (OHSAS 18001).

The voluntary certification schemes are RSPO, OHSAS, and ISO, whilst the mandatory certification schemes are SMK3, ISPO, and PROPER.

For our edamame business, in 2019, GMIT received the Class A Halal certificate from the Indonesian Council of Ulama (*Majelis Ulama Indonesia/MUI*) and National Agency of Drug and Food Control (*Badan Pengawas Obat dan Makanan/BPOM*) certificate which give assurance to our domestic market that the products are safe. In February 2020, the ISO 22000 certification and Hazard Analysis and Critical Control Points (HACCP) obtained by GMIT in 2019 had to be withdrawn because GMIT decided to replace the front-end processing line in the factory to meet the high standard for export quality. The process to regain those certifications will be carried out once the factory is fully completed. Meanwhile, the progress is continuing to obtain British Retail Certification (BRC), Global Good Agricultural Practices (GAP), and FDA and Kosher certification for assuring export to the international market.

There are currently no certification schemes for sustainable sago forest management. ANJAP, however, has obtained the Halal certificate from MUI and Distribution Permit for Processed Food from BPOM. ANJAP is also preparing documentation in anticipation of being able to reference existing certification frameworks at a future date.

ANJ'S CERTIFICATION AS OF DECEMBER 31, 2019

Estate	Certificate	Date/Validity	Issuer
ANJA	RSPO	November 15, 2019 valid until November 13, 2022	RSPO
	ISPO	July 19, 2016 valid until July 18, 2021	ISPO Commission
	ISCC	November 2, 2018 valid until November 1, 2019	ISCC Organization
	OHSAS 18001	June 16, 2017 valid until June 15, 2020	British Standards Institution
	ISO 14001	June 16, 2017 valid until June 16, 2020	ISO Organization
	PROPER	Green Rating for year 2019	Ministry of Environment and Forestry, Republic of Indonesia
	SMK3	May 16, 2019 valid until May 17, 2022	Ministry of Labor and Transmigration, Republic of Indonesia
ANJAS	RSPO	November 25, 2019 valid until September 24, 2024	RSPO
	ISPO	April 30, 2015 valid until April 29, 2020	ISPO Commission
	OHSAS 18001	November 11, 2017 valid until November 11, 2020	British Standards Institution
	ISO 14001	November 11, 2017 valid until November 11, 2020	ISO Organization
	SMK3	July 14, 2017 valid until July 13, 2020	Ministry of Labor and Transmigration, Republic of Indonesia
SMM	RSPO	January 25, 2019 valid until January 5, 2021	RSPO
	ISPO	December 8, 2014 valid until December 7, 2019	ISPO Commission
	ISCC	December 25, 2018 valid until December 24, 2019	ISCC Organization
	OHSAS 18001	April 11, 2018 valid until April 10, 2021	British Standards Institution
	ISO 14001	April 11, 2018 valid until April 8, 2021	ISO Organization
	PROPER	Green Rating for year 2018 - 2019	Ministry of Environment and Forestry, Republic of Indonesia
	SMK3	January 22, 2019 valid until December 22, 2021	Ministry of Labor and Transmigration, Republic of Indonesia

Estate	Certificate	Date/Validity	Issuer
KAL	RSPO	November 11, 2019 valid until November 10, 2024	RSPO
	ISPO	July 27, 2018 valid until July 26, 2023	ISPO Commission
	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
	SMK3	July 14, 2017 valid until July 13, 2020	Ministry of Labor and Transmigration, Republic of Indonesia

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

The RSPO is recognized globally as one of the leading independent certification schemes for palm oil. ANJ has been a member of the RSPO since February 2007. Certification is accredited per business subsidiary. All four of the producing estates, ANJA, ANJAS, SMM, and KAL are now RSPO certified, with KAL being the most recently certified in November 2019. The young mature plantations in West Papua are all operated under the terms of the RSPO New Planting Procedure. Full RSPO certification, as well as quality and safety certifications will be applied for once the estate mills are fully operational.

PT KAYUNG AGRO LESTARI (KAL) RECEIVES RSPO CERTIFICATION

On November 11, 2019, ANJ received its fourth RSPO certification. The certification was given following compliance with RSPO P&C and was issued after a series of assessments by PT MUTU Certification International, an RSPO-accredited institution. The certification was given to the one palm oil mill unit of KAL and all of its supplier plantations, including a unit of the plasma scheme plantation, Laman Mayang Sentosa. The certification was based on the RSPO 2013 P&C (RSPO Generic P&C 2013), the 2016 National Interpretation of the Republic of Indonesia, and the RSPO supply chain compliance document for CPO Mill issued in November 2014 (as revised on June 14, 2017).



▲ ANJ Head of Environment, Health and Safety, Indra Kurniawan, accepting PROPER Green Rating for ANJA from the Minister of Environment and Forestry.

PROPER Green Rating - Best Practice Environmental Management in Action at SMM

Indonesia's program for pollution control, evaluation, and rating (PROPER) is a national-level public environmental reporting initiative implemented by the Ministry of Environment and Forestry. PROPER Rating is categorized into five colours of categories, each of the categories reflects the Company performance. The best performance level of compliance is Gold, followed by Green and Blue. In 2019, two of our business units,

SMM and ANJA, achieve top place among 29 oil palm companies that received the Green PROPER award. The granting of the Green rating to SMM and ANJA is a recognition of the ongoing commitment to responsible development which ensures that our operations are conducted in an environmentally sensitive manner which goes beyond regulatory compliance.

SMM applies innovative thinking to implement best practice environmental management. One of the focus areas is identifying ways to reduce the use of inorganic fertilizers and herbicides/pesticides. SMM hosts the Company's Research and Development Laboratory which researches optimization of the use of inorganic fertilizers, herbicides and rodenticides. These innovations are not only good for the environment but also for workers. The lab also conducts research on identifying superior planting material to ensure optimal yield per hectare.

SMM is also a leader in implementing ANJ's Zero Waste Policy which seeks to regulate, monitor and manage waste. For example, the R&D team has developed methods for successfully composting Empty Fruit Bunches (EFB). The resulting product is used as a replacement for conventional fertilizer, leading to a 29% reduction in the use of inorganic application. For solid waste products such as fibers and palm shells, these are used as biomass fuel in the boiler that runs a steam turbine at the mill. Liquid waste from the mill (POME) is processed into biogas electricity at the AANE Biogas Plant with a capacity of 1.8 MW which produces renewable energy supplied by the State Electricity Company to surrounding communities.

The General Manager at SMM, Juli Wankara Purba, is proud of what SMM is achieving in striving for innovative approaches to responsible development. "Winning the PROPER Green Rating encourages companies to continue to innovate in various fields. Through PROPER, the Company can measure and compare its performance with other companies and continue to strive to improve its performance in community empowerment, biodiversity conservation programs, water efficiency, reducing emissions, waste management and energy efficiency. ANJ has a strong corporate culture when it comes to implementing sustainable environmental management policies and initiatives."

SMM works closely with local government when it comes to environmental management, not only in terms of regulatory compliance, but also as a company

which showcases what best practice environmental management looks like for the oil palm sector. The Head of the Environment Agency office in West Belitung Regency, Hartoyo, is familiar with the environmental performance of SMM. He commented on SMM's recent PROPER Green Rating, "SMM is known for partnerships with local farmers,

involving the communities and schools around the estate in various programs. Winning the PROPER Green rating is evidence that the Company implements high environmental performance as recognized by the government. Hopefully, next year SMM will attain a Gold Rating."

SPOTT & CDP TRANSPARENCY INITIATIVES

ANJ participates in the Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment conducted by Zoological Society of London (ZSL). SPOTT is designed to measure the transparency of companies in public disclosures of best practices and sustainability commitments via the RSPO, Company Annual/ Sustainability Report and Company Website. The key objective of the SPOTT assessment is to promote industry transparency and accountability to drive the uptake and implementation of environmental and social best practices in high biodiversity impact sectors.

Our current status on SPOTT assessment as of October 2019 is 66.6% resulting in us being ranked 17 amongst the 99 assessed Global Oil Palm Producers and Traders. Our ranking rose by

3.9% from 2018. This makes us one of the top ranked Indonesian owned companies. For further details on SPOTT assessment for palm oil companies, please refer to SPOTT's website, www.spott.org/palm-oil/

In addition to SPOTT, in 2019, ANJ, for the first time, also participated in CDP disclosure platform. CDP is a leading international non-profit organization that runs the global environmental disclosure system. Every year CDP takes the information supplied in its annual reporting process and scores companies based on their journey through disclosure and towards environmental leadership. Companies receive scores of A to D- for how effectively they are tackling climate change, deforestation and water security, while those that don't disclose or provide insufficient information are marked with an F. ANJ scored B- under forest theme.

MEMBERSHIP OF ASSOCIATIONS (102-13)

ANJ actively participates in national and regional associations which promote information and improving standards and compliance among producers and other stakeholders. Other than an annual subscription fee, these memberships involve no material additional cost for the Company.

ANJ'S MEMBERSHIP IN ASSOCIATIONS IN 2019

Association	Role
Indonesian Public Listed Companies Association (AEI)	Participates as an active member.
Indonesian Palm Oil Producers' Association (GAPKI): Central Office and North Sumatra Branch	Participates in forums to encourage a conducive climate for the palm oil industry, increase capacity for sustainable palm oil, advocate for solutions to problems in the palm oil industry and synergize with the government on related policies.
Association of Large Private Plantations (APBS) Belitung	Participates in forums to coordinate compliance with government policies, to discuss solutions to industry problems, and to share information.
Indonesian Chamber of Commerce and Industry (KADIN)	Participates in fostering the development of the business community and all its stakeholders, with regard to economic policy formulation and implementation throughout Indonesia.
Indonesian Sago Community (MASSI)	Participates in promoting the development of sago as part of the national food security effort.
Roundtable on Sustainable Palm Oil (RSPO)	Participates in the development and implementation of global standards on sustainable palm oil management that can help to minimize the negative impacts of palm oil cultivation on the environment and communities in palm oil-producing regions.
Palm Oil & NGO (PONGO) Alliance	Founding member; Chair from January-August 2018 and 2019. Participates in forums to encourage improved management of orangutan populations and their habitats within oil palm plantations, and within larger multifunctional landscapes in which these plantations are operated.





PROSPERITY

ECONOMIC PERFORMANCE

ECONOMIC PERFORMANCE

ANJ's responsible development business model is founded on a balanced and healthy triple bottom line and for this reason we consider our economic performance to be a material topic for the Group. As a Group, we prosper when our communities are healthy and prosperous, our employees enjoy a safe, fair and equitable workplace, and when the environment in and around our operational areas is healthy.

To us, the triple bottom line is about maintaining an equilibrium between prosperity, planet and people, all three being mutually interdependent. If this equilibrium is challenged due to low commodity prices, it can affect our ability to maintain our program commitments to communities and the environment. This year we relied on the resilience and innovation of employees to ensure that we met our responsible development commitments despite budgetary constraints. **(103-1)**

Maintaining the equilibrium of our triple bottom line was severely challenged in 2019 as CPO and PK prices remained low until the third quarter after which an improvement was seen in the fourth quarter. CPO prices are known for high volatility and cyclical, but are also sensitive to regional and global forces such as the rising uncertainty due to the trade war between the United States and China which continues to affect global economic growth. **(103-1)**

The current economic climate has led to decreased demand which ultimately depressed CPO prices from January 2018 until the middle of 2019. CPO price improved slightly in August, but over the year it only averaged USD 479/tonne. This was significantly below our initial budget assumption of USD 550/tonne, and 5.0% lower than the 2018 price of USD 504/tonne. Meanwhile, the PK selling price averaged USD 261/tonne in 2019, below our budget estimate of USD 413/tonne and 31.5% below the 2018 price. This situation had a direct impact on our performance considering that palm oil contributed 98.6% of our consolidated revenue in 2019. **(103-1)**

Despite these challenges, we remained resilient, consolidating our resources with innovative approaches, and making strategic decisions that have kept us on track to achieve our vision and positioned the Company for growth going forward. In 2019, we focused on driving the growth of our sustainable palm oil business by optimizing our estates and mills and deploying digital technologies. This is expected to make field operations more efficient, accurate and transparent, while FFB production and oil extraction are maximized. We re-issued our Sustainability Policy reinforcing our strong commitments to High Conservation Values/High Carbon Stocks (HCV/HCS) and peatland management, biodiversity conservation, Greenhouse Gas (GHG) emissions reduction, and our transparent, equitable and inclusive approach to community engagement and development. We maintained our commitments as a RSPO member and successfully received certification for KAL, plus assisted a number of smallholder cooperatives in gaining RSPO certification. **(103-2).**

To soften the impact of palm oil prices on our business, we endeavored to grow the contribution of our non-palm oil agribusiness segments. In the sago business, we made efforts to increase production and improve the quality of our sago starch from our mill in West Papua. We improved operations



▲ A worker harvesting FFB in ANJA.

and progressed with completing a frozen line facility for our edamame products in preparation to enter the edamame export market. At the same time, we explored the potential of other agribusiness options, such as okra, as part of our diversification strategy **(103-2).**

It was necessary to implement an aggressive cost management program by driving cost efficiency, improving asset productivity and minimizing capital expenditures. Further cost rationalization was achieved by reducing travel, scaling down parts of training programs, reducing external consultant input and stepping up the use of in-house capacity, as well as various other operational efficiencies such as waste-to-energy and recycling initiatives. **(103-2)**

We posted a total revenue of USD 130.4 million in 2019, down from USD 151.7 million in 2018. CPO sales revenue decreased by 11.1% from USD 129.3 million in 2018 to USD 115.0 million in 2019, as our average CPO sales price and CPO sales volume fell by 5.0% and 2.6% respectively compared to last year. PK sales revenue amounted to USD 13.6 million in 2019, down 34.2% from USD 20.6 million in 2018, as a result of our average selling price declining 31.5% to USD 261 per tonne from USD 381 per tonne in 2018, while PK sales volume decreased by 4.0% to 52,115 tonnes from 54,285 tonnes in 2018. Meanwhile, revenue from sales of non-palm oil business increased 3.8% from USD 1.7 million in 2018 to USD 1.8 million in 2019. This comprised sales of edamame, sago starch and service concession revenue. As a result, the economic value retained from our business this year decreased to USD 58.7 million compared to last year's USD 66.6 million **(201-1).**

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (USD) (201-1)

Description	2019	2018	2017
Economic Value Generated			
Total Revenue	130,355,274	151,701,360	161,797,280
Total Economic Value Generated (A)	130,355,274	151,701,360	161,797,280
Economic Value Distributed			
Operating Costs	18,618,951	21,981,530	24,388,630
Employee Wages and Benefits	9,213,711	13,860,249	16,995,554
Payments to Owners of Capital	-	2,797,470	4,479,379
Payments to Government	36,285,744	44,707,884	58,684,668
Community Investments	7,508,619	1,799,418	2,207,378
Total Economic Value Distributed (B)	71,627,025	85,146,551	106,755,609
Economic Value Retained (A-B)	57,428,639	66,554,809	55,041,671

PALM OIL (103-3)

To optimize mill utilization, and in line with our responsible development commitments to local communities, we increased the volume of FFB purchased from smallholders. By doing so, we increase our contribution to the local economy whilst supporting demand for sustainably grown FFB which meets our environmental and social standards of production. Improving efficiency in our plantation management was a priority during the year. We introduced the traceability system in ANJA in 2019, and will complete the roll-out in ANJAS, KAL and SMM in 2020. With this system, we can identify the source location of every FFB purchased from smallholders and therefore assess our impact on them and the environment.

In light of the significant volatility in the CPO price, we decided to postpone all new planting and replanting other than that which had already started, and to reduce fertilizer use until the CPO price recovers. We replanted approximately 1,500 hectares in ANJA and SMM during the year. We will carefully assess the continuity of the replanting program in 2020, to match our cash flow availability for such action. We decided to suspend the development of our South Sumatra estate operated by GSB until a more favorable CPO price justifies further investment.



▲ FFB sorting activity at ANJAS mill.
(Photo by Sugeng Raharso, ANJAS; Winner of ANJ Annual Photo Competition 2020.)

SAGO, EDAMAME AND VEGETABLES (103-3)

ANJAP, our sago subsidiary, increased its production by nearly 50% from 1,894 tonnes of sago starch in 2018 to 2,781 tonnes in 2019 through further mechanization of the harvesting process and by increasing processing efficiency. In particular, automation of the front-end processing enabled us to increase the sago starch extraction rate from 7% at the start of the year to over 9% by year end. With these successes, as well as planned improvements that will further reduce production costs, the sago business is on track to reach its capacity that will enable the business to generate positive contribution margin by end of 2020 which is a step forward to break-even.

While most of the output is still absorbed by the local market, we sent three trial shipments to a major potential customer in Japan during the year and are optimistic about securing a sales contract in 2020. At the same time, our food technology department has continued to develop innovative, value-added sago starch products. In 2019, we opened a Jakarta-based small food lab with attached restaurant, *Bueno Nasio*, which serves sago-based foods, and functions as a space for promoting sago



▲ A GMT farmer partner happily showing his edamame harvest.

to a wider audience to demonstrate how sago can play a key role in sustainable food production, thereby contributing to Indonesia's food security and improving livelihoods in sago-growing areas.

GMIT, which operates our vegetables agribusiness, had a disappointing year, facing challenges with low edamame productivity and yield per hectare due to prolonged drought in 2019, as well as under performance of new machinery for the frozen line. The installation of replacement machinery will be completed in the second semester of 2020 and we expect to begin commercial production of frozen edamame by the end of year 2020. We were able to turn the edamame field operation around in the second half by implementing wide-ranging improvements, including GIS-based land selection and verification, stricter implementation of agronomy controls and deploying mechanical cultivation to get better yields and quality.

Preparations continued for the production of okra, a high-yield vegetable that is the second strand in our frozen food business. Commercial production and export are scheduled to begin in the second semester of 2020.

FINANCIAL RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE (201-2)

Our business is vulnerable to climate change risks such as adverse weather conditions and natural disasters. Extreme weather events such as extended droughts can affect the quality and harvesting of FFB, thus impacting our production, operations and financial performance. Similarly, prolonged rainy conditions can result in fewer fruits per bunch. Global and regional warming is resulting in a warmer and drier climate, with average annual rainfall, for example Borneo, having declined by 800 mm over the past 50 years and averaged temperatures increased by ca. 1°C. Such impacts are especially pronounced under El Niño conditions. High temperatures and prolonged droughts and water deficits can reduce evapotranspiration and delay leaf opening, flower development and fruit maturation, while it can also affect the male/female flower ratio and thus pollination effectiveness, all of which ultimately reduce oil yield. According to a study published by the University of Wageningen and The World Agroforestry Centre in 2016, yield losses because of water deficits can be 10–20% per 100 mm deficit below a critical threshold, and haze caused by fires related to drought conditions can result in a 15–20% annual yield loss after two months reduced solar radiation. The financial implications of this climate-driven yield reduction are difficult to model because of the complex interaction between various climatic factors with management interventions such as water management, fertilization, choice of planting material and planting density. Nevertheless, careful management of water tables, especially during prolonged dry season, and integrated multi-stakeholder landscape level fire prevention efforts resulting in fewer fires and smoke haze, could prevent annual yield losses, which would result in a significant financial benefit for the Company.

Potential losses due to climate change are thus high, and we carefully manage this risk by applying agronomic best practices, including fertigation which ensures the palms do not become water stressed and receive just the right amount of water and fertilizer. We use high quality, high-resilience seeds in all new plantation developments and implement best practice water management across the estates to preserve water during long dry seasons. Water management is equally important during high rainfall events as flooding damages our planted areas and infrastructure as well as negatively impacting the surrounding communities. ANJAS is one such location where flooding can

be a problem and, in 2019, as a flood prevention measure, we conducted dredging of three rivers with a total capital expenditure of USD 232,052. In peatland areas, such as at KAL and ANJAS, we carefully manage peat to ensure that it is always wet. We also apply FFB waste to plantation land as mulch, to improve soil health and fertility, implement soil conservation and anti-erosion measures, as well as plant cover crops to reduce weeds and pests. Chemical soil and foliar analyses are carried out to determine the best fertilizer regimes. The use of mulch and fertilizer is part of our normal agronomic practices and does not incur additional costs specifically related to mitigating climate change risk.



▲ Fire-fighting response and patrol team at KAL conducting simulation test.

Fire prevention in and around our areas of operation is a significant cost factor with regard to climate change risks. Climate impacts posed a further challenge for the industry in 2019, as the prolonged dry season induced by a positive Indian Ocean Dipole, contributed to high fire risk conditions in Sumatra and Kalimantan between June and November. The land and vegetation fires and accompanying smoke which resulted caused extensive damage and considerable economic losses across the islands of Sumatra and Kalimantan. The capital expenditure associated with implementing fire prevention and management by KAL during 2019, totaled USD 696,034. This figure also includes expenditure for emergency response fire-fighting during the drought conditions. Our approach and activities to

manage this risk are further detailed in this report's section on fire management and prevention. Capital expenditures towards fire prevention and mitigation are expected to increase with the greater frequency and severity of drought conditions. On the other hand, we are developing comprehensive collaborative fire strategies around our most affected plantations, working with local government institutions, nearby communities, other companies, and scientists. This requires a greater initial financial investment but should result in significant savings over time because of reduced firefighting needs, prevented losses of HCV areas and planted areas, and reduced yield losses due to haze.

From a regulatory perspective, European restrictions on palm oil imports due to climate-related issues, along with the Indonesian government's strategy for increasing energy self-reliance, initiated a government-led biodiesel program. The so-called 'B20' program mandated the use of 20% biofuel content in diesel fuel since September 2018. This is followed by the 'B30' program that increases the mandatory biofuel content to 30% and was introduced slightly ahead of schedule

in December 2019. This policy supports the domestic palm oil sector and potentially provides employment for more than 17 million Indonesians. If oil palm is developed on degraded lands, such as grasslands, it can positively contribute to a net reduction in greenhouse gas emissions, especially if operations involve methane capture. Anticipation of the 'B30' program contributed to an upturn in the CPO price towards the end of the year. Taking this into account and considering other macroeconomic factors, including weather patterns and the regulatory environment, the CPO price in 2020 is forecasted to be better than 2019 although there are still many uncertainties, including the effects of trade war, geopolitical tension, crude oil price war and COVID-19 pandemic. On a long term basis, we believe that there is still substantial potential for the Group to develop its core business of palm oil. The Group also has access to a considerable landbank in North Sumatra, Belitung, West Kalimantan, South Sumatra and West Papua, which, in the majority, benefit from well-developed infrastructure to improve productivity and operational efficiency.

DEFINED BENEFIT PLAN OBLIGATIONS (201-3)

We have in place a post-employment benefit plan for all employees which follows the requirements as set out in the Indonesian Labor Law. The funding of the defined benefit plan is managed through Dana Pensiun Lembaga Keuangan (DPLK) Manulife, an insurance company. We contribute 100% of the contribution, the employee does not contribute, and as such the participation is 100%. The consent of the employee is not required. There is no minimum funding requirement under the arrangement with DPLK Manulife. We engage Manulife only to manage our fund to fulfill our post-employment obligation to employees. In 2019, we contributed USD 3 million to the employee retirement plan managed by DPLK Manulife and at the end of 2019, we recognized post-employment benefits obligation just short of USD 18 million.

Obligation recognized in relation to Post-Employment Benefits Plan (201-3)

Employee benefits obligation	2019	2018	2017
Estimated value (USD)	17,715,336	16,521,461	16,964,071

FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT (201-4)

The Government of the Republic of Indonesia provides certain investment facilities to foreign and domestic investors. Such investment facilities include import duty exemption when a qualified investor imports machineries. In 2019, PMP utilized this investment facility in the form of import duty exemption for machineries required for our new palm oil mill and kernel crushing plant in West Papua. The monetary value is not reported due to the fact that the information is not available.

No government institution is present in the shareholding structure of the Company.





PLANET

STEWARDSHIP OF NATURAL
RESOURCES & MANAGEMENT OF
THE ENVIRONMENT

BIODIVERSITY



▲ Aerial view of part of the High Conservation Value area at KAL.

Globally, oil palm development has contributed to economic development and prosperity. Due to unsustainable practices, the oil palm sector has also been associated with deforestation, loss of biodiversity, degradation of peatland ecosystems, fires as well as other negative environmental and social impacts. External stakeholders across the globe, such as communities, consumers and NGOs are highly critical of the impact of these unsustainable practices on livelihoods, biodiversity and the environment. (103-1)

Biodiversity is a material topic for the business particularly for our oil palm sector (including the supply chain) and our sago project which are located in diverse locations across Indonesia, in or in close proximity to areas that contain high biodiversity values. Biodiversity values are high in Indonesia as it ranks as one of the most biologically diverse nations on Earth in terms of endemism and third in terms of total species richness. This comes with a big responsibility to do everything we can to protect this natural capital by avoiding and minimizing the impacts of our activities on biodiversity. As a result, we take an integrated landscape-level approach to conserving and protecting high biodiversity value areas within and adjacent to our operational areas. For this reason, management of biodiversity risks and conservation of biodiversity have been a long-standing commitment of ANJ and also a material topic. **(103-1)**

As a business, we identify, manage and conserve biodiversity values in order to avoid or mitigate impacts as a key commitment in our responsible development approach to producing sustainable palm oil and sago starch. Our commitment and goals are clearly articulated in our Sustainability Policy, which was re-issued in 2019. We abide by all Indonesian laws and regulations related to biodiversity, we subscribe to international standards for sustainable palm oil, and we are fully aligned with the RSPO P&C 2018, ISPO standards, and the ISCC. **(103-2)**

The high-level commitments and goals in our Sustainability Policy which relate to biodiversity are as follows:

- Responsible development on new areas incorporating an integrated landscape approach;
- Total protection and conservation of independently identified High Conservation Value-High Carbon Stock (HCV-HCS) areas and primary forest;
- No land clearing for oil palm in independently identified HCV and HCS areas following RSPO protocols. Development of identified HCS areas pertaining to legacy cases will strictly follow RSPO's requirements and protocols;
- No new development in peat areas of any depth and conservation of peatlands;
- Commitment to reducing Greenhouse Gas (GHG) emissions;
- Zero Land Burning; and
- Precaution when developing on fragile soils, slopes and water ways (including river basins).

The key laws and regulations that we abide by, are *inter alia*, as follows:

- Law No. 5/1990 on the Conservation of Natural Resources and their Ecosystems;
- Law No. 41/1999 on Forestry;
- Law No. 18/2013 on the Prevention and Eradication of Forest Destruction; and
- Ministry of Environment and Forestry Regulation No. P106/2018 on Preservation of Flora and Fauna Species.

The Sustainability Director is responsible for the development and execution of the Company's sustainability initiatives, including formulating the sustainability policy, strategic direction for the implementation through all aspects of biodiversity and conservation management. Stakeholder relations with regard to biodiversity, including national and local government, international and national NGOs and other key stakeholders are also the responsibility of the Sustainability Director. **(103-2)**

The CSR and Sustainability Committee plays a significant role in informing the BOC on the implementation of Company's sustainability initiatives. They keep the BOC informed of the biodiversity risks and impacts of running the business. The issues and aspects reported on and discussed in the quarterly meetings include updates on sustainability compliance (e.g. RSPO), progress with responsible development projects, grievances, biodiversity conservation, alignment with SDGs, media attention, and recognition or awards in sustainability received within the group of the Company. **(103-2)**

Sustainability topics and issues raised by stakeholders on biodiversity topics, are discussed at bi-weekly meetings of the ANJ Executive Leadership Team (AELT). The AELT is attended by all the BOD including BOD members from subsidiaries, and BOC representatives. **(103-2)**

Biodiversity management and programs are implemented by a dedicated team which is led by two Conservation Managers, one for Western and one for Eastern region. Both of the conservation managers have extensive experience in nature conservation prior to joining ANJ and are well-integrated in biodiversity conservation networks in Indonesia. Each business has its own dedicated conservation staff who monitors biodiversity, HCV areas, and biodiversity issues. The managers report directly to the Sustainability Director. **(103-2)**

To ensure that our conservation staff are adequately trained in species identification and biodiversity/habitat management, they attend trainings. They also receive support from various scientists who engage with ANJ, and they are also given various opportunities to attend external workshops and seminars. In 2019, there were 22 separate sustainability and biodiversity-related training sessions for employees, which was attended by a total of 559 employees. The training covered RSPO and ISPO training seminars, HCV management, biodiversity inventory and monitoring, and bird identification workshops. As a result, all of

our conservation areas in the RSPO-certified plantations have passed the RSPO audit. Our conservation areas in KAL and SMM are regularly visited by students from schools and universities to learn about biodiversity and conservation. **(103-2)**

The Sustainability Division, through the Community Involvement and Development (CID) Department, is responsible for holding public and stakeholder consultations. The public and stakeholder consultations provide a platform to convey complaints or grievances related to sustainability issues. External stakeholders are also free to voice complaints and concerns about ANJ's activities directly to the Company at any time. Through a series of stakeholder meetings and listening to their needs, some partnerships with Community Based Organizations (CBOs) have been established, such as with the fishing community involved in building the Keretak Nibong ecotourism facility, to support activities in the conservation area. In 2019, the Company was not subject to any breaches of any environmental and biodiversity laws /regulations. **(103-2)**

Many of our plantations and estates are close to or adjacent to nature conservation areas designated within the Protected Area System of the Ministry of Environment and Forestry (MoEF). Some of these areas are also categorized under the International Union for Conservation of Nature (IUCN) protected area management categories (World Database on Protected Areas/WDPA) website. **(103-1)**



▲ Hooded pitta (*Pitta sordida*)

The table below shows the proximity of our operational sites to protected areas as classified by the Indonesian Government and/or the IUCN Management Categories.

PROXIMITY OF OPERATIONAL SITES TO PROTECTED AREAS (304-1)

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

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

SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY (304-2)

We understand that some of our operational activities could potentially, either directly or indirectly, impact the flora and fauna that live not only in the development areas but also in the areas we have set aside for protection (HCV areas, buffer zones, river systems, and any areas in the vicinity that are inhabited or traversed by wildlife). In 2019, we did not carry out any land development activities. All new land development has been suspended since November 2018 pending clarification of RSPO's guidelines on HCS which is a new development criterion. The potential impacts of our operations, and the actions taken to mitigate them, and the measurement of the effectiveness are shown in the table below. (103-2)

SIGNIFICANT IMPACTS OF OPERATIONS ON BIODIVERSITY (304-2)

Oil Palm Plantations (ANJA, ANJAS, SMM, KAL, PMP, PPM, ANJ, GSB)

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation (103-2)	Evidence/ Results (103-3)
DIRECT IMPACTS						
Manual application of inorganic and organic fertilizers	<ul style="list-style-type: none"> Pollution of soil and water Reduction in soil fauna and flora Reduction in aquatic biodiversity (e.g., zooplankton and phytoplankton) 	<p>Direct pollution impacts occur in planted areas.</p> <p>Run-off of chemical and fertilizers into waterways and wetlands can have downstream impacts.</p>	Duration and magnitude of impact correlates with amount and type of chemicals used, application methods, and climatic conditions.	Impacts on soil and aquatic biotopes can be reversed depending on mitigation measures.	<ul style="list-style-type: none"> Not using chemical treatments (fertilizer or spraying) in river boundary areas Building isolation ditches and embankments in areas adjacent to river boundaries Conducting regular river water analysis (2x/year) 	<ul style="list-style-type: none"> Organic fertilizer is used in the river buffer areas (refer to Sustainability Compliance) River water is analyzed by an independent laboratory every semester (2x/year).
Use of manual and chemical methods during cultivation	<ul style="list-style-type: none"> Poisoning of fauna, either directly (e.g., rodents feeding on rodenticides) or indirectly (e.g., rodent predators feeding on poisoned animals) 	This is poorly known, but likely effects are local around palm trees.	Impacts will remain as long as chemicals are used.	Long term effects of chemicals on wildlife are poorly known.	<ul style="list-style-type: none"> Disseminating information to workers Not applying toxic substances close to conservation areas Study of impact on wildlife 	<ul style="list-style-type: none"> Workers in each management unit have been informed about impacts of toxic substances and instructed not to apply them in and around conservation areas.



Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation (103-2)	Evidence/ Results (103-3)
Use of trucks for transportation of FFB	<ul style="list-style-type: none"> Injuries to fauna or death through collisions 	The impact primarily occurs on the road network within the plantations	Impact potential remains for as long as the plantation is active	Mitigating efforts can reduce the likelihood of wildlife collisions	<ul style="list-style-type: none"> Placing warning signs in areas traversed by fauna Disseminating information about protected plant and fauna species Building wildlife crossings above and in culverts underneath roads 	<ul style="list-style-type: none"> Sign boards have been placed along every road near the HCV area. Arboreal bridges for wildlife have been installed in some management units.
Mechanical processing of FFB	<ul style="list-style-type: none"> Liquid waste (POME) can pollute waterways Dust and air pollution from the boilers Noise from machine operation 	<p>The impact extends from the palm oil mill with POME concentrating in collection ponds.</p> <p>Potential downstream impact after POME is released in plantation (as fertilizer) or into waterways</p> <p>Dust, air and noise pollution reduce with distance from mill, but impact on biodiversity is unclear.</p>	Impact potential remains for as long as the mill is active	<p>Reducing biological and chemical oxygen demand of POME reduces impact on aquatic flora and fauna.</p> <p>Collection ponds have some biodiversity benefits (wetland birds)</p> <p>Dust, air and noise pollution can be reduced.</p>	<ul style="list-style-type: none"> Building collection ponds to process the liquid waste Using anaerobic and aerobic bacteria Building flat beds in the plantation area for the utilization of liquid waste as fertilizer additives Sending liquid waste samples to accredited laboratories to analyze the liquid waste content Conducting standardized ambient air quality measurements (2x/year) 	<ul style="list-style-type: none"> In all ANJ subsidiaries that already have palm oil mills, waste materials are applied to oil palm plants using the flat bed system. The Company has entered into a cooperation with a second party that has legal permission to transport and process toxic and hazardous waste.
INDIRECT IMPACTS						
Road access increases illegal logging, hunting and poaching threat	<ul style="list-style-type: none"> Increased hunting and unsustainable wildlife collection Illegal logging 	Plantations and HCV areas	Threat of these impacts remain as long as roads remain open for use	Awareness and enforcement can effectively minimize this threat	<ul style="list-style-type: none"> SMART patrolling Engagement with illegal loggers and offering work to generate regular income instead Engagement with local communities Use of Pendaki program to increase awareness among staff 	<ul style="list-style-type: none"> Number of illegal logging camps has decreased to zero No wildlife snares encountered on patrols Presence of species that are overhunted elsewhere (e.g. hornbills, magpie robin, hill mynahs)
Use of invasive species (e.g., Mucuna) affects species in HCV areas	<ul style="list-style-type: none"> Fast-growing groundcover crops and other pioneer species used in plantations can invade HCV areas and reduce ecological health 	Primarily affecting forest edge of HCV areas	The threat remains as long as invasive species are used in plantations	Impacts can be effectively mitigated through silvicultural treatment	<ul style="list-style-type: none"> Silvicultural treatment (climber cutting, removal of Acacia and other invasive trees) 	<ul style="list-style-type: none"> Management control minimizes presence of invasive species in HCV areas

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation (103-2)	Evidence/ Results (103-3)
Water table management in plantations affected HCV areas	<ul style="list-style-type: none"> Peat and peat forests in HCV areas could dry out if water table is kept too low affecting plant and animal life. A low water table could result in peat decomposition and subsidence Dry peat is more fire-prone and fires could result in loss of HCVs. 	This could affect peat lands in planted areas and HCVs	Impact depends on water table management	Most impacts can be avoided in HCV if water levels in surrounding canals is kept very high. In planted areas this is more problematic as water table need to be below the peat surface to allow growth and palms and fruit.	<ul style="list-style-type: none"> Soil Subsidence Management / Monitoring Peat Water Table Monitoring in Planted Blocks Water and Drainage Management 	<ul style="list-style-type: none"> Subsidence data in HCVs Subsidence data in planted areas Water table data KAL maintained its Blue PROPER Gambut (water table level is within Government requirement)
Isolation of wildlife in HCV areas	<ul style="list-style-type: none"> Decline in genetic health and long-term viability of maintenance of genetic pool 	Impact is species-dependent. Some species can more easily disperse between HCV areas than others	Impact can be reduced over time, either when palms grow and wildlife move through planted areas, or when forested corridors and stepping stones are established in landscape	Impacts can be partially reversed through investment in improved ecological connectivity between forested areas and other areas of high biodiversity	<ul style="list-style-type: none"> Development of corridors Replanting of riparian areas Maintaining forest trees within oil palm areas 	<ul style="list-style-type: none"> Aerial photographs of corridors and riparian areas Existence of migratory birds that use of trees within oil palm areas for their transit place

SAGO FOREST (ANJAP)

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation (103-2)	Evidence/Results (103-3)
DIRECT IMPACTS						
Selective harvesting	<ul style="list-style-type: none"> Sedimentation Reduced water quality Air and noise pollution Potential impacts are still being analyzed 	Throughout the sago area, except conservation set-asides	Impact severity varies with the intensity of management (medium in harvested areas and low in areas under natural regeneration)	Impacts can be reduced through careful management	<ul style="list-style-type: none"> Conducting standardized testing of ambient air and water quality as well as noise levels (2x/year) Monitoring wildlife species 	<ul style="list-style-type: none"> The Company cooperates with accreditation bodies to monitor and test ambient air and water quality.
INDIRECT IMPACTS						
Waterway access increases illegal logging, hunting and poaching threat	<ul style="list-style-type: none"> Increased hunting and unsustainable wildlife collection Illegal logging 	Sago area	Threat of these impacts remain as long as the access remain open for use	Awareness and enforcement can effectively mitigate this threat	<ul style="list-style-type: none"> Regular patrol Engagement with illegal loggers and offering work to generate regular income instead Engagement with local communities Use of Pendaki program to increase awareness among staff 	<ul style="list-style-type: none"> Number of illegal logging camps has decreased to zero Wildlife snares encountered on patrols has reduced Presence of species that are overhunted elsewhere (e.g. hornbills, magpie robin, hill mynahs, cassowary and dusky pademelon)

HABITATS PROTECTED OR RESTORED

Our Sustainability Policy commits to total protection and conservation of independently identified HCV-HCS areas following RSPO protocols. Prior to any land development in our oil palm concessions, a HCV Assessment is always conducted as part of the RSPO guidelines. **(103-2)**

Guided by the Company's Sustainability Policy and the RSPO's New Planting Procedure, the process of developing new land begins with a series of surveys and assessments conducted by external and independent experts. The assessments include environmental and social impact assessments, identification of HCV - HCS areas, and soil surveys. The results of these surveys and assessments inform the development plans for these concessions. Conservation zones include stakeholder identified conservation areas and HCV areas. **(103-2)**

The total area of HCV forest which we have set aside for the protection of flora, fauna and their habitats is 58,390 ha (see Table 304-3). We manage the HCV areas in a collaborative way with external stakeholders such as local communities, government, conservation experts, and NGOs, such as Conservation International (CI), Yayasan Konservasi Alam Nusantara (YKAN), Tropenbos Indonesia, PONGO Alliance and Yayasan Inisiasi Alam Rehabilitasi Indonesia (YIARI). **(103-2)**

In 2019, we allocated almost USD 300,000 to conservation initiatives with partners. This spending is shown below:



▲ Biodiversity monitoring by conservation staff. Inset: Black hornbill (*Anthracoceros malayanus*)

Subsidiary	2019 Conservation Initiative (USD)	Examples of Program
ANJA	7,140	<ul style="list-style-type: none"> Replanting river buffer zone involving local community Building environmental education facilities
ANJAS	17,008	<ul style="list-style-type: none"> Entering into Community Conservation Agreement Establishing Environmental Education Center
SMM	27,598	<ul style="list-style-type: none"> Establishing ecotourism program in collaboration with Keretak Nibong (fishermen group from Balok Village) Replanting river buffer zone involving local community Building ecotourism infrastructure
KAL	184,324	<ul style="list-style-type: none"> Conducting survey of orangutan population Establishing community-based Forest Species Plant Nursery Establishing Environmental Education Center
GSB	92	<ul style="list-style-type: none"> Holding school program for tree planting in hilly areas
PPM	4,387	<ul style="list-style-type: none"> Building environmental education facilities
PMP	8,684	<ul style="list-style-type: none"> Building environmental education facilities
ANJ (West Papua)	42,567	<ul style="list-style-type: none"> Identifying conservation areas and disseminating information about HCVs to surrounding communities
ANJAP	748	<ul style="list-style-type: none"> Building environmental education facilities
Total	292,548	

We implement a communication strategy for our biodiversity conservation management and initiatives to build a shared understanding among our employees, contractors, suppliers, local communities and school children of the importance of protecting biodiversity, tackling biodiversity loss such as illegal logging and hunting and trapping of endangered species within

conservation areas, and preventing forest fires. We employ local community members in patrolling and monitoring the conservation areas as well as fire prevention. These activities are managed by the conservation staff in each business unit. **(103-2)**

HABITATS PROTECTED OR RESTORED (304-3)

Operational site (103-1)	Conservation area (Ha)	HGU Area		% of total HGU area	Management	Local community involvement	Program interventions/targets in 2019 (103-2)	Results (103-3)
		Nucleus	Plasma					
ANJA	591.64	9,465	-	6.25%	ANJA	Yes	Reforestation of river buffer, biodiversity inventory, development of jungle track and monitoring of replanting project.	The Company allocated 50 meters on the river bank as a river buffer area. The river buffer was planted with forest and fruit plants. Jungle track has been developed in a conservation area.
ANJAS	2,271*	9,182	157.5	24.32%	ANJAS	Yes	Developing Environment Education Center, biodiversity inventory and development of Community Conservation Agreement program in Binasari village with stakeholders.	A Green Environmental Education Center has been established in the conservation area. Student visits were conducted twice in 2019. Biodiversity has been inventoried in collaboration with CI. Together with CI, the Company has developed a Conservation Community program.
SMM	1,568.48	16,277	948.1	9.11%	SMM	Yes	Management of Balok forest for ecotourism education purposes (BENTARA). Study on Tarsier population, biodiversity inventory and reforestation of river buffer.	Balok forest has been developed as a tourist destination in collaboration with the community of Balok village (BENTARA). The monitoring of Tarsier was carried out by the conservation department of PT SMM. The river buffer area was planted with forest and fruit plants.
KAL	3,844.52**	10,920.12	2,958.1	27.70%	KAL	Yes	Management of orangutan population, Biodiversity inventory, Management of Essential Ecosystem Area with stakeholders Development of local plant nursery with stakeholders, Environment education for students.	In collaboration with Yayasan Inisiasi Alam Rehabilitasi Indonesia (YIARI), the Company conducted study on orangutan population. Monitoring of orangutans and other wildlife using camera traps and regular patrols were carried out by Company forest rangers. A forest plant nursery was developed with the community and Tropenbos Indonesia. The degraded land was planted with forest and fruit plants.



Operational site (103-1)	Conservation area (Ha)	HGU Area		% of total HGU area	Management	Local community involvement	Program interventions/targets in 2019 (103-2)	Results (103-3)
		Nucleus	Plasma					
GSB	1,564.84	12,800	-	12.23%	GSB	Yes	HCV area delineation at land clearing block, biodiversity inventory, dissemination and placement of HCV sign boards.	The Company delineated the HCV area in the land clearing block. Stakes and sign boards were installed around all of the HCV area in the land clearing blocks. Biodiversity monitoring has been carried out regularly every month.
PMP	14,804.2	18,860.3	3,818.11	65.28%	PMP	Yes	HCV area ground verification biodiversity inventory and dissemination.	Delineation of the HCV area in the planting block has been completed. Biodiversity inventory has been carried out and data available. Dissemination has been carried out to all stakeholders, except for areas that we have not developed.
PPM	25,595.4	26,570.7	5,454.48	79.92%	PPM	Yes	HCV area ground verification biodiversity inventory and dissemination.	Delineation of the HCV area in the planting block has been completed. Biodiversity inventory has been carried out and data available. Dissemination has been carried out to all stakeholders, except for areas that we have not developed.
ANJ (West Papua)	Not yet determined	30,515.8	5,990.18				No activities yet	No activities

* includes 288 ha of conservation area outside ANJAS's HGU ** includes 2,330.88 ha of conservation area outside KAL's HGU

SAGO CONSERVATION AND HABITAT RESTORATION AREAS

Operational site	Conservation area (Ha)	HGU Area	% of total HGU area	Management	Local community involvement	Program interventions/targets in 2019 (103-2)	Results (103-3)
ANJAP	8,150	40,000	20.38%	ANJAP	Yes	<ul style="list-style-type: none"> Biodiversity inventory and dissemination 	<ul style="list-style-type: none"> Biodiversity inventory has been carried out and data is available Dissemination has been carried out to all stakeholders

The focus of management is maintaining the values of the area through focusing on the key species present in each of the management units. For each estate we have selected a focus species as an icon for management. This varies according to the business units and can be seen in the table below. **(103-2)**

Business Unit	Location	Focus species for management	IUCN Status
ANJA	North Sumatra	Nepenthes species	
ANJAS	North Sumatra	Malay Tapir (<i>Tapirus indicus</i>)	Endangered
SMM	Belitung Island	Horsfield's tarsier (<i>Tarsius bancanus saltator</i>)	Vulnerable
KAL	West Kalimantan	Orangutan (<i>Pongo pygmaeus wurmbii</i>)	Critically Endangered
GSB	South Sumatra	Sunda Slow loris (<i>Nycticebus coucang</i>)	Vulnerable
PPM	West Papua	Palm Cockatoo (<i>Probosciger aterrimus</i>)	Least Concern
PMP	West Papua	Southern Cassowary (<i>Casuarus casuaris</i>)	Least Concern
ANJAP	West Papua	Spotted Cuscus (<i>Spiloglossus</i>)	

We measure the success of the conservation interventions which we implement through monitoring biodiversity either through field surveys and the Pendaki program, the results of camera trapping, and by the success of management in protection our conservation areas. In our producing estates in North Sumatra, Belitung and West Kalimantan, we engage with external stakeholders as well as implementing ongoing efforts to ban hunting, trapping and snaring throughout the plantation and conservation areas which have had a clear impact on restoring biodiversity. This is evidenced by, for example, the success story with orangutans in the conservation areas in KAL, or the increase in certain species, such as water birds making use of the sedimentation ponds and waterways within the estate. Around our young mature plantation estates in West Papua, forest-dependent livelihoods and customs are still strong and this includes animal trading. Respectful of local cultures, we are implementing environmental education initiatives with an aim to reducing the hunting of endangered and protected species. Through Pendaki, a local CBO, Nagae Anomo, was established to support socialization as well as to monitor and prevent hunting activities in the community. **(103-3)**

In total, we manage 58,390 ha, a number which has remained stable since 2018. In North Sumatra at ANJAS, the management and monitoring of HCV areas is carried out in conjunction with the local community, the Forest Management Unit of South Tapanuli, the South Tapanuli Natural Resources Conservation Center (*Balai Konservasi Sumber Daya Alam/BKSDA*) and CI. In West Kalimantan, at KAL, the management of HCV areas, which was designated as an Essential Ecosystem Area (*Kawasan Ekosistem Esensial/KEE*) by the Governor of West Kalimantan in 2017, is also carried out with the community, BKSDA region I Ketapang, Ketapang local government, Tanjung Pura University and non-governmental institutions, namely Tropenbos Indonesia, YIARI, YKAN and IDH Indonesia. The management of HCV areas and key species in West Papua is ongoing and we are currently in the process of building cooperation with stakeholders at the level of South Sorong Regency and West Papua Province. **(103-3)**

IUCN RED LIST AND NATIONAL CONSERVATION LIST SPECIES

We document the flora and fauna species that we have confirmed as being present in our operational sites which cover the conservation areas (HCV areas), riparian buffer zones, and planted areas. We maintain records of all species listed according to the IUCN Red List, the Convention on

International Trade of Endangered Species (CITES) list, Ministry of Environment and Forestry Regulation No. P106/MENLHK/SETJEN/KUM.1/12/2018 on the Preservation of Flora and Fauna Species. The monitoring of these flora and fauna, as well as the identification of additional species, is an ongoing part of our biodiversity monitoring led by our conservation staff with the assistance of our employees and local communities. **(103-2)**



▲ Slow loris (*Nycticebus coucang*)

IUCN Red List fauna species and national conservation list in ANJ's Operational Sites (304-4)

Fauna													
Subsidiary	Total identified fauna species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)							Total IUCN	CITES (Appendix)			Total identified fauna species protected under PP7/1999	Total identified Fauna species protected under Ministry Regulation P. 20/2018
	CR	EN	VU	NT	LC	DD	NE		I	II	III		
ANJA	1	0	7	4	70	1	2	85	2	16	1	10	15
ANJAS	2	6	19	8	79	0	0	114	10	19	3	30	35
SMM	0	3	12	14	134	0	0	163	3	12	1	22	29
KAL	3	5	15	35	185	0	21	264	5	40	1	44	50
GSB	1	2	0	2	43	0	1	49	1	6	0	10	5
PPM	2	1	12	5	144	2	2	168	6	45	0	49	60
PMP	1	0	11	4	125	1	2	144	3	41	0	41	46
ANJAP	0	0	1	1	79	0	0	81	2	15	0	18	22
ANJ (West Papua)	Study has not been conducted as area is not yet opened and access is not available												

IUCN Red List flora species and national conservation list in ANJ's Operational Sites (304-4)

Flora													
Subsidiary	Total identified fauna species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)							Total IUCN	CITES (Appendix)			Total identified flora species protected under PP7/1999	Total identified Fauna species protected under Ministry Regulation P. 20/2018
	CR	EN	VU	NT	LC	DD	NE		I	II	III		
ANJA	0	0	1	0	2	0	0	3	0	1	0	2	0
ANJAS	1	4	5	3	15	0	0	28	0	5	0	7	0
SMM	1	0	1	1	4	0	0	7	0	2	0	1	0
KAL	4	3	7	4	22	0	0	40	0	14	0	8	1
GSB	0	0	1	0	3	0	0	4	0	6	0	0	0
PPM	0	1	2	1	13	1	0	18	0	4	0	5	1
PMP	1	3	3	0	8	0	0	15	0	5	0	3	0
ANJAP	0	1	0	0	10	0	0	11	0	20	0	4	0
ANJ (West Papua)	Study has not been conducted as area is not yet opened and access is not available												

This year we increased our monitoring performance with the introduction of the Pendaki program, which is discussed elsewhere in the report. This has led to an increase in the number of IUCN Red List Threatened (Critically Endangered, Endangered and Vulnerable species) fauna and flora species recorded in our operational and conservation areas. **(103-3)**

Number of IUCN Red List Threatened Flora and Fauna species from monitoring (103-3)

	2019	2018	2017
Number of IUCN Red List Threatened Fauna Species	64	41	37
Number of IUCN Red List Threatened Flora Species	33	18	15

RD Strategic Project PENDAKI: Involving Everyone in Biodiversity Monitoring



▲ Biodiversity monitoring (Pendaki) and bird identification training participants at ANJ, February 2019

Many responsible companies, such as ANJ, that take biodiversity management and monitoring seriously struggle with the same questions. Who has the knowledge to identify and count all those animal and plant species, and what can companies do with the resulting survey data? Because good quality biodiversity surveys are technically challenging, many companies end up hiring outside expertise. Whether this expertise comes from local universities, consultancy organizations, NGOs or international experts, they all have two things in common: 1) they are generally expensive; and 2) they conduct occasional surveys only and spend limited time in the field (a snapshot in time).

Since 2019, ANJ have been experimenting with a different approach through one of its responsible development projects. It is a program we call Pendaki – *Peduli Keanekaragaman Hayati* (Care for Biodiversity). The idea behind Pendaki is that in addition to asking outside experts, we use our own employees to inform us about the biodiversity in our operational areas, in both conservation and plantation areas. We have thousands of people working in our plantations, and these people see wildlife every day. So why not ask them what they see? Many people carry a mobile phone and we often receive photos of wildlife that people encounter while doing their work. Others use our Pendaki reporting system to notify us of animal tracks they have seen, or potentially dangerous animals, such as certain snakes, they have encountered while working.

Involving our own employees in biodiversity monitoring has a number of advantages. Firstly, it provides the Company with additional data. For example, between March and September 2019, our Pendaki program resulted in 3,150 individual species records across our six oil palm and sago estates. The records include 293 new species records for our database, which vary from birds and mammals to plants and insects. Every observation counts for us.

A second advantage is that rather than biodiversity monitoring being a special task of our small biodiversity and conservation teams, it becomes a task for every employee so that everyone becomes more aware about biodiversity values around them. We have received species observations from senior managers, security guards, and harvesters, in addition to those by our biodiversity specialists. What we hope to achieve over time is that everyone feels a certain responsibility for recording and protecting all wildlife in our plantations and conservation forests.

Finally, and this is currently important in these financially challenging times, the Pendaki program is a cost saver for ANJ, as the involvement of our own people allows us to fulfil legal and voluntary biodiversity monitoring requirements with reduced investments. Pendaki is still new for ANJ and we are learning as we go, but we already recognize that the program helps us better achieve our sustainability objectives. Importantly, we also see that it is widely supported by our employees, both in the estates and in our management offices.

The Role of Oil Palm in Orangutan Conservation (103-2, 103-3)

In the eyes of the general public, oil palm development is a major threat to the survival of orangutans. That perception is correct, especially in Kalimantan, where many industrial and small-scale plantations have been developed in areas formerly occupied by orangutans. Nevertheless, the palm oil sector also has the potential to positively contribute to orangutan conservation. ANJ has taken a leading role in demonstrating this in its KAL estate in West Kalimantan. This helps to show a potential way forward in managing orangutan populations in agricultural landscapes.



▲ Female orangutan (*Pongo pygmaeus wurmbii*) and baby in KAL conservation area.
(Photo by Bambang Suryatno, KAL; Winner of ANJ Annual Photo Competition 2020.)

One of the mistakes people make is to think that if a forest is not cut down that automatically it will be safe. Land cover change analyses in the KAL area show that this is not necessarily the case. When ANJ developed its KAL estate in 2010 and 2011, it set aside nearly 3,000 ha of forest on deep peat for conservation purposes. At that time, the forest area was estimated to contain some 150 orangutans. Outside this protected forest, there were additional forests with orangutans. These state forests were not formally managed by anyone.

Illegal logging was rampant in all forest areas, both the forests protected by ANJ and the unmanaged forests. ANJ successfully invested in fighting illegal logging in its protected forests, and from 2014 onwards illegal logging in these protected forests had been reduced to near-zero. In the unmanaged forests outside KAL, on community land, however, illegal logging continued, degrading the forest structure and making it more fire-prone. In the very dry year of 2015, several large unmanaged forests burnt down, and the remainder was cut and burnt in 2019.

The current situation is that the only remaining forest areas around KAL area are the ones protected by ANJ. Because orangutans from surrounding forests had to flee when their homes were logged and burnt, the latest population estimate indicates that the orangutan population in KAL's protected forest has increased from 150 to 200 individuals. This potentially means that these forests are now overpopulated.

The situation around KAL shows the importance of active protective management of forests, by government authorities (in legally gazetted protected areas), by communities (in community forest areas) and by companies (in high conservation value forest areas in oil palm and timber concessions). Unmanaged forests where there are no clear tenure or land use rights tend to disappear over time if they are within reach of people (e.g., connected by roads to timber markets).

ANJ has invested significantly in the protection of its conservation areas in KAL. Recent financial analysis indicates that the Company financed some USD 217 per ha per year in the management of conservation areas, which is about 50 times higher than what the government invests in the management of national parks. Most of the costs are associated with land use compensation to surrounding communities and fire prevention and fighting.

Despite all the efforts by ANJ, the conservation areas are not safe yet. An overlapping mining license threatens to convert forests into tailings dump sites and mining areas, while fires remain a major threat, as was seen in 2019, when part of the conservation areas were again affected by forest fires.

The experiences in KAL are important for guiding other oil palm plantations that contain orangutan habitat. A study in 2017 indicated that some 10,000 orangutans in Borneo occur in areas allocated to oil palm development. Translocating all these animals to other habitats is logistically and financially impossible, and because orangutans are a protected species, there is a need to find ways to manage orangutans and their habitats in oil palm landscapes.

The need for *in situ* orangutan protection efforts in oil palm areas is supported by recent studies that indicate the importance for meta-population dynamics of protecting individual orangutans, even if they occur in small forest patches in agricultural landscapes. Such animals are often females that are then visited by males who are more likely to travel through these non-forest landscapes. Translocating these animals, as is now commonly done in oil palm areas, removes orangutans from the metapopulation, and also exposes them to high mortality risks during and after the capture and release. Orangutans are ecologically resilient and could survive in areas dominated by human activities and agriculture, but it requires committed, competent and long-term management of their habitats and prevention of any killings. The successful KAL experiment provides an example of what the future of orangutans could look like in areas where orangutans occur outside protected areas and the permanent forest estate.

The Palm Oil – NGO (PONGO) Alliance (103-2,103-3)



▲ PONGO Alliance members visiting orangutan conservation activities at KAL.

ANJ has been a member of the PONGO Alliance since its initiation in 2015. The alliance between oil palm growers, businesses and NGOs jointly advocates for and supports the conservation of orangutans and other wildlife within oil palm landscapes. With KAL's 200 orangutans, it makes sense for us to engage with the Alliance to learn from others and share our own insights to other members.

In July 2019, KAL hosted a PONGO Alliance visit by the executive director of PONGO Alliance, as well as several other members. We explained how KAL had gone about dealing with the challenges of maintaining a viable orangutan population in a landscape heavily threatened by illegal logging, fire, mining and orangutan killing. During two field trips to our conservation areas, we demonstrated the use of SMART patrolling (a tool for monitoring and reporting) to control threats, our orangutan behavior studies, our tree phenology work and tree marking for QR codes for immediate species identification, and also our local awareness programs.

Dr Felicity Oram, PONGO Alliance's Project Director for Kinabatangan, Malaysia, who came along on the trip to KAL was impressed with what she saw. She commented that she was very impressed with the commitment shown by ANJ as a company to have a wildlife conservation manager on staff, who is specifically experienced with orangutans. She also complimented us on the various ways that KAL had included the local and regional community to expand conservation awareness, both by hiring former illegal loggers as monitoring staff and by creating an assessable nature trail for visitors. Dr Oram thought that the use of QR codes on trees to provide detailed identity information is not only innovative, but "a truly visionary way to integrate technology with nature education." Finally, she noted that the three orangutans that she saw in KAL looked in good condition and very healthy, which "is a great indication that the habitat is adequate not only for resident adult females but to support them in raising offspring as well."

ANJ will further engage with PONGO Alliance but with a more specific focus on developing and implementing landscape-level programs in the Ketapang District. Connecting the large orangutan population of the now protected Sungai Putri swamps and the Gunung Palung National Park with the conservation areas in

KAL will require close and effective collaboration with local government, communities, and other companies operating around us. We hope that our successes at the landscape level will be leveraged through the larger PONGO Alliance network and ultimately improve the conditions of all orangutans and other wildlife currently occurring in areas allocated for oil palm development.

ANJ Funded Translation of IUCN Study on Oil Palm and Biodiversity into Indonesian

At the 2016 Congress of the International Union for the Conservation of Nature (IUCN), the IUCN members voted in favour of Resolution 061 to establish an Oil Palm Task Force. The IUCN is the largest environmental conservation group in the world and its call for a group specifically paying attention to palm oil indicates the importance of the crop in environmental conservation.

One of the objectives of the Task Force as specified in Resolution 061 was to conduct a Situation Analysis on Oil Palm and Biodiversity. The study was conducted by a group of scientists and peer reviewed by 43 external and independent peer reviewers, and the English and French language versions of the report were published in 2018.

There was significant international media attention to the report's key findings. While the report found that oil palm has clear negative environmental impacts, there is a need to compare this to the impacts of other vegetable oils. Banning or reducing trade in palm oil would require that more oil is produced from other crops, and this could have unintended side effects.

Because of Indonesia's importance as the number one palm oil producer in the world, ANJ financed the translation of the IUCN report into the Indonesian language. The objective was for the key messages about environmental impacts to be more accessible to the Indonesian government, public and NGOs.

The Indonesian translation was published under the title "*Kelapa Sawit dan Keanekaragaman Hayati. Analisis Situasi oleh Satuan Tugas Kelapa Sawit IUCN*". At an event on February 3, 2019, first copies of the report were handed to the then Coordinating Minister of Economic Affairs Mr Darmin Nasution, and other members of government, followed by a press conference.



▲ Coordinating Minister of Economic Affairs briefing journalists on IUCN Oil Palm and Biodiversity Situation Analysis

PROTECTING AND MANAGING PEATLANDS (103-2)



▲ Measuring water level in ANJAS using piezometer.

At ANJ we recognize the global importance of the unique tropical peatland ecosystems which are found in Indonesia and the ecosystem services they provide, such as carbon storage and provision of habitat of endangered species. Through our Sustainability Policy we commit to no new development and planting on, and sourcing from peatlands as defined by the RSPO P&C and Indonesian regulations.

We acknowledge the importance that intact peatlands play in sequestering carbon. When peat soils are exposed to the air, carbon contained within the peat is oxidized and released as carbon dioxide into the atmosphere, which, in turn, exacerbates global warming. We follow and comply with the Indonesian government's commitment to reducing carbon emissions through a number of regulations on protecting peatlands, which are as follows:

- 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.

According to the Indicative Map of the Moratorium on Issuing New Licenses [PIPPIB], which refers to the Ministry of Environment and Forestry Decision Letter SK No.7099/MENLHK-PKTL/IPSDH/PLA.1/8/2019, as well as independent soil analyses by external consultants, there are a total of 10,664.87 ha of peatland. Of this, 4,506.41 ha are located in our ANJAS estate in North Sumatra, 5,652.53 ha in our KAL estate in West Kalimantan, and 505.93 ha in our PPM estate in West Papua, or 18.3% of the total plantation area of those three estates are peatland with an average peat depth of 1.5m. From this identified peat area, we have protected 657 ha in KAL, and 200 ha in ANJAS as well as 247.1 ha in PPM are kept for conservation. The remainder was already planted before the peatland regulations came into force. These areas have met the peat inventory reporting requirements of RSPO and were submitted to RSPO in November 2019. Peatlands have not been detected in our plantations operated by ANJA, SMM or GSB, according to the Ministry of Environment and Forestry Indicative Map. Any newly identified peatlands within our undeveloped concession areas are automatically treated as conservation areas.

For one of our concessions in West Papua, PPM, a Peat Ecosystem Compliance Point Monitoring Plan is being prepared, as requested by the Ministry of Environment and Forestry. We are now still verifying and finalizing the findings of the soil investigation study and monitoring of 20 points by an independent third party in PPM and will submit the peat area inventory for the uncertified area to RSPO by May 31, 2020.

Our peat policy and management practices extend to all our suppliers, including smallholders and independent suppliers. As described in the supply chain section, we are currently mapping all smallholder suppliers and once this spatial information is available, it will facilitate us in monitoring the traceability of the FFB from external suppliers. We therefore expect that in future, all the FFB we receive will fulfil traceability criteria.

We implement good practice management for peat areas which includes regular monitoring of peat subsidence and water levels in all of our planting areas. Specific SOPs are in place for the management of peat where it has been planted. In line with our Sustainability Policy all new potential sites are evaluated before any new plantings are planned to avoid any peat areas. Remediation plans for the areas planted in peat are in place in KAL and are in progress in ANJAS. An independent soil evaluation has been undertaken in all our operating units

to assess all our soil classification so that organic classes are identified and protected.

A separate peat policy is being formulated in our sago operations. The peat in our sago concessions have been evaluated by an independent soil consultant. The canals which are constructed across the concessions containing peat are closed drains

and water levels are maintained throughout the year. There is minimum subsidence as activity is limited only where sago stands are available for harvest. Only a small portion of the concession has been exploited for extraction of the sago stand, the majority of the available concession is yet to be explored. The remediation plan for whatever little peat subsidence in the areas exploited is being discussed presently.



▲ Brown shrike (*Lanius cristatus*)

Water Management in Peatland Areas

As stated in our Sustainability Policy, we are committed to industry best practices and this is particularly applicable to water management in existing developed peat areas. We implement best practice management in all peatlands in our concession areas, especially maintaining a high-water level within them in order to prevent carbon release and elevated fire risk, and to beneficially use ecosystem services such as flood buffering and water supply to the estates. Best practice guidelines state that water tables should be monitored using piezometers and maintained at 40-60 cm to minimize GHG emissions without damaging palms.

In two of our certified plantations, KAL and ANJAS, we manage areas which were planted before peatland regulations, RSPO requirements, and our peat policy commitments came into force. Water management is particularly important in oil palm plantations in low-lying areas, swamps and peatlands where water levels must be carefully maintained and managed. Water governance is one of the most important aspects of operations and is key to increasing production. Oil palm plants have quite specific water requirements and do not like to be too wet or too dry, with water only being tolerated to a depth of 50 to 70

cm below ground level. An excess or a lack of water can badly impact the growth of oil palm and can even cause permanent wilting or death of oil palm plants. Drying out of peatland areas can also have other undesirable impacts such as increasing fire risk in oil palm plantation areas, which is a situation ANJ actively avoids in all estates. Based on Government Regulation of the Republic of Indonesia No. 71 of 2014, concerning Protection and Management of Peat Ecosystems, peat ecosystems meet the criteria of being damaged if the ground water level is more than 0.4 meters below the surface of the peat.

Conservation areas (HCV) set-asides also play an important role in reducing the rate of water run-off and thus buffering the estates from water overload. The presence of HCV areas also reduces soil erosion and therefore the sedimentation rates in drainage canals, so that less frequent dredging is required.

There are many technical aspects and natural factors that must be considered in the management of water in oil palm plantations, because physical characteristics and topography in each plantation are different, so the most appropriate methods must be analyzed and adjusted for managing water in a particular estate. Such a system allows us to adaptively manage the water conditions.

FIRE PREVENTION AND MANAGEMENT (103-2)

ANJ has corporate commitments through our Sustainability Policy to Zero Land Burning as per the prevailing regulation and our commitments in line with RSPO, ISPO and ISCC principles and criteria regarding fires. Relevant regulations include Law No.39/2014 on Plantations, Ministry of Agriculture Regulation No. 5/2018 concerning Zero Burning for Land Clearance and Land Management, and Minister of Environment and Forestry Decree No. 32/ 2016 concerning Forest and Land Fire Control. Despite our stringent implementation of zero land burning policy at our estates, fire is still a substantial material risk for the Company during the dry season and extended drought conditions due to potential of vegetation fires encroaching from outside our operational boundaries. We take the prevention and fighting of fires very seriously as they threaten both the palms in our planted areas and the social and environmental values in our conservation areas.

All of our estates implement fire monitoring and preparedness protocols. Fire risk, however, is not consistently high across all our operations. We have assessed fire risk in all our oil palm and sago estates and have found that the surrounding physical and social landscapes which contribute to fire risk vary across all areas where we operate. Nevertheless, we have implemented fire prevention and management protocols in all our estates commensurate with the level of fire risk, such as trained fire-fighting and patrol teams, fire look-out towers, fire warning signs, readiness of fire-fighting equipment, internal

and external communication and awareness before and during the dry season.

Currently, our highest business risk from a fire perspective is KAL which is surrounded by high fire risk areas including peatland. SMM and ANJAS are also ranked as high risk from fire encroachment. In terms of preparedness and mitigation, at KAL, we have a map of areas prone to forest and land fire (*Peta Area Rawan Kebakaran*) which is based on detailed fire risk mapping across the estate in terms of external factors along the boundary and internally in terms of peat areas and vegetation types. Ensuring that peatland within our areas of control are kept wet through precision management of water levels is extremely important and not always easy to maintain during a drought. We also access satellite-based monitoring of fire hotspot activity and conduct our own local monitoring using fire towers and Unmanned Aerial Vehicles (UAVs).

Fires do not respect boundaries and this is why all stakeholders in high fire risk landscapes must work together. At our higher fire risk estates, we have implemented initiatives which are based on coordination with local authorities and communities, including the local fire brigades (*Manggala Agni* trained). We have also instituted community-based fire management through the smallholder farmer fire-fighting groups (*Kelompok Tani Peduli Api/KTPA*). As of December 2019, we had established KTPA groups in 4 villages around SMM, 1 village around ANJAS, and in 3 villages around KAL.



▲ HCV area information signboard at SMM

Fire Situation in and around KAL in 2019

Despite our preventive measures, fires once again became a serious threat to KAL in 2019 when weather conditions were very hot and dry. In September 2019, monitoring of fire hotspots indicated the presence of three fires outside the KAL boundaries. Field teams faced challenges such as the remote location of fires in forests without road access outside our estate and low water levels in reservoirs because of the drought conditions. To supply water to the boundaries, 15 water trucks were engaged, and more than 200 local workers hired to help prevent fires crossing into the plantation. Two helicopters were also called in to monitor fires and help extinguish them. Nevertheless, KAL once again experienced loss of some planted areas, with no significant impacts in conservation areas.

The experience in 2019 further reinforces the fact that reducing the fire problem requires that all land users and the government work together. Such collaboration is needed because we cannot dictate what happens outside our plantations, but what happens there has direct consequences for us. During the dry season, fires are often common in areas of bush and scrubland surrounding our estates where local communities clear land for agricultural purposes. Around KAL, many of these areas are, however, in deep peat areas, which means that fires easily spread through the peat in the extremely hot and dry conditions. Unfortunately, under dry and windy conditions, a controlled burn can quickly become an uncontrollable burn.

As a result of the challenges faced by KAL in 2019 in preventing fires spreading from outside towards and across the estate boundaries, a comprehensive integrated fire management assessment by a fire expert was commissioned in December 2019, the results of which will be available in early 2020.

As our global climate heats up and regional climate change related to deforestation is increasing temperatures and reducing rainfall in many parts of Indonesia, the fire risk is set to increase and ANJ is taking initiatives to increase preparedness. Palm oil producers thus need to work with local communities, national and local government and with technical assistance from the experts, scientists and non-governmental organizations.



▲ A helicopter on stand-by at KAL for fire response.

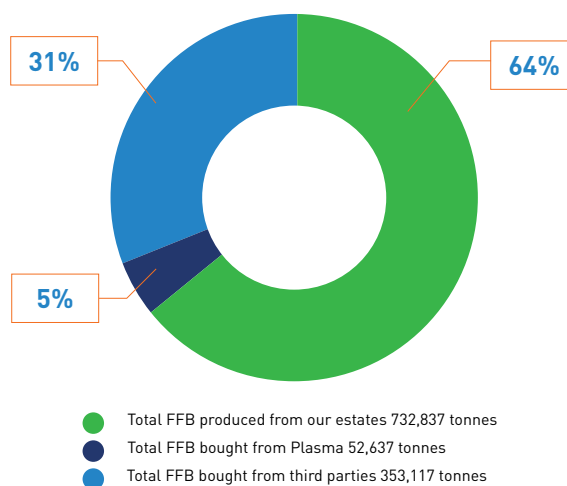
REDUCING SUPPLY CHAIN IMPACTS



▲ Trucks transporting FFB from smallholders, queuing to supply ANJA's mill.

Traceability is a top material risk for the palm oil industry. At ANJ we take traceability seriously and are working hard to ensure we have systems in place to accurately track the source of our FFB supply base. The FFB processed at our mills originates from three sources, 64% is sourced from our own plantations, 5% from plasma partners, and 31% from third parties. The FFB sourced from third parties is our area of concern for our traceability commitments and therefore this is where we are focusing efforts to reduce the risk of unsustainable FFB entering our supply chain. **(103-1)**

Source of FFB processed at ANJ mills in 2019



The demand for certified sustainable and segregated palm oil is increasing as many global brand manufacturers have committed to only use RSPO certified and segregated palm oil solutions. Traceability is therefore important in order to ensure that the certified sustainable palm oil and palm kernel oil used in the production of finished goods actually come from sustainable sources.

The Procurement & Logistics Department has overall responsibility for monitoring and providing assurance on vendor compliance, with assistance from the Compliance Management Department. FFB vendor compliance is coordinated through monthly meetings at the operational level in all estates based on the monitoring of feedback from the end users in the supply chain, such as our palm oil mills or our cooperatives, and by tracking the completion of contracts. **(103-2)**

In line with our Sustainability Policy, our procurement policy is implemented in accordance with conditions that seek to minimize any negative environmental, social or economic impacts of activities undertaken throughout the supply chain. We require that all goods and services used in our operations are procured professionally, independently, efficiently and effectively, and in compliance with good corporate governance principles.

As a part of our sourcing policy and continuous improvement focus, we engage with suppliers to improve practices on the ground and strengthen our supply chain and thereby ensure positive developments in the sustainable palm oil production journey. In addition to specific technical, financial and administrative criteria, we also require that vendors meet and follow our commitment and standards on environmental, health and safety management systems. This is implemented through an Integrity Pact which is included in the contract **(103-2)**.

All vendors receive a copy of the ANJ Sustainability Policy in the Indonesian language, and we hold information and awareness sessions to articulate the intent and requirements of the policy. No sessions were held in the past year because the Sustainability Policy was reviewed and re-issued during 2019. Sustainability Policy information sessions for existing and new vendors will resume in 2020. **(103-3)**

Our strategies to prevent or mitigate negative environmental supply chain impacts also include working with existing and potential suppliers, particularly independent smallholder farmers, in the vicinity of our estates to improve livelihoods, reduce the risk of social conflict, and in the case of potential suppliers, help them to comply with our vendor policies. We have implemented a number of innovative programs which have achieved promising results, including assisting plasma smallholder farmers to gain RSPO certification at SMM and KAL, as well as mapping of smallholders around ANJAS. These initiatives are described below. **(103-3)**

Our traceability program has just started this year, with a pilot project to be scaled up in 2020. As a result, we do not yet systematically record new suppliers screened for environmental and social criteria. **(308-1, 414-1)**. Similarly, we are not yet in a position to report on negative environmental and social impacts in the supply chain and actions taken. We will be developing the screening mechanism/tool for environmental and social criteria to be applied to our suppliers. **(308-2, 414-2)**.

RD Strategic Project Working with Independent Smallholders to Improve Supply Chain Traceability (103-3)

In line with our responsible development approach, one of our strategic projects focuses on using in-house expertise to enhance our knowledge systems on the journey to 100% traceability. The handling of FFB from independent smallholders along the route to the mill is complex due to handling by agents and presents opportunities for mixing. Transforming the supply chain will take time and involves the trust and cooperation of many stakeholders. Beginning in 2018, we commenced a third-party plantation traceability pilot project at ANJA in Binanga, North Sumatra and implemented the program on the ground in the third quarter of 2019. Lessons learned from this pilot will be scaled up across other estates in 2020.

For each independent smallholder, the third-party plantation traceability system records the name of the smallholder, a Global Positioning System (GPS) coordinate and also a polygon for large smallholder estates, total plantation area, and supplying volume and period of transaction. These data are collected manually and then imported to our GIS which allows us to map the location of these small plantations in relation to our estate. The system is currently manual and the transaction data are based on the delivery order (*Surat Pengantar/SP*) form filled in by agents and SP holders, which is then recorded in the ANJ database system at the mill for our analysis. To date we have registered more than 850 independent smallholders with a total plantation area of more than 8,100 ha in our supply chain.

We realize that the process of introducing the traceability system to third-party plantations takes time and we need to build trust and understand the challenges faced by the growers, agents and SP holders. We need to be able to adapt the system based on their concerns and design an approach to transition our independent smallholders to sustainable practices which minimize environmental impacts such as potential encroachment into nature conservation areas. As a business, we are already beginning to see the benefits of this responsible development initiative in implementing the traceability system with independent smallholders. Understanding exactly where our FFB come from in terms of village location and their socio-economic profile is useful to our CID team so that we can monitor welfare and other SDG goals in these villages and potentially implement targeted community programs.

RD Strategic Project RSPO Certification of Four Plasma Smallholder Cooperatives (103-3)

As an RSPO member, we are committed to implementing sustainable palm oil management practices. Beyond achieving RSPO certification for our plantations, we also support, through our responsible development projects, our "plasma" smallholders in gaining RSPO certification. A series of programs and activities have been ongoing and as a result, in 2019 three of our "plasma" smallholders, namely Koperasi Mitra Lestari,

Koperasi Mitra Anugrah and Koperasi Sambar Jaya Makmur in SMM, and one in KAL, Koperasi Perkebunan Laman Mayang Sentosa, received RSPO certification. These certifications will create a positive impact on our partners and our future business in terms of reducing environmental and social impacts and improving economic performance. They have become a model for our other smallholders and at the same time improve Indonesia's sustainable palm oil industry.

Our support in helping smallholder farmers adopt more sustainable practices feeds directly into supporting the goals of sustainable consumption and production under UN SDG 12 which aims to increase net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle, while increasing quality of life.

RSPO Certification – A Bright Future for Laman Mayang Sentosa (LMS) Plasma Cooperative

Yohanes Akun Afandy is the treasurer of Koperasi Perkebunan LMS which is a plasma smallholder group at KAL in West Kalimantan. The process started with socialization by the KAL team about RSPO certification, followed by preparation of the legal and administrative

documents, plus auditor team visits on a number of occasions, LMS received its RSPO certificate on November 11, 2019. Yohanes speaking on behalf of the cooperatives says, "Our success in receiving certification is testament to the very good cooperation between KAL and the cooperatives. We are all very proud of the result and it has given us the incentive to strive to be the best plasma cooperative at KAL. With this guarantee of the sustainability of the oil palm plantation business, we are able to increase the welfare of members through premium price incentives which come from the added value of CPO sold through the mechanism of certified CPO/PK sales, both physical and palm trace sales."



▲ Meeting with plasma cooperatives on certification.

INTEGRATED PEST MANAGEMENT (IPM)



▲ Dragonfly (*Odonata*) which is a helpful natural predator

Like any agricultural business, our crops are vulnerable to pests and diseases. The use of herbicides and pesticides, however, comes with impacts to the environment and to people, therefore as a responsible company we work hard to reduce our use of herbicides and pesticides.

Since the end of 2018, we do not use the herbicide paraquat or any pesticides categorized as World Health Organization (WHO) Class 1A or 1B pesticides or chemicals listed under the Stockholm or Rotterdam Conventions.

ANJ has an ongoing collaboration with the CIRAD on oil palm agronomy seeking methods to increase yields, minimize pesticide and herbicide use and optimize estate design with regard to soil types, and hydrology. This collaboration and the ongoing work of the ANJ R&D team is important in enabling ANJ to continually improve its approaches to responsible development.

The cooperation with CIRAD resulted in the discovery of natural biological methods of reducing rhinoceros beetle (*Oryctes rhinoceros*) infestation during replanting, including developing local, more effective strains of the entomopathogenic fungus *Metarhizium anisopliae* (fungus that can kill *Oryctes rhinoceros*), and timing its application more effectively, which has been very successful so far in the replanted blocks in SMM.

The R&D team is also developing methods of pest control which use biological bacteria *Bacillus* and entomopathogenic fungi in the development of biological agents, as a means of reducing the use of inorganic fertilizers and pesticides. At present we have several positive and potential strains to be developed and some of which have been implemented, namely those from the fungus group (*Metarhizium anisopliae*, *Trichoderma*, *Beauveria*, *Paecilomyces*) as plant pest and disease control. Various biological agents are used to improve soil chemical properties and soil chemical residues, as well as controlling pests.

Pests are not unique to oil palms; we also have issues with pests at our edamame business. We found that by using different planting practice in the dry and wet seasons, we can minimize the risk of pest attacks. Pests and diseases also affect sago palms and we are conducting research on methods of controlling pests in the flooded sago forests.

ENVIRONMENT-SAFE PEST CONTROL IN OIL PALM ESTATES (2019)

Pest type	Control method	Results
<p>Nettle caterpillars (<i>Setora nitens</i>, <i>Setothose asigna</i>)</p>	<p>Immature (non-producing) palms:</p> <ul style="list-style-type: none"> Picking off caterpillar larvae. Spraying with <i>Bacillus thuringiensis</i> bacteria. <p>Mature (producing) palms:</p> <ul style="list-style-type: none"> Fogging with <i>Bacillus thuringiensis</i> by Bio Fogger type K22 bio. Regular planting of beneficial plants such as <i>Turnera subulata</i>, <i>Antigonon</i> sp., <i>Cassia cobanensis</i>. Spraying with environmentally friendly chemicals in case of outbreak. 	<p>Under control: no second generation attack and no new attacks.</p>
<p>Tirathaba bunch moth (<i>Tirathaba mundella</i>)</p>	<p>Third year palm planting until first harvesting: Spraying with <i>Bacillus thuringiensis</i>.</p>	<p>Under control: good palm vigour, successful bunch formation, estimated high yield at first harvesting.</p>
<p>Rhinoceros beetle (<i>Oryctes rhinoceros</i>)</p>	<p>Application of a locally specific strain of the entomopathogen <i>Metarhizium anisopliae</i>, explored and produced by our own R&D division, during the initial phase of replanting.</p> <p>Planting <i>Pueraria javanica</i> and <i>Mucuna</i> legumes in the replanting area prior to palm planting.</p> <p>Extraction of the rhinoceros beetle when found in the frond tip.</p> <p>First year of planting, we use the modification of net to protect the palm from beetle.</p> <p>Carbosulfan granules are currently applied to protect the growth of the frond tip against damage by the rhinoceros beetle.</p> <p>We are developing a replacement for this non-environmentally friendly chemical using the best strain of <i>Metarhizium anisopliae</i> to control rhinoceros beetle infestation.</p>	<p>Under control: very mild attacks, no palm death and minimal damage.</p>
<p>Rats (<i>Rattus</i>)</p>	<p>Use of natural predators such as barn owls (<i>Tyto alba</i>).</p> <p>Application of environmentally friendly rat-bait products in case of intense damage by rats.</p> <p>We are also developing for organic and biological Rodenticide for control</p>	<p>Under control: mild damage, good bunch formation and healthy fruits.</p> <p>This works very well in SMM and will be developed across all of ANJ Group estates.</p>
<p>Termites (<i>Isoptera</i>)</p>	<p>Regular and systematic monitoring of palm census.</p> <p>Following palm census results, we have used earlier spraying with Fipronil to control this pest, but we are currently developing more environmentally friendly biological control methods, including new strains of <i>Beauveria</i> and <i>Bacillus</i>, to replace the chemical.</p>	<p>Controlled with continued and systematic monitoring: very mild attacks, reduced death of palms.</p>



▲ Amelia Widiastuti, an MT graduate, conducting analysis at the R&D laboratory.
(Photo by Amelia Widiastuti, ANJAS; Winner of ANJ Annual Photo Competition 2020.)

Research and Development

ANJ invests in its research and development (R&D) capacity by having a dedicated team, headed up by Jajang Supriatna, an agronomist with a degree in Agriculture from the Bogor Agricultural University. The R&D section started in 2015 when Jajang joined ANJ and has been built up with the help and support of *Centre de Coopération Internationale en Recherche Agronomique pour le Développement* (CIRAD), a French agricultural research organization. He is based at SMM, at the newly expanded R&D laboratory, which has been in use since November 2019. The R&D team comprises research and field staff including a soil specialist, a microbiologist, a statistician, and a pest and disease specialist, as well as field research staff who manage field experiments and monitor best practice management. There are a number of Management Trainees (MT) working in the R&D team. Jajang has found the addition of MT to his team very helpful and says that the trainees are “creative and very eager to contribute to the development of the research and agronomy programs. I like them to develop ideas for themselves, think and innovate and explore by utilizing potential plant and biological findings for the development of plant agronomy as well as pest and disease control.”

Every estate has a small research lab, supported by two field workers and a lab staff who are stationed at ANJAS, ANJA and KAL. The Head of R&D regularly visits all sites to check on implementation of best management practices in agronomy and research trials.

In line with the Company's values for the development of environmentally responsible best practices, ANJ's agronomic research prioritizes the exploration of the use of organic and biological materials. For example, improvement of soil properties using Empty Fruit Bunches (EFB) compost, the use of decomposer bacteria and nutrient solvents and mycorrhizae applications especially for marginal soils. Another focus area is working to improve soil quality by reducing chemical residues that are still bound to the soil due to the use of chemicals in the past which have led to a reduction in soil biota. Plants nutrient grow well when the soil is healthy and not depleted. By applying organic EFB compost and other biological material, such as naturally occurring mycorrhizae and bacteria, the function and balance can be returned to the soil. These are all aspects that ANJ's R&D team are actively researching.

ENERGY

Our Sustainability Policy articulates clear commitments to reduce the use of fossil fuels and to seek alternatives based on a waste-to-energy policy. The topic boundaries for energy extends across the entire business, but at this time we only consistently report for our mature producing estates in West Region: SMM, ANJA, ANJAS, and KAL. In future we will extend energy reporting to East Region as well. (103-1)

Energy demand is greatest for palm oil processing and plantation maintenance and management, while the demand is less from non-processing activities, including employee housing, health clinics, Company cooperatives, club houses, places of worship and offices. Energy consumption is monitored and reported by the Environment, Health and Safety (EHS) Department.

The plantation and palm oil processing activities utilize both diesel and bio-mass from waste, such as palm shell and palm fiber. ANJ operates one biogas plant which utilizes POME. However, the electricity generated from this plant is fed into the local grid, which supplies communities in the region. To reduce diesel consumption, previously we have a program to connect our mills into the national electricity grid where possible, instead of using our own generators. So far only SMM is connected to the grid. Over time, we also plan to add additional biogas plants and utilize the electricity generated for our own use. (103-2).

ENERGY CONSUMPTION WITHIN THE ORGANIZATION (302-1)

The calculation of energy produced from palm shell and palm fiber is calculated by recording the turbine running engine units (kWh), and the unit of conversion to Gigajoule (GJ) is 1 kWh = 0.0036 GJ (WRI, 1987). For diesel, we use the following calculation Diesel Energy Consumption (GJ) = Total diesel (liter) x 0.9 kg/liter x 44 MJ/Kg x 10⁻³ GJ/MJ.

Total Energy Consumption and Energy Intensity (302-1)

Year	Renewables (in GJ)				Non-renewables (in GJ)				Purchased electricity (in GJ)	Total energy consumption (in GJ)
	Biogas	Biomass	Solar Power	Total	Fuel, incl. pertalite	Kerosene	Diesel	Total		
2019	2,252	100,309	8	102,569	6,044	0	128,605	134,649	15,347	252,565
2018	1,697	99,836	8	101,541	5,497	0	106,392	111,889	21,814	235,243
2017	0	74,737	5	74,742	3,971	1,146	106,809	111,926	12,332	198,999

Notes:

1. Biogas, biomass, and electricity consumption are measured in kWh, the conversion factor is 1 kWh = 3.6 MJ (WRI, 1987)
2. Solar power use is estimated based on a 10 hour/day usage of 9W light bulbs, for 30 days/month, measured in kWh. The conversion factor is 1 kWh = 3.6 MJ (WRI, 1987)
3. Diesel consumption is measured in liters, the conversion factor is 1 liter = 0.036 GJ (IPCC, 2006)
4. Kerosene consumption is measured in liters, the conversion factor is 1 liter = 0.03768 GJ (Statistic Canada, 2005)
5. Gasoline consumption is measured in liters, the conversion factor is 1 liter = 0.03466 GJ (Statistic Canada, 2005)
6. Pertalite consumption is measured in liters, conversion factor is 1 liter = 0.03276 GJ (deepresource.wordpress.com, 2012; WRI, 1987)

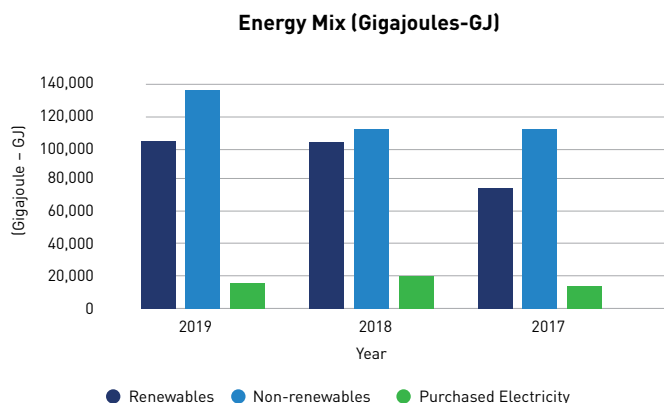
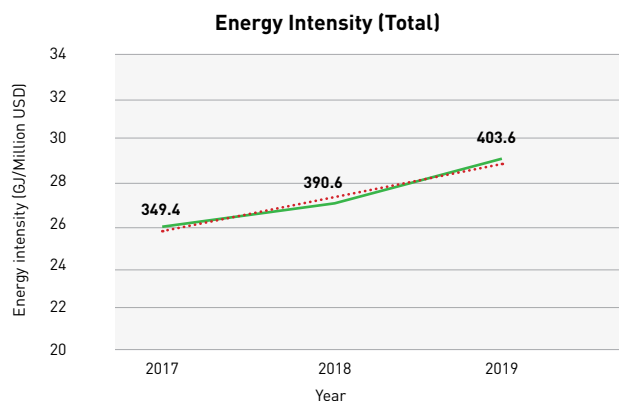
ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (302-2)

Currently we do not measure energy consumption outside our organization by our supply chain and other vendors.

ENERGY INTENSITY (302-3)

The intensity of the energy used is divided by Million US Dollars of total asset. The energy intensity table and trend line from 2017-2019 is as follows:

Year	Total energy consumption (in GJ) (A)	Total asset (in Million USD) (B)	Energy Intensity (in GJ/Million USD) (A/B)
2019	252,565	625.7	403.6
2018	235,243	602.2	390.6
2017	198,999	569.5	349.4



One of the main efficiency initiatives is the use of waste biomass, such as palm fiber and palm shells, which can be used in the biomass boilers. As of the end of 2019 we now have biomass boilers powering the turbines in our mills at ANJA, ANJAS, SMM, KAL and PMP. ANJAP also uses biomass-powered turbines. This has resulted in an increase of renewable energy use over the years, achieving a proportion of 41% renewables in our total energy mix in 2019.

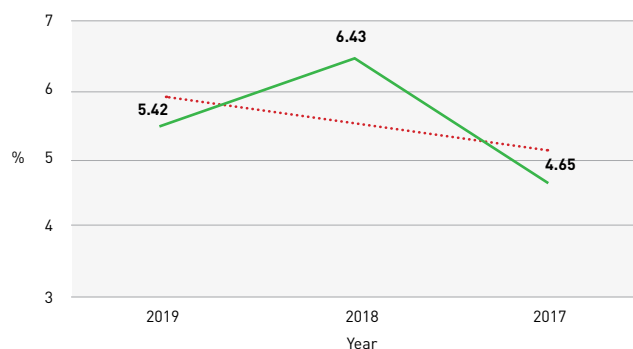
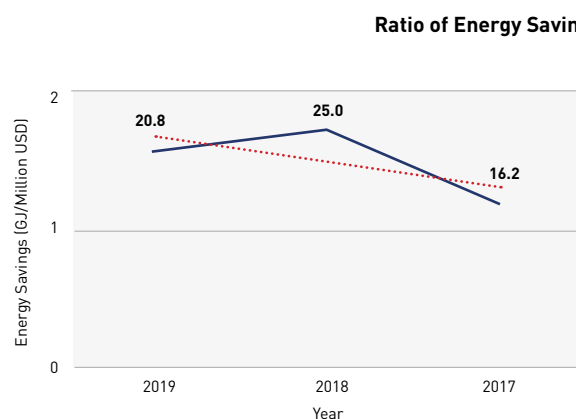
REDUCTION OF ENERGY CONSUMPTION AND ENERGY EFFICIENCY INITIATIVES. (302-4)

We reduce energy consumption by using the turbines for non-process energy even when they are not required for production purposes. This reduces the reliance on diesel-powered generators and contributed to a decreased energy consumption

from these generators by 50% from the baseline of 6,349 GJ in 2015, the first year we have recorded consumption, to 3,147 GJ in 2019 **(302-4)**.

We also implement a host of other energy saving initiatives, such as replacing fluorescent lamp with light-emitting diodes (LED) lights in all our mills; and replacing older air-conditioning units with newer energy saving models. The table below shows the energy savings achieved due to the initiatives above. These savings are calculated by looking at the difference between actual energy used as a result of our initiatives and the energy potentially consumed if no initiatives are implemented. In 2019, we saved a total of 13,023 GJ of energy due to our energy efficiency initiatives.

Parameter	Unit	Year		
		2019	2018	2017
Total Energy Consumption	GJ	252,564.65	235,243.45	198,999.50
Energy Savings	GJ	13,682.92	15,130.65	9,248.93
Total Asset	USD Million	625.7	602.2	569.5
Energy Savings to Total	%	5.42	6.43	4.65
Energy Savings per Million USD	GJ/USD Million	20.8	25.0	16.2



REDUCTIONS IN ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES (302-5)

We do not report on energy requirements of products and services as this is not relevant.

EMISSIONS

ANJ recognizes the long-term negative impacts of climate change on the environment and society caused by rising GHG emissions. As such, emissions are classified as one of our material topics. We recognize that the oil palm sector contributes to GHG emissions from land use change, from oxidation of peat, from fertilizer use, from the mills, including effluent such as POME, and to a lesser extent from vehicles. Many responsible businesses, including ANJ, are increasing efforts to align with international best operating standards to reduce GHGs emission.

This makes business sense in the long run as the palm oil sector, for example, is already experiencing an increase in risks associated with climate change, such as a more frequent and extended dry season. The topic boundary for emissions is the entire ANJ Group but at this time we only conduct these calculations for mature producing oil palm subsidiaries of ANJA, ANJAS, SMM and KAL. **(103-1)**

In keeping with our commitments under the terms of our RSPO, ISPO and ISCC certification, and in line with government regulations and the Indonesian government's GHG reduction targets, we have made corporate commitments to reduce our GHG emissions. **(103-2)**

The GHG calculations presented below for Scope 1, Scope 2 and Scope 3 emissions for 2017, 2018 and 2019 are made using the RSPO PalmGHG calculation method which we have adjusted to the GRI 305 standard. Although we have conducted GHG Monitoring since 2013 using ISCC GHG calculations, calculations with PalmGHG RSPO have only been conducted since 2015, which serves as the base year to track our performance over time. **(103-2)**

The emissions we calculate are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), all of which have been converted to CO₂ equivalent. For chlorofluorocarbons (CFCs) and hydro chlorofluorocarbons (HCFCs), which are commonly used in air conditioners and refrigerators, calculations have not been made because the methods used (PalmGHG RSPO) does not take those gases into account. **(103-2)**

The emission consolidation approach for palm oil uses the CPO Production approach. But for non-palm oil subsidiaries and the Jakarta office, we use the portion of equity, financial or operational control. **(103-2)**

Throughout this report we communicate a range of initiatives that demonstrate our commitment to reduce our GHG emissions, energy usage, water consumption and waste, in line with the concept of the circular economy. We have an on-going waste-to-energy approach, through which we are phasing out the use of diesel to power our mills by using our own recycled

biomass and biogas where possible. ANJ seeks to continuously improve its approaches to responsible development. Oil palm plantations use a lot of mineral fertilizer and produce a lot of organic waste, which is not only costly for the Company but also has detrimental environmental effects. Fertilizer use releases nitrous oxide into the atmosphere thus increasing greenhouse gas emissions. One way to start to reverse this trend is to reduce inorganic fertilizer use and increase organic fertilizer made from organic waste such as POME and EFB.

Our continuous improvement approach to improved peatland management in our mature producing estates with peatland areas, such as ANJAS and KAL, has contributed to a drop in emissions from peat oxidation. The completion of the Peatland Remediation Management and Monitoring Plan for KAL in October 2019 augments the peatland and riparian zone management system for KAL. In the Biodiversity section of this report, page 61, we discuss further how we carefully manage peatland areas.

Other emissions reduction initiatives include the introduction of an Electro Static Precipitator (ESP) at KAL mill and our new mill in West Papua. The ESP reduces particulate matter (PM) pollution control to comply with international emission standards. The introduction of the ESP is not only beneficial to the environment but also for our employees working in the mills who are exposed to particulate matter.

GHG EMISSIONS AND INTENSITY RATIO

Scope 1 emissions are those related to land use change (European Union Commission 2009. Directive 2009/28/EC); fertilizer (Ecoinvent v2- GHG Based on IPCC 1007 and IPCC 2006); Peat Soil (Current and Future CO₂ Emissions from Drained Peatlands in South East Asia 2010); Fuel Consumption (JEC 2011); POME (22.25 Kg CO₂ eq/Kg CH₄, IPCC 2007). Scope 2 emissions are based on usage of electricity from national grid (0.80919 KgCO₂ eq/kWh, IEA Emissions Factors 2012). Scope 3 emissions are based on Sinks (Regional Conservation Sequestration, recommended by RSPO), such as carbon sequestration in our HCV areas.

Items	Unit	2019	2018	2017
GHG Emissions (305-1, 305-2, 305-3)				
Scope 1	Ton CO2 eq	1,175,783	1,179,233	1,169,364
Scope 2	Ton CO2 eq	2,332	4,112	2,431
Scope 3	Ton CO2 eq	(50,559)	(56,443)	(49,516)
GHG Emissions Intensity (305-4)				
Total CPO Product	Tons	240,845	248,694	209,614
Scope 1	Ton CO2 eq/Ton CPO	4.88	4.74	5.58
Scope 2	Ton CO2 eq/Ton CPO	0.01	0.02	0.01
Scope 3	Ton CO2 eq/Ton CPO	(0.21)	(0.23)	(0.24)

Note: Purchased Electricity only available in ANJA and SMM

The emission intensity ratio used is Ton CO2 eq/Ton CPO. The gases calculated using this intensity are CO2, CH4, N2O, all of which have been converted to CO2 equivalent. CFC gases, found in air conditioners and refrigerators, have not used these in calculation because PalmGHG RSPO does not consider these gases.

REDUCTION OF GHG EMISSION (305-5)

Scope	Unit	Baseline (2015)	2019		2018		2017	
			Emission	Change	Emission	Change	Emission	Change
Scope 1	Ton CO2 eq	1,450,786	1,175,783	-19.0%	1,179,233	-18.7%	1,169,364	-19.4%
Scope 2	Ton CO2 eq	1,876	2,332	24.3%	4,112	119.2%	2,431	29.6%
Scope 3	Ton CO2 eq	-34,885	-50,559	-44.9%	-56,443	-61.8%	-49,516	-41.9%

Reduction in GHG Emissions is evident with Scope 1 emissions where there has been a 275,003 Ton CO2 eq reduction, or 19% reduction, at the producing estates from 2015 to 2019, due to changes in operational activities and energy efficiency initiatives. Scope 2 emissions increased by 24.3% over the period of 2015 to 2019.

These Scope 1 reductions are mainly attributed to a reduction in fertilizer use between 2015 and 2019, the main gas here being N2O. Reductions over the same time period, can also be attributed to improved management of peatlands which has led to a reduction in oxidation which releases methane gas.

Scope 3 emissions concern carbon sinks, which are our conservation areas, which sequester carbon. We saw an increase from 34,885.20 to 50,559.08 Ton of CO2 equivalent being sequestered from 2015 to 2019, as shown in the graph below. This is an evidence of the importance of forest conservation areas in reduction of GHG emissions.

BIOGAS – CONTRIBUTING TO INDONESIA'S RENEWABLE ENERGY TARGETS

At our biogas plant (AANE) in Belitung, which utilizes Palm Oil Mill Effluent (POME), we are contributing to Indonesia's climate change mitigation targets through development of the renewable energy sector. The project is registered under the Clean Development Mechanism (CDM) of United Nations Framework Convention on Climate Change (UNFCCC).

The biogas plant was commissioned in 2011 as a methane capture facility to reduce emission of methane from POME with an annual target of 35,000 Ton CO2 equivalent. Since operation of the biogas power plant, we have, through the power purchase agreement with the State Electricity Company (Perusahaan Listrik Negara/PLN), added supply capacity for up

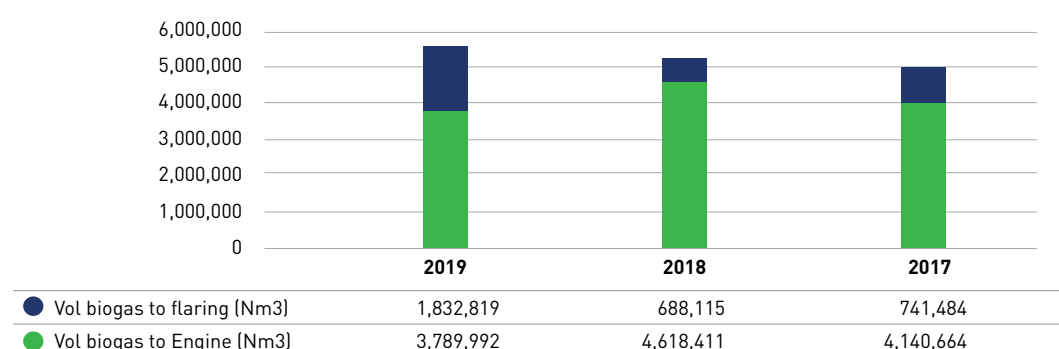
to 2,000 households with lowest connection capacity of 1,800 kW, stabilizing the grid and reducing the diesel consumption of Belitung Regency's electricity grid by up to 8 million litres per year. In 2015, to maximize the utilization of biogas, we increased the installed capacity to 1,800 kW. We have a long-term strategic plan to develop biogas plants in our other plantations.

We continue to increase efficiency of the plant and recorded a 6% increase in the volume of biogas produced in 2019 compared to 2018. In the last quarter of 2018, we initiated improvements in the plant by installing an automatic system to feed POME into the biogas digester. This system was previously operator controlled. With the automatic system, the volume of biogas produced increased despite a decrease in POME used. The greater the volume of biogas produced, the lower the volume of methane gas released in to the atmosphere.



▲ AANE biogas plant in Belitung, supplying electricity to 2,000 households.

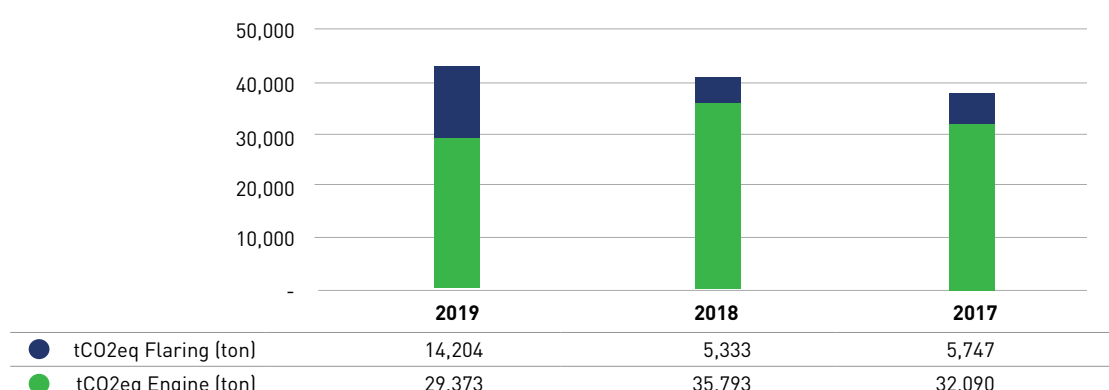
Volume of Biogas Produced - AANE



In 2019, we achieved the highest amount yet of emission reductions at AANE, with 43,577 Ton CO₂ eq, which is well above our annual target of 35,000 Ton CO₂eq. The graph below shows the Ton CO₂ eq of reduced emissions of methane from POME since 2012. The calculations are made using the US Environmental Protection Agency simplified GHG Emission Calculator. All of our biogas production is distributed and

combusted to two outlets, the first outlet is for production of electricity and second is for flaring excess gas. The biogas is composed of 55% of methane which is converted to GHG ton of CO₂ equivalent, the remaining 45% is CO₂ which is usually not calculated as GHG reduction. Methane is considered as a high calorific value gas which can be converted into energy while CO₂ is not.

GHG Emissions Reduction (Ton CO₂ eq)



Renewable Energy for Communities around SMM

Imam Wahyudi joined ANJ in 2008 specifically because of the opportunity to work on the renewable energy project at AANE. He has never regretted that decision.

“There is no greater satisfaction for me than to see the real impact this renewable energy project has had on to the local community. I regularly visited one of the small shops in the nearby village to buy personal items during my site work, and after the biogas plant went “live” they chatted about how their houses were no longer experiencing long regular black outs, for a few hours per day, as before. The additional capacity from our biogas plant has been elevating the lives of thousands of households in the area, reducing the government budget on diesel fuel, contributing to the national clean energy target and saving the environment by capturing methane. It was a great honor for me to be involved in this project and I hope ANJ will develop more biogas plants in the future.”

In September 2019, AANE and SMM received a visit from the Indonesia Country Director for German Agency for International Cooperation (GIZ), Martin Hansen, accompanied by the Program Director for Energy. The GIZ team was interested to learn about the zero waste programs implemented at SMM such as organic composting, and the methane capture at AANE. The GIZ Country Director was impressed by the number of initiatives which demonstrates the solid commitments made by SMM and AANE in reducing GHG emissions.

EMISSIONS OF OZONE-DEPLETING SUBSTANCES (ODS) (305-6)

We currently do not report on ODS. ANJ uses CFC for air conditioners and refrigerators, particularly at our frozen food division of GMIT.

NITROGEN OXIDES (NOX), SULFUR OXIDES (SOX), AND OTHER SIGNIFICANT AIR EMISSIONS (305-7)

We measure NO_x and SO_x particulates, every six months at the source in the electricity generator and boiler chimney. The results of these measurements are reported regularly to the local Environment Agency as per the regulatory requirements. Reporting on these emissions is managed by the EHS department.

Emissions	Unit	2019	2018	2017
NO _x	Kg	166,978.36	154,456.98	217,342.65
SO _x	Kg	30,842.67	160,250.34	229,721.84
Particulate Matter	Kg	215,494.51	149,099.92	190,802.70

Notes:

1. These emissions cover SMM, ANJAS, ANJA and KAL only

2. Calculation factors are flow rate (in m³/s), operational duration (in hours/year), and concentration (in mg/m³)

3. Calculations are made based on site-specific data

WASTE MANAGEMENT

Our Sustainability Policy articulates a commitment to waste management by stating that we implement the 3Rs (Reduce, Reuse, and Recycle), as well as a commitment to reducing pollution. We encourage recycling of plastics and other material at head office and also on the estates (see story below about making paving stones out of plastic). The use and disposal of toxic and hazardous materials and waste are conducted in accordance with the prevailing regulations and reporting procedures. Other examples of utilizing waste materials are discussed in the section on biogas produced from POME and composting which uses empty fruit bunches and POME to produce organic fertilizer. Treated POME is also applied directly in trenches between palms as a source of nutrients.

The liquid waste which is processed in the biogas reactor pond is used as liquid fertilizer for land application in accordance with permits and standards from the Ministry of Environment and Forestry. SMM does not dispose of liquid waste directly in to rivers.

We are continually looking for opportunities to reduce water consumption in our operational process. We recycle the waste water from the edamame and sago operations where possible. At GMIT we use reverse osmosis to filter and re-use water which is used in the edamame washing process. At our sago business (ANJAP) we recycle water which is used in the process of extracting starch and sago fiber.

Unexpected Value of POME Treatment Ponds for Avifauna

In the past year, we have stepped up our biodiversity monitoring with the introduction of Pendaki, which is our system for involving everyone in biodiversity monitoring through a citizen science approach. Pendaki allows us to better understand biodiversity values throughout our operational area, not just in the conservation areas. The POME treatment ponds are a case in point; at SMM the ponds have significant numbers of whistling ducks, egrets, herons, as well as waders which feed on the rich muds during their annual migration. Not many people go near

the sedimentation ponds, which reduces disturbance and provides a locally important area to feed and rest for a range of bird species, adding to the estate's biodiversity values.

During a week-long biodiversity monitoring training for all conservation department staff hosted at ANJAS in February 2019, a survey of the sedimentation ponds came across a species that had only been encountered a few times before in Indonesia. One immature white wagtail was spotted during a bird identification training session. Normally this species breeds in Siberia and elsewhere in Asia, and migrates south but rarely into Indonesia. During the autumn migration in 2018 one young individual probably got lost during its migration or joined a flock of wagtails from another species and came to feed on the sedimentation ponds. ANJ staff are involved in writing up this scientifically important record.

The treatment ponds at ANJ's oil palm and sago estates in Papua may have some of the highest bird diversity. These ponds are surrounded by grassland and dense vegetation, sometimes not far from the forest edge, and attract not only water birds, but a range of other birds feeding on insects, reptiles and amphibians that are attracted by the nutrient-rich water. Such species include the Pied Heron *Egretta picata* and Oriental Praticole *Glareola maldivarum*, both species not previously recorded by scientists in West Papua's Bird's Head area.



▲ Common sandpiper (*Actitis hypoleucos*), a migratory visitor to the POME treatment ponds.

Other species include Whiskered Tern, Spotted Whistling Duck, Radjah Shelduck, Royal Spoonbill, Australian White Ibis, Pied Stilt, golden plovers, kingfisher, egrets, swifts and swallows.

Having discovered the biodiversity importance of treatment ponds, ANJ is now monitoring the use by birds and other species of these habitats, focusing specifically on migratory birds that might feed there during spring and autumn migrations, providing food and energy needed to continue their long migration routes.

HAZARDOUS WASTE

The main types of hazardous waste which need disposing of are used oil, used neon bulbs, medical waste, and pesticide packaging such as sacks. The hazardous and toxic waste is stored on-site in licenced temporary storage facilities. None of this type of waste is reused, recycled, incinerated or goes to landfill. All toxic and hazardous waste is disposed of according to the government regulations by ANJ or handled by third parties. Each subsidiary reports its toxic and waste balance every three months to the district and provincial environmental agency and the Ministry of Environment and Forestry (MoEF). SMM, ANJA, and ANJAS use online reporting through the MoEF SIMPEL (Electronic Environment Reporting Information System).

WATER FOOTPRINT

In October 2019, we embarked on reporting on a new sustainability criterion, which is declaring and managing our water footprint across all our operating units.

We have measured water consumption at our mature producing operating mills for some time now, but this is the first time we disclose these data in our Sustainability Report. The graph below shows that from 2018 to 2019 we reduced over water

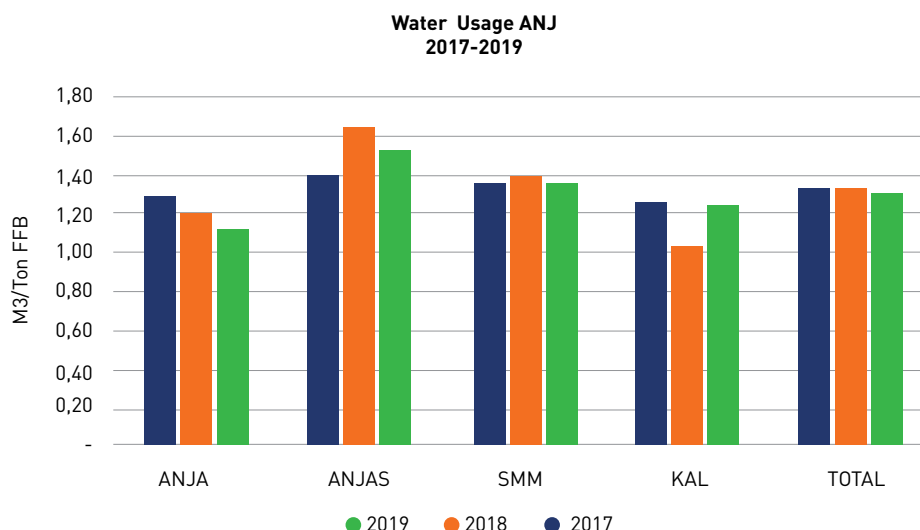
RD Strategic Project Waste Management and Recycling

Our employees are never short of innovative ideas particularly when it comes to recycling. ANJ leadership laid down the challenge to employees to come up with waste management and recycling projects. The R&D team at SMM came up with a novel idea which was to make paving blocks out of domestic waste such as plastic and ash from the factory boilers.

The waste used is plastic and organic waste collected from employee's housing or from Company areas such as the office. Using on-site resources and equipment, the plastic is sorted into high-density polyethylene (HDPE) and low-density polyethylene (LDPE), washed, dried, mixed with boiler ash and smelted and then printed into paving blocks. The team at SMM developed the technique of melting the plastic and mixing it with boiler ash in a device which they modified themselves.

After the plastic is melted in a modified device, boiler ash is inserted and mixed. The 'smoke trap' wastewater when smelting plastic is broken down using the *bacterium Pseudomonas sp.* The output of this machine is six pieces of paving blocks per day (five effective working hours). One LPG gas canister can be used to produce 90 pieces of paving blocks. The team intends to patent the system. The paving blocks are already used in the gazebo areas around the office and factory area.

intensity use from 1.35 M3/Tonne FFB to 1.31 M3/Tonne FFB. We will commence the same utilization standard in our West Papua mill operations in early 2020 as the mill has just commenced operations. From 2020, we will be extending the monitoring of our water consumption to the entire estate operation as well, including domestic water consumption. As part of our commitment to water stewardship, we will also increase initiatives to monitor water quality across all entrance and exit points of rivers going through our concessions.







PEOPLE

HUMAN WELL-BEING

EMPOWERING OUR PEOPLE

ANJ places a high priority on the safety of its employees, contractors and communities in our operational area and, therefore, Occupational Health and Safety (OHS) is a material topic across all our businesses. We achieve nothing if we do not do it safely. Our workforce is the foundation of our business. (103-1)

In terms of our employees, we make specific commitments through our Sustainability Policy to gender equality, human rights, labor rights, security and occupational health and safety, as well as positive engagement through various channels. Supporting the wellbeing of our people and promoting an inclusive and diverse culture are vital for maintaining a competitive advantage. (103-2)

OCCUPATIONAL HEALTH AND SAFETY



▲ Employee health check by nurse at ANJAS clinic.

We have a health and safety management system in place built around the risks identified in the workplace. Providing our people with a safe and healthy work environment is our top priority. We do not compromise health and safety standards in any of our operations and we provide safe environments to work in for all our employees. Adequate guidance and training are a priority. The Environment, Health and Safety (EHS) Department has overall responsibility for developing and implementing safety policies, standard operating procedures and guidelines as well as monitoring compliance with these. In terms of capacity, each business unit has a minimum of two EHS Officers, who monitor safety and compliance, provide daily safety briefings for estate workers and run safety drills. (103-2)

Our Health and Safety Management System is based on our Company policies and the provisions of Law No. 1/1970 on Occupational Safety, and Government Regulation No. 50/2012 on Occupational Safety and Health Management Systems. The OHS management system comprises a hierarchy of policies, plans, associated SOPs and programs. We ensure regular document and implementation review to ensure that they are aligned with national and global standards and best practices, as well as with the standards and criteria of the various health and safety, environmental, and palm oil certification bodies which our business units have been assessed by. (103-2)

In 2019, we conducted internal audits of ISO 14001, OHSAS 18001 and SMK3 in our producing estates (SMM, ANJA, ANJAS and KAL). We also carry out external ISO 14001 and OHSAS 18001, compliance audits and measure performance by the number of findings identified in these audits at our producing estates. We have set a target of a combined total of a maximum of three minor findings and no major findings for each type of audit at each subsidiary. In 2019, the results of ISO 14001 and OHSAS 18001 external audits were no major findings and five minor findings across all four estates, which is an exceptional outcome because it is well below the set threshold value (24 minor findings). Our Binanga estate operated by ANJA also underwent an external SMK3 audit in 2019, with zero major findings and 11 minor findings (an improvement on 2018 when there were 18 minor findings) at SMM. Similar to 2018, ANJA achieved a SMK3 'Golden Flag' rating with a score of 93%. However, this is still slightly below our target of 95%. (103-3)

Each subsidiary has a formal Health and Safety Committee established according to the prevailing national law, and local regulations where applicable. The committee comprises management, employee and contractor representatives, and provides representation for 100% of employees and contractors. The committee, which also functions as a grievance mechanism for employees' concerns, alongside the bipartite forum (*Lembaga Kerja Sama/LKS Bipartit*) and the whistleblowing system (*Berani Bicara*), helps monitor, collect feedback and provide advice on OHS programs. The committee The Health and Safety Committees are supervised by the EHS Department. **(403-1)**

The main high-risk work activities in ANJ's oil palm plantations and mills are working in confined spaces, noise in the mill, working at height, welding and cutting, spraying and mixing of

pesticides, and crop harvesting. Every activity that has a high risk to the health and safety of workers is controlled by specific SOPs. The EHS Department works with the EHS Committees and Officers at each site to conduct regular inspections and reviews of such risks and other potential health and safety hazards, decide on appropriate mitigating actions, and codify these actions in SOPs and standards. The mitigating actions include both controls, such as training, the implementation of permitting and lockout-tagout (LOTO) systems, and supplemental nutrition for employees who are exposed to chemical substances (even within safe limits); and the provision of personal protective equipment (PPE) such as safety helmets, safety boots, safety glasses, gloves, and ear defenders. Additional protective measures are mandated for pregnant women by reassigning them from certain job duties where their pregnancy exposes them to a higher level of risk, such as handling chemicals. **(103-2)**

WORK HAZARDS AND CONTROLS

Hazardous Activities at ANJ Estates	Location	Administrative Controls	Personal Protective Equipment (PPE)
Harvesting of FFB	Estate	Awareness-raising and training	Boots, safety goggles and safety helmets
Mixing of chemicals (pesticides/herbicides)	Estate	Awareness-raising and training	Boots, safety goggles, respirators, rubber gloves and aprons
Harvesting near power lines	Estate	Awareness-raising, training and supervision during work	Boots, safety helmets and cotton gloves
Welding and cutting	Central workshop & transportation	Welding and cutting permit	Safety shoes, welding goggles, leather gloves and aprons
Working at heights	Mill	Working at heights permit	Safety shoes, safety helmets and full body harness
Working in confined spaces	Mill	Entry permit and gases check	Safety shoes, safety goggles and respirators
Working in power plant (generator, boiler)	Mill	Awareness, work authority	Safety shoes, ear plugs, helmet
Travelling (by car, helicopter, airplane, boat)	All operations	Safety briefings, quality controls, safety training	Safe vehicles, seat belts, hearing protection, safety vest

SAFETY PERFORMANCE

Work-related injury and absentee rates (403-2)

	2019	2018	2017
Injury Rate, per million hours worked	3.26	2.75	0.94
West region	1.19	0.49	0.47
Male	1.15	0.49	0.47
Female	0.04	0.00	0.00
East region	16.74	27.25	11.00
Male	16.48	27.25	8.25
Female	0.26	0.00	1.83
LTI Frequency Rate, per million hours worked	0.62	0.70	0.41
West region	0.48	0.28	0.13
Male	0.44	0.28	0.13
Female	0.04	0.00	0.00
East region	1.55	5.30	6.41
Male	1.55	5.30	6.41
Female	0.00	0.00	0.00

	2019	2018	2017
LTI Severity Rate, per million hours worked	4.29	17.32	249.54
West region	3.29	4.26	0.09
Male	2.85	6.35	0.43
Female	0.44	0.00	0.00
East region	10.82	158.96	5,598.13
Male	10.82	158.96	5,598.13
Female	0.00	0.00	0.00
Absentee Rate	8.9%	8.7%	6.7%
West region	7.9%	8.0%	6.7%
Male	7.7%	8.0%	6.8%
Female	8.7%	8.1%	6.1%
East region	14.2%	15.4%	6.5%
Male	14.1%	15.1%	6.6%
Female	16.0%	19.5%	5.4%

Incidents and accidents in the workplace are recorded and classified by the EHS Department in compliance with Ministry of Manpower and Transmigration regulations. Workplace accidents are recorded based on accident classification (Lost Time Injury (LTI), Occupational Disease (OD), Fatality (FAT), First Aid and Medical Treatment Case (MTC)), as well as record of the longest amount of work hours without accident. There are specific EHS procedures for reporting work accidents.

In 2019, the Group recorded zero fatalities and zero instances of occupational disease for all business entities. The combined total of lost time injuries in 2019 was 18, which is an increase of seven from 2018. Medical treatment cases in west region were 18 and 59 in east region, which is an increase from last year, largely due to not only the increased activity in our development estates, but also improved coordination of records from clinics, operations teams and EHS so that all accidents and incidents are recorded and reported properly.

Recorded Injuries and Incidents (403-2)

	2019	2018	2017
Total Injuries	95	43	23
Medical treatment case	77	32	12
Lost time injury (LTI)	18	11	10
Fatality	0	0	1
Occupational Disease	0	0	0
Total Incidents	8	11	9
Environmental pollution case	0	0	0
Property damage case	6	8	6
Traffic incident case	0	0	0
Fire incident case	2	3	3

Although we operate in remote geographies with often poor primary health care facilities, we have not identified a high risk of communicable and serious diseases which might contribute negatively to the health of our employees. **(403-3)**

We place a high priority on the workplace safety culture where all employees are accountable and take personal responsibility for the safety of themselves and those around them. Ensuring the importance that ANJ places on safety culture is understood starts with all new employees being made aware of the workplace hazards and risks through comprehensive safety training as part of their induction, and that they take part in compulsory safety drills, simulations and training throughout the year. Before commencing any work, all employees are reminded of the relevant EHS procedures and sufficiently

trained to understand the hazards and risks in their respective work areas. Recognizing that our operations can impact the health of our people, we set clear requirements to manage and protect the health and wellbeing of our workforce, now and into the future. We set minimum mandatory controls to identify and manage health risks for both employees and contractors.

(103-2)

All employees have OHS aspects contained in their work contracts, including how their concerns can be raised and addressed through health and safety committee and the LKS Bipartit. As per the OHS law and our policy, all employees have the right to refuse to work if they perceive that it is dangerous to proceed. In addition, with the change in the OHSAS 18001 management system to ISO 45001, the OHS manual also

includes the employee's right to refuse work if there are risks and dangers that occur, and guarantees no retaliation if the employee reports an unsafe condition. ANJ has collective bargaining agreements which cover some of the health and safety topics as described above. At SMM this is in the form of a Collective Labor Agreement (CLA), which is renegotiated

every two years between management and employees through the LKS Bipartit. In other subsidiaries, it is in the form of Company Regulations, which, along with the CLA, have been registered with and authorized by the Ministry of Manpower and Transmigration. **(403-4)**



▲ Employee safety briefing prior starting the job of pesticide spraying.

Building a Strong Safety Culture (103-2)

Successful application of a health and safety system is based on appropriate procedures, training, supervision and monitoring, but it also requires a strong safety culture amongst employees and contractors. According to Occupational Safety and Health Administration/OSHA's definition, a strong safety culture is one where, "everyone feels responsible for safety and pursues it on a daily basis; employees go beyond the "call of duty" to identify unsafe conditions and behaviors, and intervene to correct them." ANJ recognizes the importance of building a strong health and safety culture, but also recognizes that this is a journey and comes with challenges, such as reminding employees about safety, or calling out an unsafe act without causing embarrassment or offence.

The OHS team and supervisors are very aware that calling someone out for at-risk behavior in the workplace must be done in a sensitive manner. The OHS supervisors see their

task in building a safety culture as raising awareness of the importance of OHS and not blaming people for doing something wrong. Blaming leads to a decrease in motivation for acting safely.

Indra Kurniawan (Head of EHS at ANJ) explained further about the approach used, "We sometimes bring safety data in the form of graphs, tables, pictures, stories or even videos that show accidents that can occur due to unsafe actions when they work. This kind of thing is effective in giving employees a clearer picture of the risk of their action and steps to manage those risks. Another approach is reminding people about their families at home who are waiting for them to arrive safely home from work each day."

Motorbike Safety

Another aspect of building a safety culture which ANJ continues to place a big emphasis on, is encouraging people to wear the Indonesian National Standard (SNI) motorbike helmet as per the Driving Safety SOP. People are still accustomed to wearing a standard motorbike helmet but this does not offer the same head protection as the SNI helmet. ANJ has always made it standard procedure that motor cyclists travelling on estate roads must wear the SNI motorbike helmet, as well as having a motorbike driver license, sticking to the speed limit of 40 kmph on estate roads, and 20 kmph in residential areas. Indra added that "Building a safety culture is about people making safety part of everyday life whether at work or at home. The majority of our employees at our estates travel to and from work by motorbike. Wearing the SNI helmet on journeys to and from work reduces the risk of fatal accidents on the public roads around our estates. We want our employees and their families to make it a habit that they wear the SNI helmet when travelling by motorbike."

HEALTH

Government healthcare provision is often limited in the remote locations where our operations are located. In order to synergize with government health care programs and ensure a productive and healthy workforce, ANJ has established a network of seven main clinics and five smaller support clinics, which treat employees, their families and also members of the

local community who live in close proximity to the estate. These polyclinics are staffed by a total of six doctors, 17 nurses, and 22 midwives. At our estates, the medical clinic also provides reproductive healthcare to employees and their families in line with government programs **(103-2)**.

Number of ANJ medical clinics

Location	Main Healthcare Clinic	Support Clinic
PMP	1	-
PPM	1	-
ANJAP	1	-
ANJA	1	2
ANJAS	1	1

Location	Main Healthcare Clinic	Support Clinic
SMM	1	2
KAL	1	-
Total	7	5

Number of medical professionals at ANJ medical clinics

Position	PMP	PPM	ANJAP	ANJA	ANJAS	SMM	KAL	TOTAL
Doctor	1	1	-	1	1	1	1	6
Midwife	1	1	-	5	6	6	3	22
Nurse	2	2	2	4	2	3	2	17
Total	4	4	2	10	9	10	6	45

In addition to medical services, our clinics also aim to maintain and improve the health status of employees and their families through periodic health checks which detect the early onset of occupational or work-related diseases. The check-ups include physical examinations, laboratory tests such as blood tests and x-rays. All permanent employees are also covered by health insurance through *Badan Penyelenggara Jaminan Sosial Kesehatan (BPJS Kesehatan)* or the Healthcare Social Security Agency, the government health insurance program. This health insurance provides full medical coverage for all employees and their dependents (maximum three children), thus removing the healthcare cost burden for both the employees and the Company. There are still some hurdles to be overcome in terms of synergizing with the government programs, for example sometimes there are procurement problems, there are still employees and families who are reluctant to participate in health care programs through Company clinics, and there are still some employees who have not updated the registration of their family members to become *BPJS Kesehatan* participants. **(103-2)**

WOMEN HEALTHCARE, CHILDCARE AND REPRODUCTIVE RIGHTS (103-2)

As stated in our Sustainability Policy, we recognize the role of women in families and communities, and the importance of providing medical healthcare according to women's special role as mothers in communities. Therefore, we have developed a healthcare and childcare system that supports women in carrying out their dual functions as a worker and as a family caregiver. The development of a childcare system that is functional and supportive also contributes to family well being.

Our estate clinics provide reproductive healthcare services to our employees and their families in accordance with the government Family Planning Program (KB) program. The family planning services give counselling in order to determine the appropriate type of contraception. At our Medical Clinic in SMM we have midwifery paramedics who have been certified from the National Population and Family Planning Agency (*Badan Kependudukan dan Keluarga Berencana Nasional/BKKBN*) so that the clinic can provide a wider range of services. We also cooperate with the East Belitung Regional Population and Family Planning Agency (*Badan Kependudukan dan Keluarga Berencana Daerah/BKKBD*) to accommodate employees or their families who are interested in participating in the family planning program for vasectomy. Similarly, at ANJA clinic, due to co-operation with the Family Planning Agency of Padang Lawas Utara Regency, since 2017, contraceptives for clinic have been provided for free by the government.

The health of women and children is very important to us. At our clinics our doctors and midwives provide comprehensive antenatal care to women during pregnancy. This includes physical examinations at least three times during the pregnancy, as well as provision of multi-vitamin supplements and pregnancy education. The antenatal care program also includes a work transfer program for pregnant women workers so they are not given hard work duties and do not come into contact with chemicals. Antenatal care is followed up by postnatal care for up to 40 days post-partum whereby the mother's health is checked. We encourage six-month exclusive breastfeeding and ensure women are sufficiently nourished to do so.

CHILD HEALTH CARE AND PREVENTION OF STUNTING (103-2)

For young children we run a toddler healthcare program. In addition to providing five basic immunizations at the toddler clinic, general paediatric health advice is given to parents. At ANJA our collaboration with the Padang Lawas Utara Health Office has meant that vaccinations for toddlers are now free for all children of employees and workers at the estate. With this collaboration ANJA clinics no longer needs to purchase vaccines independently thus saving costs.

We monitor child nutritional status and their growth and development for children five years and under, in order to identify and prevent stunting. We follow recommendations from the government on the prevention of stunting. Where necessary, we will implement a supplementary feeding as per the government recommendations. We also provide Vitamin A in February and August with the aim of increasing the child's health as well as maintaining eye health and preventing blindness.

TRAINING AND EDUCATION

We are committed to investing in our workforce so they have the right skills and a healthy culture in which to thrive. In line with the Company's Vision, Mission and Values, ANJ is highly committed to developing competencies and increasing the capacity of all employees. The ANJ Learning Center (ALC), inaugurated in January 2014 in East Belitung, covering almost 17 hectares, is equipped with teaching and study rooms and a library, with accommodation and refectory for up to 80 people.

ANJ has conducted competency leadership profiling for each management level and compiled a development program in accordance with the specified competency dimensions. In addition, the Company also provides development programs for overseers, field leaders who have an important role in managing workers in plantation operations.

Participation in Training and Average Hours of Training per Year per Employee

Level of Participants	No. of People	TECHNICAL SKILL			SOFT SKILL			CERTIFICATION				Total Training Hours	Total Participants	Training Hours/ Person
		Training Hours	Female	Male	Training Hours	Female	Male	Training Hours	Female	Male	No. of Participants			
Non-staff	7,620	13,654	395	1,581	12,599	663	3,801	3,702	-	113	77	29,555	6,553	3.93
Staff	382	2,062	18	262	4,405	76	703	1,152	2	23	16	7,619	1,084	19.95
Assistant Manager	121	823	2	114	1,566	7	258	344	-	10	6	2,733	391	22.58
Manager (Manager & Senior Manager)	90	709	-	69	1,543	5	219	88	-	3	2	2,340	296	26.00
General Manager/ Regional Manager/ Group Head	33	857	-	30	198	4	17	40	-	1	1	1,095	52	30.42
Boards of Directors	12	119	-	6	-	-	-	-	-	-	-	119	6	14.88
TOTAL	8,258	18,224	415	2,062	20,310	755	4,998	5,326	2	150	102	43,860	8,382	5.31

Identifying, training and nurturing future leaders is important to ANJ and we do this through the Management Trainee (MT) program that has a duration of nine months. The Management Trainee participants who are fresh graduates are equipped with technical and managerial competence and are expected to be ready to become managers within five years.

RD Strategic Project

Vocational Training Mill Operators and Agronomy Foremen, West Papua



▲ Vocational training participants with PMP & PPM Director, Yomeidinar, at the ANJ Learning Center, Belitung.

Vocational training is an important part of our strategy to improve technical skills and capacity amongst the communities in remote regions where we operate. The vocational training for mill operator and agronomy *mandor* (foreman) in place in our operations in West Papua is one of our strategic responsible development programs. The vocational program for mill operators began in November 2018, and was followed in March 2019 with the vocational program for agronomy *mandor*. The mill operator vocational training program, ran from November 2018 to March 2019, has trained a total of 18 participants of whom 17 passed the course. The agronomy foreman training has completed two batches, the first batch took place March – April 2019 with

21 graduates each for PPM and PMP. The second batch of training ran from June to July 2019 with 20 graduates for PPM and 12 graduates for PMP. The third batch of training is due to run from January to February 2020.

Both programs are prioritized for residents of West Papua who we then employ at either PMP or PPM. Those eligible to join the mill operator training are selected from high school or vocational graduates in Ikana, Mukamat, Kais, Tapuri, Sumano, and Benawa, whereas higher education graduates from Sorong Raya are suitable to join the agronomy foreman training with eventual work at PMP and PPM.

In terms of elevating the lives of people, the training program clearly builds a good relationship with the community around the PMP mill by providing new skills and knowledge which increases job prospects in the area which ultimately translates into a better standard of living for the training graduates and their family. The program has also enhanced engagement with other external stakeholders such as the government (Ministry of Industry and Ministry of Manpower) and secondary education institutions, such as Medan Industrial Training Center (*Balai Diklat Industri/ BDI*) and the Sorong Industrial Work Training Center (*Balai Latihan Kerja Industri/BLKI*) both of which assisted in developing the training program. From an environmental perspective, the training program has a strong focus on educating prospective employees, both in the classroom as well as on-the-job, about sustainable environmental management.

WORK ENRICHMENT PROGRAM

The Company also runs enrichment programs that aim to increase responsibility and expand work insight. The main objective of this program is to eliminate the silos that are present between operational workers and supporting workers. Employees are in the program for six months to a year and are given special assignments to learn different functions. Supporting workers are given operational assignments, and vice versa in order to better understand each other's work better. The result is good cooperation and a conducive working environment. In 2019 ANJ Region 1 & 2 conducted 22 enrichment programs that have been carried out from January to October 2019. Overall, the enrichment program is running well and in accordance with the targets set. Employees seem more motivated because they are given the opportunity to use all their abilities and potential.

To execute all of these programs, the Company maintains a pool of internal trainers who are a collection of Subject Matter Experts (SMEs). There are currently 85 trainers who are mentors or facilitators. The trainers play an active role in all development programs, and most have been given certified training as facilitators.

INDIVIDUAL DEVELOPMENT PLANS AND PEOPLE DEVELOPMENT PROGRAM

The implementation of professional development plans in the plantation operations starts from the non-staff level to the manager level prioritizing key positions in the organization. Employees' Individual Development Plans (IDP) are prepared together with superiors and employees. In 2019, HR managed 47 IDPs for talent level foremen from a total of 393 foremen in ANJ Agri Region 1 & 2 or as many as 12% and managed 40 IDP talent level staff from a total of 332 ANJ Agri Region 1 & 2 staff or 12%. Monitoring of the IDPs is carried out twice each semester to measure the success of the programs carried out by HR, General Managers and related Managers.

The People Development Program also deals with evaluating the employee promotions. Over the last three years the number of Foremen (Non-staff) who have been promoted to staff level are 18 people and for the staff level promotion in 2019 there are 36 people. Of the 40 people who took part in the IDP program, 16 were promoted during 2018 and 2019. All initiatives to increase the competency and capacity of workers are carried out with the support of the commitment of all ANJ leaders. The Company always strives to build motivation and engagement among employees through dynamic and realistic programs.

NON-DISCRIMINATION IN THE WORKPLACE (103-2)

At ANJ, we believe that all our people should have the opportunity to fulfil their potential and thrive in an inclusive and diverse workplace. In line with our commitment to GCG, we practice equal opportunity, without gender bias, for employment, fair wages and bonuses, and unbiased promotion without any form of discrimination. Inclusion and diversity promote safety, productivity and wellbeing within ANJ. We employ, develop and promote people based on merit and do not tolerate any form of unlawful discrimination, bullying or harassment. Our systems, processes and practices empower fair treatment.

We aim to create a working environment that is harmonious and non-divisive. Therefore, we do not accept any form of discrimination based on race, religion, nationality, political views, and physical or medical conditions affecting our employees and business associates.

All our employees receive at least the statutory minimum wage and holiday allowances and have health insurance through the national BPJS scheme. Estate staff receive free housing and utilities and access to on-site health facilities. ANJ has collective bargaining agreements covering 100% of employees. (102-41)

BIPARTITE JOINT COMMITTEE

In order to create harmonious industrial relations, ANJ has given the widest possible freedom of negotiations to employees with the establishment of the *LKS Bipartit*. The first *LKS Bipartit* group was formed at ANJAS in 2008. *LKS Bipartit* groups are now formed in all our subsidiaries. This forum, which meets on a monthly basis, is the most effective means of communicating the aspirations, complaints and problems of employees from all levels through its appointed representatives. Close-out of the issues raised is conveyed to all employees at morning roll-call in each work unit. In this way employees receive the information more quickly and clearly. This minimizes the potential for protracted conflict resolution which can lead to a decrease in productivity.

ANJ allocates annual budget for work programs and training for *LKS Bipartit* members. The programs are not only beneficial to workers but also to their families. Activities include family financial management training, family involvement in community health care initiatives, as well as many other community activities. ANJ conducts annual evaluation of the *LKS Bipartit* program. The Company believes that the existence of the forum is very effective in resolving industrial relations issues that occur within the Company with knock-on benefits for productivity and the welfare of workers and their families. The following testimonies demonstrate the value of the forum not only to the senior management but also to employees.

The General Manager of SMM, Juli Wankara Purba considers *LKS Bipartit* to be very effective in uniting perceptions between workers and management. Besides that, through the *LKS Bipartit*, the management can find out complaints and aspirations from employees thus making it easier for the Company to address problems before they become serious disputes.

R. Welly Kurniadi (Process Foreman) said that the *LKS Bipartit* is very helpful for employees, in terms of handling complaints that occur in the field, grievance complaints can be resolved quickly, because there is a representative of the *LKS Bipartit* in every division. Secondly, this committee makes employees feel more part of the Company, for example, activities carried out by the SMM *LKS Bipartit* always involve all employees. Examples are the *LKS Bipartit* Cup Football Competition, the Badminton Cup, morning aerobics, and the celebration of religious activities, as well as visits to employees who have experienced some kind of misfortune.

EMPLOYEE APPRECIATION

ANJ annually recognizes the best performing producing estate with the award for Best Ranking Estate. This award was initiated in 2011 and is awarded to producing estates based on a number of criteria, such as operational efficiency and productivity. This year the best estate was awarded to ANJA.

A much-anticipated new award category was added this year, which is the Employee Appreciation Award. This award was created to show appreciation to those individual employees who stand out as making commendable contributions to improving productivity through the application of creative and innovative ideas.

This year Employee Appreciation Awards were handed out to 42 employees. At the awards ceremony in May, ANJ CEO Istini T. Siddharta remarked that she hoped that these awards would motivate employees at all levels and in all divisions to think of ideas and innovations which could help improve work systems and contribute to the Company vision of sustainability. ANJ Commissioner George S. Tahija, who also handed out the awards, reminded the attendees that all ANJ employees must be proactive and flexible in adapting to changes which are inevitable in both business and life. He stressed that if we don't dare to change, innovate and evolve with the times, we will be left behind.

EMPOWERING COMMUNITIES FOR A BETTER LIFE



▲ Vegetable Garden groups at Puragi, South Sorong, with ANJ President Director, Istini T. Siddharta.

Local communities is a material topic for ANJ across the Group. Our ability to conduct business and be successful is closely tied to an accurate understanding of our communities and their expectations, avoiding or minimizing potential negative direct and indirect impacts and identifying opportunities that deliver a sustainable future for all. In addition, the way that external stakeholders, such as government, civil society and the communities themselves view our engagement and empowerment performance is important (103-1).

In general, our operations are located in remote areas where the level of socioeconomic infrastructure, such as schools and healthcare, is low. This is particularly true in West Papua where the level of socioeconomic development and degree of gender equality within the community is very low. The strength and quality of governance of local and national institutions around local communities varies across the geographies where we operate. Local communities are important stakeholders and business partners as they live in close proximity to our estates. Although they feel the impact of our presence, they also benefit from our presence as we have demonstrated throughout this report. In order to better understand the socio-economic impacts of our operations, we commissioned an independent assessment in 2019. The results showed that in all our estates the village welfare increased markedly between 2000 and 2018, indicating overall improvement in socio-economic conditions in the rural areas in which we operate. (103-1)

We are an open and transparent organization with platforms that support and provide a functional Grievance Mechanism, unbiased conflict resolution, and continuous engagement with both internal and external stakeholders. We are concerned about the well-being of all affected local communities and direct stakeholders. ANJ respects local communities and

their rights to land, livelihoods, and a decent life. As such, we are committed to fully comply with the RSPO P&C relating to community engagement. The following are the guiding principles of local community engagement efforts as articulated in our Sustainability Policy:

- **Free, Prior and Informed Consent (FPIC);**
- **Respect local communities' land tenure rights, customary rights, and culture;**
- **Maintain continuous engagement with local communities;**
- **Ensure local community involvement and development;**
- **Facilitate grievance and conflict resolution, including land conflict resolution; and**
- **Socialization, education and awareness-raising.**

RESPECTING HUMAN RIGHTS

Our Sustainability Policy states our clear commitments to upholding and respecting the human rights of employees and all stakeholders who may be directly or indirectly impacted by our operations. We also believe that as an agribusiness company we contribute to reducing hunger and alleviating poverty.

ANJ recognizes and is guided by the Universal Declaration on Human Rights (1948) which set out fundamental rights to be universally protected. We do not subscribe to any form of exploitation in any of our business operations and practices. We are a company that practices zero tolerance with regards to discrimination and practice fairness and equal opportunities for all regardless of race, gender, religion, nationality, political views or physical capabilities.

We uphold and respect human rights through our policies, procedures and overall method of business practice. We comply with national employment laws, as well as the RSPO P&C on no exploitation, human rights and community engagement. Our subsidiaries ANJA, ANJAS, SMM, and KAL all hold RSPO certification. Our remaining plantations all uphold the RSPO P&C and are either in the process of applying for certification or will apply when operating commercially.

As stated in our Sustainability Policy, we recognize the United Nations Convention on the Rights of Children (1990). We ensure that children in and around our operations are given the right to be with their families with access to housing, adequate nutrition, clean water, electricity and basic facilities. We also provide them with access to healthcare, basic education and protection from abuse and neglect. Our commitment to protecting the rights of children means that our policies and procedures clearly prohibit the employment of underage workers, or young workers exposed to hazardous work and these provisions also apply to our vendors and contractors.

We uphold the standards of the International Labor Organization (ILO), which advances social justice and promotes decent work by setting international labor standards. Our labor rights commitment includes implementing strict policies regarding no trafficked or forced labor in any of our business practices. We also promote decent work conditions through fair and equitable benefits by providing medical insurance, retirement plans and annual, sick and maternity leave.

All security management practices and their implementation at our operations are conducted in accordance with our commitments to respect human rights. All security personnel including members of the local police force assigned to our sites, has undergone the national certified training program on human rights, ethics, and the Voluntary Principles on Security and Human Rights (VPHSR). We ensure that refresher training is conducted regularly on our security policy and procedures, as well as the grievance procedure. No new VPHSR training was conducted in 2019. To uphold the human rights of the workers to work in safe workplace, ANJ places a strong emphasis on a violence-free workplace. Workplace violence socializations and communications are conducted.



▲ Socialization of child protection activities at ANJAS.

In October 2019, we launched the Security Incident Database to record all security incidents so that we can ensure an accurate record which can be used to identify security risk reduction measures. In cooperation with CID Department, an initial program for Community-Based Security has commenced, with the goal to reduce security risk by improving relationships with the community and involving the community in upholding the law.

The land acquisition process is a critical phase of plantation development. We have procedures in place, based on FPIC, for acquiring new land, which involves engagement with local communities, community leaders and local government. This thorough process is vital for providing clarity at the start of any development for both the Company and local communities with respect to the location of existing village or property boundaries and the existing land use rights of individuals and communities. This phase of engagement allows us to begin building relationships with communities surrounding our operations and establish how our developments can help improve the local economy. Any individual or community with existing land use rights has the right to refuse to transfer their land use rights to the Company in return for the compensation offered. Only if FPIC is granted will the land acquisition and development process continue. **(103-2)**

In the case of our oil palm estates in West Papua, we are aware of the challenging trade-offs to be made between protecting biodiversity and avoiding impacts on remote forest dependent communities on the one hand and delivering decent work opportunities and economic growth to hundreds of people and numerous communities in a region designated by the President

of the Republic of Indonesia as a national development priority. We develop our plantations in West Papua in line with our Sustainability Policy commitments which ensure that we mitigate environmental and biodiversity impacts and respect, engage and consult local communities fully through FPIC, and listen to and address their concerns through various mechanisms such as the grievance system. **(103-2)**

In our mature plantations we have few, if any, issues related to land compensation, but in our development areas in West Papua, we are still in the process of land development. In the majority of cases, the source of the conflict is disagreement between clans on the boundaries of their respective communal lands, which affects the allocation of the compensation they receive from the Company. We are working to update maps of boundaries of customary land rights through a process whereby all groups concerned come to an agreement. **(103-2)**

In August 2019, we became aware of a publicly reported grievance against PMP. The news article "Land Defenders" was published on August 3, 2019 in an online news outlet by the Pusaka Foundation, and also in a number of local news

outlets. The grievance concerns two men from the community of Ikana who have dispute on who, between them, has the legitimacy as the head of the clan. Being the clan leader will give one an authority to approve the use of their traditional land rights and forest resources by PMP. Both men are well known to PMP and are supplying local goods to the Company. Both men have received land compensation. Since early 2016, at the request of the Sowe clan, PMP has facilitated resolution of these disputes by, among other things, assisting in funding the clan and clan leaders' meetings and meetings of villagers. Beyond this assistance, PMP takes the stance not to interfere with internal clan matters. PMP upholds the principle of respect for Papuan culture and local traditions in resolving its internal problems without interference from PMP or any other external parties. PMP also encourages the government to assert its responsibility to foster community life, maintain peace and order of the community and reconcile disputes that take place in the community. PMP also requests and facilitates the intervention of local governments and traditional leaders to seek permanent resolutions to such disputes, even though no final agreement has so far been reached in this case.

Gritje Fonataba, Head of ANJ's Papua Regional Office in Sorong, Head of Government and Stakeholder Relations, and also a Value Champion



Gritje has worked for ANJ in West Papua since 2013, in a role and location which she says are both very challenging but also rewarding at the end of the day. One of the biggest challenges in West Papua is plantation development on customary land, which requires a long and detailed process of engagement and negotiation with the local communities and customary leaders. As a result, she has been involved in grievance resolution, witnessed conflicts between clans, and even between tribes due to the lack of understanding of the process of land compensation and acquisition as permitted by the government for plantation development.

West Papua is a physically demanding place to work, says Gritje. The location of the estate is far from Sorong, taking about 8-12 hours of travel to get there, by road, across the sea and finally by river. She adds that working with the local communities in Papua requires special skills including patience and a sincere heart to gain the trust and respect of the local community in order to convince them that economic development does not always impart negative impacts but can bring positive changes to their lives in terms of work opportunities, as well as better health and education opportunities for their families and communities.

ANJ works with respected members of West Papuan society who provide advice on the complexities of local customary and clan systems. One such person, fondly mentioned by Gritje, is Dominggus Aifufu. He was born in 1935, and has worked most of his life as a forestry official stationed near the Haman River where ANJ established its palm oil mill. In 2013, the Board of Directors asked him to join ANJ as a Company Advisor to assist in development of the business in the Districts of Kais and Metemani. Although he is an old man now, he remains active in engaging with communities and the government to convince them of the benefits of ANJ's approach to elevating the lives of people and nature through responsible development. He is very well respected by all external stakeholders in the Imekko region and has bridged the cultural gap between the Company and the community.

SOCIAL IMPACT ASSESSMENT

One of the key objectives of ANJ's Responsible Development approach is to maximize the benefits and minimize the negative impacts that oil palm development brings to local communities in and around all our operations, which includes our oil palm, sago and edamame businesses. These impacts can occur directly within our legal boundaries, indirectly in the areas adjacent to our plantations, as well as along the supply chain **(103-1)**.

We have conducted Social Impact Assessments (SIA) and reviews, according to RSPO standards, across all our oil palm operations, as well as at AANE. We have not, however, completed an SIA for ANJAP and GMT. We conduct community engagement and development programs at all of our subsidiaries. As per the Indonesian regulatory requirements we have completed an AMDAL (*Analisis Mengenai Dampak Lingkungan* or Environmental Impact Assessment) prior to commencing all of our developments, this includes an assessment of environmental and social impacts, through a process of public consultation, and implementation of six-monthly monitoring of management of impacts (*Rencana Pengelolaan Lingkungan* and *Rencana Pemantauan Lingkungan* or RKL/RPL) coordinated by the EHS Department. The AMDAL document is publicly available at the local environmental agency **(413-1)**.

We do not have a specific stakeholder engagement plan but each of our business units holds routine public consultations and stakeholder meetings to provide updates on our projects, discuss Community Involvement and Development (CID) initiatives and the plasma program, and address community concerns and grievances. In addition to Company personnel, smallholder farmers and community members and leaders, representatives from the local government, including the forestry, social affairs, health, education and cooperatives offices, are frequently present at these meetings to provide explanations and answer questions on specific issues. We regularly update stakeholder mapping based on the engagement described above. **(103-2)**

Community grievances can be raised verbally to officers who then put the concerns in a grievance log or raised in writing by e-mail or by telephone. An entry will be generated in the grievance log that can be tracked to verify claims, rectify issues, report verification results, list actions taken, monitor response delivery to the stakeholder, and monitor follow up actions. In accordance with our grievance procedure, every complaint must be followed up within 14 days of receipt. Throughout 2019 we received a total 17 complaints from communities through the grievance mechanism. Of these 14 were from East Region and the remainder from West Region. All have been closed out. **(103-2)**

In terms of gender diversity, we actively promote opportunities for women to work for us. As a company engaged in the oil palm plantation and processing industry sector, which is currently still dominated by men, the Company considers it important to make active efforts to create gender equality in the work environment. We have established gender and child protection committees at each one of our site to help create better gender equality at work, achieve reproductive health among women workers and to provide support to female victims of domestic violence and ensure protection of children. **(103-2)**

As discussed elsewhere in the report, each subsidiary has a Health and Safety Committee comprising both management and employee representatives. The committee also functions as a grievance mechanism for employees' concerns, alongside the bipartite forum (*LKS Bipartit*) and the whistleblowing system (*Berani Bicara*). This forum, which meets on a monthly basis, is the most effective means of communicating the aspirations, complaints and problems of employees from all levels through its appointed representatives. **(103-2)**

Significant actual and potential negative impacts on local communities in 2019 (413-2)

Social Risk/ Vulnerability	Location	Root causes	Potential Impact	Mitigation Strategy	Reversibility of impact/ Evidence
Non-traceable FFB supply	ANJAS, ANJA	Small holder farmers grow oil palm in forest areas.	The FFB is not acceptable to the market. Smallholder income reduces. Company's reputation is damaged.	Educating the community (especially smallholders) on forest functions and conservation (ANJA, ANJAS). Develop a traceability monitoring system (ANJ).	Surrounding communities (especially smallholders) begin to understand why harvesting is not permitted from forest areas (ANJA, ANJAS). The results of the piloting traceability monitoring system are available (ANJ).
Demands for results from plasma scheme from some communities	KAL, PPM, PMP	A lack of understanding of how plasma management and profit calculations are carried out (PPM, PMP). The existence of residents who do not live in the local area volunteering to obtain plasma rights (ANJAS, KAL, PPM, PMP).	Social conflict arises within the community. Delay in the process of land management and cultivation.	Conduct capacity building and managerial training in the form of plasma cooperative managers. Conducting socialization to provide an understanding of the concept of plasma plantations.	Increased management capacity of plasma cooperatives around the plantation (ANJAS, ANJA, KAL). Increased understanding of plantation and plasma concepts (KAL, PPM, PMP).

Social Risk/ Vulnerability	Location	Root causes	Potential Impact	Mitigation Strategy	Reversibility of impact/ Evidence
Unclear ownership boundaries	KAL, PPM, PMP, ANJAP	Traditional and customary land boundaries are not documented in conventional sense.	Social conflict arises in the community. Delay in the process of land management and cultivation.	Conduct participatory mapping with the community and facilitate mutual agreement between clans in community groups regarding land boundaries.	Availability of agreement documents between clans regarding the clan boundaries.
Level of economic prosperity in the surrounding communities is still not optimal	ANJA, ANJAS, SMM, KAL, PPM, PMP, GMIT	Family income does not meet needs. The management of local businesses is not yet professional nor has achieved optimal financial performance.	Disruptions to Company operations and horizontal conflicts between the community and the Company. Requests for assistance from the community imply community dependence on the Company.	Develop local businesses and projects which provide alternative income generation.	Income generation community projects: 1. Community gardens (PPM, PMP). 2. Sago-based cake production business (ANJAP). 3. Noken Craft (ANJAP). 4. Mushroom cultivation (ANJAS). 5. Edamame cultivation (KAL). 6. Lais leaf craft business (SMM). 7. Keretak Nibong river tourism (SMM). 8. Transportation cooperatives (PPM, PMP) 9. Employee cooperatives (ANJA, ANJAS, SMM, KAL) 10. Smallholders empowerment (ANJA, ANJAS, SMM)
Public health awareness is minimal	ANJA, ANJAS, SMM, KAL, PPM, PMP, ANJAP	Generally local communities have low awareness about the importance of health and hygiene.	The level of public health is low. The level of employee productivity decreases due to illness or having to take care of a sick family. Corporate health costs are increasing.	Conduct community education and awareness campaigns about health and hygiene. Free medical examinations and medications for the community.	Noticeable improvement in the practices of clean and healthy behavior in the community, such as washing hands with soap, and using clean water. Conducting capacity building programs for medical personnel and health institutions in the community in collaboration with YPCII in South Sorong.
Community access to, and availability of quality education and schools	ANJA, ANJAS, KAL, PPM, PMP	In general, the Company's operational locations are in areas that are remote with few public services, such as schools.	Requests for assistance from the community imply community dependence on the Company Many children accompany their parents to work in the plantation which poses a safety risk for children, as well as a perception of child labor.	Providing assistance for completing educational facilities in schools around the Company. Conducting educational activities in villages that have difficulty accessing education, especially in Papua.	Complementing educational facilities around the plantation. Provision of six schools within the estates (KAL, ANJA, ANJAS). 3 Accredited by the government. Early Childhood Education and Kindergarten at KAL began operations in July 2019. Organizing educational activities for young children around PPM and PMP collaboration with the Alirena Foundation.
Uncontrolled land and vegetation fires in community areas	ANJA, ANJAS, SMM, KAL, GSB, PPM, PMP	The capacity of the community in dealing with wild fire risks is still limited.	The Company's operational activities are disrupted. The community cannot carry out economic activities. Impaired public health (respiratory illness).	Strengthen the capacity of community volunteer organizations to be able to respond to vegetation and land fires.	Formation of the Farmer Fire Fighting Group (KTPA) which has actively participates in fire prevention and fighting.

Social Risk/ Vulnerability	Location	Root causes	Potential Impact	Mitigation Strategy	Reversibility of impact/ Evidence
Natural disasters (floods, landslides)	ANJAS	Operational area and communities live close to a large river which floods during the rainy season.	Flooding not only inundates villages but also parts of the plantation area and causes plantation activities to stop. Residents of the surrounding villages seek refuge in the Company area.	Conduct a rapid study of the aspects of disaster risk reduction that must be strengthened in the community. Initiate river dredging to manage the river flow.	Disaster-prone areas and disaster mitigation actions are identified.
The perception that replanting activity triggers an attack of rhinoceros beetles pests on the community's coconut plants	SMM	The perception that the presence of rhinoceros beetles was triggered by the Company's replanting activities.	Increase in community complaints that are submitted to the Company. Increase in horizontal conflicts between communities and the Company.	Conduct socialization to the community in collaboration with relevant agencies (agriculture and plantation offices) to provide an explanation of pests. Providing assistance in the form of coconut substitute seeds so that the community can start planting coconuts.	Increased public understanding of rhinoceros beetles attack and how to respond or anticipate them. The community receives replacement for coconut seeds.

Measuring the Socio-economic Benefits of ANJ's Palm Oil Operations

In order to better understand the extent to which our operations are contributing to national and international sustainability goals, we commissioned an independent study of the environmental, socio-economic, and socio-ecological conditions in villages in and around our areas of operation. The key dataset used in the study came from government statistics [*Potensi Desa*/PODES data] from 2000 to 2018, as well as deforestation and fire statistics.

The results showed that in all our estates, the village welfare increased markedly between 2000 and 2018, indicating overall improvement in socio-economic conditions in the rural areas in which we operate.

To understand whether ANJ's estates provided additional socio-economic benefits compared to the general baseline of improving socio-economic conditions, the independent expert compared selected indicators for three areas: 1) the ANJ oil palm estate areas; 2) villages that overlap with ANJ estates; and 3) nearby villages that do not overlap with the ANJ estates. Socio-economic conditions include physical capital (infrastructure) and financial capital (monetary and income), while socio-ecological welfare is measured by indicators of human capital (community empowerment),

social capital (social equity and fairness), and natural capital (environmental maintenance and natural hazard prevention).

The results varied across the different geographies and showed that in ANJA in North Sumatra, the socio-economic benefits of plantations to local communities offset the socio-ecological costs. In SMM in Belitung, the socio-economic benefits of plantations to local communities offset the costs, but the socio-ecological costs were quite high, while in ANJAS in North Sumatra and KAL in West Kalimantan, the socio-economic and socio-ecological costs of plantations to local communities outweighed the benefits. As for our operations in West Papua, our presence is too recent to meaningfully measure the socio-economic and socio-ecological impacts. **[103-3]**

Empirical studies like these are undoubtedly beneficial in helping us to better understand and adapt our community development, corporate social responsibility and environmental management programs. Knowing which villages are lagging in development progress (*desa tertinggal* or *sangat tertinggal* according to the Indonesian government index) enables us to more specifically target programs to address particular objectives (e.g., improved education, reduced child malnutrition).

COMMUNITY INVOLVEMENT AND DEVELOPMENT

Our community programs are designed to empower communities by improving their quality of life through programs which provide access to quality education, quality healthcare, and economic opportunities. Through our Responsible Development approach, we strive for sustainable development which meets the needs of the present without compromising the ability of future generations to meet their own needs. Our livelihood initiatives include involvement in the plasma program, support and training to smallholder farmers around our operations, income generation programs, and developing the infrastructure to facilitate social and economic activities. A number of the community programs are implemented in partnership with experienced NGOs.

Our community programs vary across the range of geographies in which we operate. In West Papua, our Savings Cooperative offers our employees and local communities a convenient and secure means to save and transfer money. This is having a transformative impact on family livelihoods by enabling them, for the first time, to plan their finances. Likewise, our community health program, Matahariku, is making a real difference to the lives of women and children in the vicinity of our West Papua plantations by improving the health delivery capacity of local clinics, in partnership with the local health authority and our partner, Yayasan Pembangunan Citra Insan Indonesia (YPCII). In 2019, the program won an award from the Ministry of Health for its achievements.

HEALTH PROGRAM



▲ A health volunteer weighing a baby at Posyandu in South Sorong, a part of activities included in Matahariku health program.

Our community healthcare programs are designed to align with UN SDG 3 (Ensure healthy lives and promote well-being for all ages). The quality of public healthcare facilities and the prevalence of health problems vary significantly across the geographies in which we operate, and, as a result, our programs are targeted accordingly. Our largest investment in community healthcare programs is in West Papua with the local communities around PPM and PMP. The primary healthcare concerns are malnutrition and stunting in babies and toddlers, and maternal health and pregnancy in younger women. Since 2017, ANJ has partnered with YPCII, health authorities, primary health centers (*Pusat Kesehatan Masyarakat/Puskesmas*), and volunteers at the village health post (*Pos Pelayanan Terpadu*/

Posyandu) to implement the Matahariku program, an integrated approach to improving the health of women of child-bearing age, young children and babies. The program comprises two overarching objectives; firstly, to improve community access to good quality maternal and paediatric healthcare facilities, and secondly, to raise parental awareness about nutrition and hygiene through mother support groups as a means of improving the general health of children and adolescents in the home environment.

In 2019, the Matahariku program continued to achieve some good progress in the villages of Kais, Tapuri, Sumano, Benawa and in the Kauri hamlet (*dusun*). Notable progress was made with the Vitamin A supplement and worming medicines programs. Vitamin A supplementation is cost-effective and has proven potential to reduce the yearly number of preventable child deaths as it boosts immune systems and helps protect young children from potentially fatal diseases. Vitamin A supplement coverage increased from 90% in 2018 to 95% in 2019, and worming medicine coverage 88.9% in 2018 to 94.9% in 2019.

The low nutritional status of pregnant women (chronic energy deficiency/CED) is very prevalent in West Papua and for that reason is a focus of the Matahariku program, which gives nutritional support to pregnant women. In 2019, we saw a slight increase in the prevalence of CED with almost 56% of 43 women in the program exhibiting CED, compared to 51% of 53 women exhibiting CED in 2018. On a more positive note, there was a slight increase (1%) from 2018 in the number of women who gave birth with assistance from a healthcare worker or in a healthcare facility. Unfortunately, there is still a prevalence of malnutrition in pregnant women which appears to be a result of poor nutrition from a young age, which is an issue that requires long term program intervention whereby young girls receive ample nutrition from an early age. This is why the efforts to reverse malnutrition in children are so important.

The reduction of stunting and malnutrition in babies and toddlers is a government health priority and one of the focus areas of Matahariku. PMP, in partnership with YPCII, is implementing an integrated approach to improving childhood nutrition. These include encouraging exclusive breastfeeding from birth to six months and continuation of breastfeeding until two years old. Raising awareness and knowledge amongst mothers about nutrition is very important and key to improving the health of infants and toddlers, and women themselves. This includes making sure that children eat a good range of foods containing carbohydrates and proteins. A number of associated initiatives, such as the establishment of vegetable gardens and *Warung Mama*, contribute to improving nutrition, food handling and cooking.

In 2019, the malnutrition program was not as successful as expected and we saw a rise in the number of children aged 0 – 23 months and 24 – 59 months exhibiting malnutrition despite the program interventions. Out of a total of 74 children under 23 months old, 40% exhibited malnutrition, compared to 24% of 97 children in the program in 2018. Similarly, for children aged 24 – 59 months, 35% of 133 children in the program exhibited malnutrition in 2019, whereas 29% of 110 children in 2018 exhibited malnutrition. For the stunting program, we also saw a slight drop in the success of the interventions in children under

23 months, with 31% of 73 children still exhibiting stunting compared to 20% of 97 children in 2018. For children over 24 months old, however, we did see a marked reduction in stunting in 2019, with 37% out of 124 children exhibiting stunting compared to 41% out of 110 children in 2018. **(103-3)**

The Matahariku program has received recognition for its contribution from local health authorities and the regional health authority in Sorong. In November 2019, the program received national recognition as a recipient of the Ministry of Health Award for the participation and support in CSR Program for Health of Mother and Child category.

In our operational areas outside West Papua, we focus on improving public health primarily by increasing access to clean water, sanitation and hygiene. In 2019, together with the local authorities and communities around the ANJA estate, we built 100 toilets under the open defecation-free (ODF) program, and provided a clean water facility to ensure a dependable supply for a village where water is scarce. We continued to do health promotion activities for the local communities around our estates, including medical checkups and treatment for disadvantaged families, nutrition campaigns and mobilizing communities to donor blood.

EDUCATION PROGRAM

Our education program is targeted to align with SDG 4, which should ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. In West Papua our support is focused on improving access to Early Childhood Education (ECE) or playgroups (known as *Pendidikan Anak Usia Dini*/PAUD in Indonesia), which cater for children under the age of four, and kindergartens (TK) which caters for children between four to six years old. With the NGO partner that implements our program, Alirena Foundation, we strengthened playgroups and kindergartens and increased the capacity of five local teachers in two villages, Sumano and Benawa, in 2019. Playgroups were split into two age groups, one to three years old (PAUD A) and three to four years old (PAUD B), whilst kindergartens were split into four to five year-old groups (TK A) and five to six years old (TK B).

In Benawa, the number of children enrolled in PAUD A was 24, PAUD B was 10, and in kindergarten, TK A 13 children and TK B 13 children. In Sumano, the number of children enrolled in PAUD A was 18, and PAUD B was 12, and in kindergarten, 4 in TK A and 14 in TK B. Apart from strengthening the availability of early childhood education, the program also focussed on encouraging a sense of value and ownership amongst parents for these schools so that they would see the importance of early education for their young children.

Access to early childhood schools is an important building block in developing cognitive and motor skills, and confidence in young children. At the beginning of the program, the children under



▲ Young children playing ball games to improve their motor skills as part of the ALIRENA implemented program in West Papua.

four years old clearly had very poor cognitive, concentration and communication skills, and lacked confidence. After six-months of attending the nursery, there was marked progress with many of the children in motor skills, expression and independence from parents, as well improvement with numbers and language. There were similar improvements in the age category four to six, with children showing promise in counting, drawing and colouring, and elementary reading, accompanied by great improvements in concentration and focus. Progress with performance of teachers and their administration of the school also improved over this period. Parental involvement and ownership similarly showed progress but there is still room for improvement. **(103-3)**

In addition to supporting education opportunities amongst our local communities, ANJ provides high quality schools for employees' children at its palm oil estates through the Austindo Nusantara Jaya Agri Education Foundation, which places a high value on high quality education for its employees. At present the ANJ Agri Education Foundation manages six schools from kindergarten, elementary through to junior high schools across Sumatra and Kalimantan. To maintain the quality of education, schools follow national standards set by the government and are assessed by the National Accreditation Board (*Badan Akreditasi Nasional*/BAN). Elementary and junior high schools have been assessed by BAN at the provincial level in North Sumatra, with accreditation A received by the elementary and junior high schools at ANJA, and the elementary school at ANJAS. The total number of students from kindergarten, elementary and junior high school in 2019 was 1,710 children with a total of 54 teachers. All teachers are selected on good qualifications with at least a first degree (S1), as well as graduates from the Department of Education (*Sarjana Pendidikan*/SPd), Elementary School Teacher Education (*Pendidikan Guru Sekolah Dasar*/PGSD), and Early Childhood Education Teacher Education (PG PAUD). In addition, the school facilities are of a high standard and are well resourced with facilities such as libraries.

Number of pupils and teaching staff at ANJA Education Foundation Schools

Number of Pupils	ANJA	ANJAS	KAL	Total
Kindergarten (TK)	103	96	50	249
Elementary School (SD)	618	668	0	1,286
Junior High School (SMP)	175	0	0	175
Total pupils	896	764	50	1,710
Teachers (Staff)	17	5	2	24
Teachers (Non Staff)	13	17	0	30
Total Teachers	30	22	2	54

The average student : teacher ratio is approximately 32:1.

The Company also continued to support the Adiwiyata or 'green school' concept initiated by the Ministry of Environment and Forestry (MoEF), which focuses on incorporating sustainability principles into daily life. SMM, which has already assisted two local schools to obtain Adiwiyata accreditation, facilitated training for various schools on green school management, composting and making biogas, and understanding the function of conservation areas, as well as organizing tree planting activities in coordination with the MoEF.

With the existence of good educational services at our estates, we are contributing to the efforts to ensure that the next generation is best placed to make their parents proud and find productive and rewarding employment. These schools are testament to the Company's high commitment to the welfare of its employees and their families.

SAGO

ANJ's commitment to the sago business in West Papua is aligned with the Province's strategy of promoting sago as a commodity that can potentially make an important contribution to the local economy and to sustainable commodity development in West Papua, particularly with regard to food security.

In August 2019, ANJ opened Bueno Nasio (meaning Tasty Kitchen in Iworo tribe language in Puragi village), the first sago-based restaurant in Jakarta under the business unit of PT ANJ Boga. Three months later, ANJ held a discussion involving stakeholders and food enthusiasts and launched "Sagu Papua untuk Dunia" (Papuan Sago for the World) - the first book in the National Food series published by Kompas' Group Gramedia's Popular Library - that explores sago in full from its historical aspects, applications and future potential as an alternative food. We hope to see the book, alongside Bueno Nasio, used effectively to advocate for a larger role for sago starch in the food sector, both in Indonesia and abroad.

Throughout 2019, we took every opportunity to promote sago as strategic food commodity and modern food product, among others by actively taking part in discussions with various government institutions, either directly or through *Masyarakat Sagu Indonesia* (MASSI), participating in events and exhibitions (Bappenas SDG Festival and Papua Development Summit in Jakarta, Papua Development Conference in South Sorong, West Papua, and Food from Forest held by the Duke of Edinburgh's International Award in West Java), speaking at seminars, or providing in-kind sponsor in domestic or trade mission events



▲ Papuan Sago for the World

(such as presenting sago starch and sago cookies to the West Papua team participating in New Zealand trade mission). At the Papua Development Summit, for example, we hosted an interactive exhibition booth where we introduced varied snacks made by Bueno Nasio.



▲ Renowned Chef Petty Elliot demonstrating recipes using sago at ANJAP

Last year ANJAP hosted a visit by Chef Petty Elliot, a renowned Indonesian chef and food writer now residing in the United Kingdom. During her brief field visit, Chef Petty got acquainted with eight women leaders from Puragi and Saga Villages, who are members of Warung Mama. Chef Petty taught the women how to make sago-based bread to consume with ulat sago, which is high in protein, or sago mushroom. Chef Petty shared her insightful experience, stating, "The mamas are quick learners and very confident. They have rich wisdom and knowledge on how to get and prepare their food from nature." She believes that through the collaboration with the Company, their potential will be further enhanced and they will become a role model in their villages.

SOCIO-ECONOMIC EMPOWERMENT

Local communities who live around our West Papua companies (PMP, PPM, ANJ and ANJAP) lack the skills and confidence to deal with the transformation to a modern economy. Empowered communities are keys to the success of implementing the SDGs. This program aims to address multiple SDGs, including SDG 1 (No Poverty), 2 (No Hunger), 8 (Decent Work and Economic Growth), 16 (Peace, Justice and Strong Institutions) and 17 (Partnerships for the Goals), as well as SDGs 3 and 4 concerning health and education.

Through our partner Yayasan Indonesia Lebih Baik (YILB), we are working since 2015 to build the skills necessary to empower four communities (Sumano, Mukamat Ikana, Benawa 1 and Puragi Tawanggire). The approach used is to identify and train "change leaders" within each community. Change Leaders are trained to facilitate change while developing skills and literacy among different community groups on parenting, early learning, managing household finances, village governance, and owning and managing the potential of their local cultural heritage. Facilitators from YILB live in the villages in order to better understand the needs and character of each community and provide appropriate training, modelling and support. One of the key challenges has been the differing levels of acceptance

and readiness for change which has required some adaptive strategies in program implementation.

The program demonstrated continued incremental success in 2019. The skills of the 24 change leaders continued to be strengthened, there was a noted improvement in acceptance of the value of change leaders by the community, and the local handicraft and food product initiatives such as the community vegetable garden made excellent progress. We also saw interest in the Change Leader program from the government, in the form of the Department of Food Security.

Parents in all the beneficiary communities learned productive skills such as food preparation or catering and gardening. Parents were also encouraged to be more active in supporting their children's education, through ensuring that children attended school, becoming involved in school committees, and ensuring that village funds were allocated to schools.

Due to limited budget available, since 2019 we have decided to continue the program by transitioning it to our own staff.

Critical RD Project Community Vegetable Garden

The vegetable garden (*kebun sayur*) project is a successful responsible development project which really gained traction in 2019. The initiative was designed to meet a number of sustainability objectives for the Company. Firstly, empowerment of women through income generation opportunities and encouraging healthy eating based on a well-rounded diet which included more vegetables. Secondly, as with the Warung Mama, the vegetable garden project also has positive benefits for ANJ in that it contributes to lower costs and reduced environmental impacts associated with the import of food from the nearest large city which is over 125km away. Management realized that these challenges also presented an opportunity for the Company and the community to explore the establishment of vegetable gardens in the unused land around the employee housing areas.

The project is implemented in several villages, namely Puragi, Tawanggire, Benawa Satu, Sumano, Mangga Dua and Karekano. One of the main obstacles faced in implementing this program is that the community is not accustomed to farming because diets are based on hunting of birds and mammals and gathering of forest products. The project started with one demonstration plot vegetable garden in the Company area and one in the village through which the community members were taught about vegetable growing. The Company helps in terms of providing seeds, agricultural equipment and assistance during the process of planting to harvest. The Responsible Development team, assisted by CID, carries out routine assistance to the community to maximize results. Buy-in from the community is starting to become apparent as they see the results and the benefits of vegetable gardening as a new source of income because they can sell to employees and the Company, and as a good source of nutrition for families.

Testimonies from the community who participate in the community vegetable garden project



"With the existence of a vegetable garden in Sumano village, the women have the opportunity to be involved in taking care of the gardens, along with the children when they return to the village during the holidays. I really hope that the vegetable gardens continue to run well into the futures, so that the vegetable needs of the village are fulfilled."

(Deliana Hohame – Kampung Sumano)



"In the past the community had never eaten vegetables such as sawi (a green leafy vegetable), or cabbage, but since the assistance of the community vegetable garden we have really been able to enjoy various types of vegetables, which are good for our health. This is also a great opportunity for mothers to make the vegetable garden activities a source of income."

(Luter Manas – Kampung Puragi)



"The community has really started to be interested in the assistance of vegetable gardens, initially there were only two groups of vegetable gardens but now we have nine groups".

(Bernensi Jitmau – Kampung Puragi)



"Now looking for vegetables to feed my family doesn't take me long because we have the community vegetable garden close to the house".

(Adasta Maginuni - Kampung Karekano)



"Before there was a community vegetable garden, mothers just had to look for ordinary vegetables from the forest and wild plants.

Now the mothers can grow a variety of vegetables such as beans, spinach and eggplants. We want to keep on planting vegetables because they are delicious and healthy."

(Fince Yangga Moine – Kampung Sumano)



"The vegetable garden program is very good at meeting the needs of the village and the family. I hope that the vegetable garden program will continue and hope that we can receive more help from the Company such as different seeds."

(Yosina Daimar – Kampung Sumano)



"In my opinion this program is very good as it contributes to improving health and also as an alternative source of income, particularly for the women in the villages around the Company.

It has been a challenging process to implement, requiring hard work and patience, because the local people are not accustomed to growing vegetables and have a lot to learn.

Hopefully, in the future, this program will be fully sustainable so that it will have a positive impact on the communities around the Company."

(Fernando – Employee PPM)

Strategic RD Project Savings Cooperative



▲ Employees depositing money with the Savings Cooperative at PMP and PPM.

Access to banking facilities in the remote areas where we operate is often non-existent, and nowhere more so than at PMP and PPM in West Papua. The nearest bank is over 90 km away by roads in poor condition with high transportation costs. To make the one-way trip can cost as much as USD 180 (Rupiah 2.5 million), which leads to unnecessary expense. An alternative is to use a middle-man to take money to the bank but there have been cases of theft of the money by the intermediary. The result is that people end up carrying a lot of cash around with them, even when they are at work.

Due to this situation, the ANJ team in West Papua came up with the idea for a Responsible Development project for a savings cooperative to provide access to banking services safely, cheaply and quickly. In 2018, the Papua Sejahtera Mandiri Cooperative at PPM and the Mandiri Tunas Karya Cooperative at PMP were established. The early stages were not easy, the security and mobility of cash in the cooperatives was a challenge. With the spirit of continuous improvement, gradually these challenges were reduced. An operating framework was structured between the Company, the cooperatives and Bank Rakyat Indonesia (BRI) thus enabling all parties to share the risks.

In May 2019, the cooperatives and the Company conducted a trial with the opening of a Transfer-and-Save service facility with a transfer value of Rupiah 75,000,000. Surprisingly, the quota was filled within three working days. Such was the success that employees and the public asked for additional quota and real-time transfers. Following this trial phase, procedural and system improvements were made to reduce risk and provide a higher quota. As of September 2019, the transfer service uptake increased very sharply to an average monthly transfer service reaching Rupiah 750 million for each of the two cooperatives at PPM and PMP.

The savings cooperative is clearly appreciated by employees, local businesses and members of the local community. In a short duration it has become successful in providing people with a safe way to manage money in a remote location with banking access for employees, local small businesses and local communities who have the opportunity to make money through the presence of companies such as ANJ.

Strategic RD Project Transportation Cooperative at PPM and PMP

In 2019 ANJ took the bold step of facilitating to form transportation cooperatives for three communities at PPM and PMP in West Papua in order to provide alternative livelihood options for communities, which allows them to benefit economically from the presence of oil palm plantations. The principle behind the cooperative is to build knowledge and capacity and transform these communities into having the necessary skills to manage a proper business unit on their own. At the moment, communities do not have the level of understanding of how to manage and run a cooperative; ANJ is building up these skills through these projects. The transportation cooperatives are still in the early stages of operation as the cooperatives' trucks have just started transporting FFB to the PMP mill. The process of learning is still ongoing as cooperative members learn about vehicle economics and running the business unit. Once the cooperatives are running efficiently, we hope they can achieve a monthly FFB target volume around 550 tonnes per day but unfortunately, due to various reasons, this has not yet been achieved. We hope to make considerable progress next year. With the funds earned from these cooperatives, the community slowly becomes independent, and is able to have the funds for important things, such as their children's higher-level education. The timing of this project cannot be better, as the Company struggles with the budget limitation due to the prolonged low CPO price.



▲ Truck handover ceremony for the Transportation Cooperative at PPM.

Strategic RD Project Enriching Livelihoods through Mushroom Cultivation

Innovative thinking is encouraged through our Responsible Development projects, with many of the projects involving recycling in one form or another. We have a number of initiatives which utilize the EFB left behind after the oil palm fruit has been extracted, for example the use in organic fertilizing. The team at ANJAS has gone one step further by scaling up an approach that has been used traditionally by farmers for quite some time, which is to grow mushrooms on the EFB. In February 2019, we engaged local community groups around our ANJAS to pilot the use of this cost-effective method.

The straw mushroom or *jamur merang* in Indonesian or the scientific name *Volvariella volvacea*, is a



▲ Merang mushroom project harvesting at ANJAS.

favourite in Asian cuisine. It is tasty, quite pricey, and traditionally grown on rice straw beds. As it turns out, these mushrooms grow particularly well on a medium of oil EFB, especially if these are pre-treated through composting, addition of supplemental nutrients and pasteurization. ANJAS already uses EFB in the organic composting process which meets a number of our sustainability objectives. We also, however, have sustainability commitments related to the communities around our operations. Giving a proportion of the EFB to the communities for growing mushrooms, allows them to generate income, and potentially address other sustainability objectives, such as raising food security and reducing poverty.

For now, we are trialing this approach through our Merang Mushroom project. One aim is to increase the use of this approach among our smallholder suppliers and raise their income, and in so doing encourage them not to grow oil palm in environmentally sensitive areas. Our project is closely followed by the Agriculture Office of South Tapanuli Regency, who recognize ANJ's pioneering role in straw mushroom growing in the Regency.

Enrichment RD Project Enhancing Traditional Buffalo Farming with Improved Livestock Management Techniques

Seeking innovative, workable and equitable solutions to issues that may arise between communities and our operations is evidence of our commitment to responsible development. A case in point is the buffalo livestock management program, which is a partnership between ANJA and the communities of Simangambat and Huristak Districts, Padanglawas Utara.

Domestic water buffalo farming is an intrinsic part of the cultural identity of the Batak people who live around ANJA, in North Sumatra. The buffalo are herded in meadows where they graze, and traditionally used in preparing the rice fields for planting, which is a unique and important custom in Batak culture. Buffalo meat is also important in family gatherings and other customary events.

The development of plantations in South Tapanuli, including our own estate at ANJA, has however, reduced the availability of grazing areas for buffalos to roam. This led to an untenable situation at ANJA in which up to 2000 heads of buffalo continued to enter the planted areas causing a dangerous situation for workers and cattle herders alike. The ANJA management and CID Department stepped in to seek a resolution to this situation and in consultation with the community

identified an improved livestock management initiative which was agreeable to all parties.

One of the groups involved in the initiative is the Mandiri Berkarya Saroha Livestock Group from Mandasip village, which has agreed to make land available to house the buffalo in special sheds and feed them with fodder from specially planted fields. ANJA contributes to the provision of feed and the building of cattle sheds.

As this approach to livestock management is new to these communities, ANJA realizes that it must also support farmers to improve their animal husbandry skills. As such, ANJA has facilitated a visit by the Mandiri Berkarya Saroha Livestock Group to a government animal breeding and animal feed centre in North Sumatra. This was a great opportunity for these farmers to gain a deeper insight and new information regarding livestock health, animal feed management, animal insurance programs, and artificial insemination. The same group has also attended training at the District Animal Husbandry Service in Padang Lawas Utara.

There are high hopes that the early success with the first livestock group will motivate other livestock groups in the communities surrounding ANJA, to join the project. This Responsible Development project is a good example of applying the principles of innovation and resilience in seeking win-win solutions.



▲ Cattle-shed design model for the animal husbandry project at ANJA.

FEMALE EMPOWERMENT PROGRAM

The empowerment of women and the improvement of their social, economic and health status is essential for the achievement of sustainable development. Our community programs have a clear focus on programs that benefit women through improved healthcare for themselves and their families, improved education for their children, and the provision of new skills and economic opportunities.



▲ Mentoring women from the Warung Mama program at ANJAP.



▲ Preparing sago-based food as part of the Warung Mama program in West Papua.

Exploratory RD Project Warung Mama

Warung Mama is a growing Responsible Development project associated with ANJAP, which promotes and facilitates the sale of sago-based food products made by local women (*mama*). The basis for a good Responsible Development project is one that meets a number of sustainability objectives, whilst reducing costs and utilizing in-house capacity. Due to the remote location of ANJ's businesses in West Papua, importing food from outside is expensive because of the long journey time and cost of fuel. Sourcing food locally is an innovative way to reduce the carbon footprint associated with transporting food from outside. The Warung Mama initiative was established to increase economic opportunities and business skills for the local community, particularly women, as well as providing processed sago products to all employees of ANJAP. The food stall, or *warung*, at the ANJAP base camp was officially opened on September 26, 2019. Warung Mama is managed, with the support of the CID and Product Development staff (including five food technology MTs), by women from Saga village and Puragi village.

Apart from providing some food variety for employees at ANJAP, Warung Mama is playing an important role in providing new skills and empowering local women in a geographic area with few opportunities for women. The women have not only learned how to prepare and cook new dishes but they have also learned about the importance of food handling safety and hygiene. Nova Kushandita, a Food Science and Technology graduate from the Bogor Institute of Agriculture is one of ANJ's MTs who has been gaining on the job training at ANJAP since 2018. Throughout 2019, she has been working with the Warung Mama project through her training in Good Food Processing Methods, as well as inventing delicious recipes using sago.

Nova is very proud of what has been achieved so far with Warung Mama. Not only has she learned a lot about project management through her work on this initiative, but she has gained a deeper understanding of the challenges faced by women in remote rural communities. She recalls how she felt when she heard the women talking about attending a food security event, "I felt very emotional when I saw the women proudly telling stories about attending the Food

Security event in Bintuni. These women even had their names mentioned in the local church which shows how they have become recognized in the community. This all goes to show that new ways of processing sago can bring pride to the Papuans. I truly believe that sago, which has only recently gained recognition as a local food, has the potential to be embraced globally. We are still on the journey with Warung Mama but I am confident we will get there."

Testimonies from the women themselves are evidence that the initiative is making a real difference to their lives:

Agustina Kadae and Dorcas Derione, Kampung Puragi:

"I'm happy to be able to make cookies. Sometimes people also place orders. The economy has improved. We are already seeing more enthusiasm for the Warung Mama. I'm happy especially when I'm busy, like when there are lots of customers buying coffee."

Salomina Kadae (Anike), Kampung Saga:

"I am happy, very happy. Products are selling well, like fried bananas. People are also placing orders. I am not shy anymore; I am much more confident."

Miftahul Jannah, ANJ's Product Development/CID Staff also works on the Warung Mama initiative:

"I am very happy to have this opportunity to share my knowledge and teach the Kiyobis women about food processing. Many commodities in West Papua have huge potential but have not yet been processed to the maximum, one of which is sago. Sago which is an original commodity of Papua needs to be developed, so that its potential becomes more widely known by the community. We teach the use of sago as food and introduce new recipes, so that women can sell new products and increase their economic opportunities. I see that the women also feel happy because the formation of the Kiyobis group is increasingly recognized by the West Papua government, because they have attended several exhibitions from the Department of Food Security. Hopefully from here arises a sense of pride and confidence that they too can progress and develop."

SUSTAINABLE TOURISM

Enrichment RD Project Belitung Integrated Alternative Tourism Development (Bentara)

ANJ's responsible development philosophy encourages our employees to develop and implement projects which will benefit and enhance aspects of the local area, preferably integrating people, planet, and prosperity. The Belitung Integrated Alternative Tourism Development, or Bentara, at our SMM estate is an excellent example of these values in action.

SMM is located in Bangka Belitung Province, a province which is experiencing a growing reputation for the beauty of its islands, beaches and cultural heritage. The regional government has high hopes that the tourism sector will become a dominant contributor to regional revenue now that the once thriving mining sector has declined. The Regional Government of Belitung wants to make Belitung a world-class tourist destination and in early 2019, launched "Let's Go Belitung" with the logo of the iconic simpur leaf and the tarsier.

SMM initiated the Bentara Program in 2018 with the aim of promoting ecotourism in partnership with the local government and surrounding communities. ANJ also saw an opportunity to leverage off the emergence of new motivations for travel, such as learning about the environment, nature conservation, sustainability, climate change, empowering the local community, and learning about local history and culture. The initiative, like all Responsible Development projects, drives innovation as it operates on a minimal budget using internal capacity and leverages relationships with external stakeholders. Over the past year the program has made impressive progress with an increase in visitors from 445 in 2018 to 713 in 2019 and has become recognized by the regional government, and further afield for increasing awareness about sustainable oil palm practices and for establishing community and nature-based tourism options in the area. The Bentara experience is organized through a local tour agency but the tour is led by SMM employees trained as tour guides. So far 15 employees have been trained for this purpose. The contribution to the local economy from the Bentara Program has risen from 19.4 million Rupiah to 185.4 million Rupiah by the end of 2019.

The Bentara itinerary starts at the Balok Forest (SMM HCV area) where visitors learn about the biodiversity and the purpose of HCV areas. The Balok HCV Forest is not only rich in biodiversity but also rich in archaeological and cultural values. In 2019, the National Center for Archaeological Research excavated historical artefacts in the Balok forest which dated from the Sultanate of Palembang in the 16th and 17th century.

Empowering local people through community-based tourism is an integral part of the Bentara experience. Keretak Nibong is a small fishing jetty situated at the edge of the Balok forest along a creek lined with mangroves. ANJ has provided assistance to the Keretak Nibong fishing community to improve the jetty as well training in the tourism and the business of making and selling handicrafts.



▲ A group of young diplomats from the Ministry of Foreign Affairs visiting SMM to gain a better understanding of sustainable palm oil, as part of the Bentara experience.

The final part of the Bentara experience is a visit to the SMM plantation and palm oil mill. Our RSPO and ISPO certified SMM estate exhibits many examples of best practice management in the industry and is therefore an ideal location to teach visitors about sustainable palm oil production. Visitors see how we implement zero waste practices such as composting and see how we convert palm oil liquid waste (POME) into electricity at our biogas plant.

Since the Bentara program began in 2018, we have seen a steady increase in the number of visits from various circles, such as schools, universities and government agencies. We are proud to play a role in educating people about sustainable oil palm practices by enabling visitors to see our operations first hand. In 2019, we welcomed two separate group of diplomats from the Ministry of Foreign Affairs who specifically wanted to understand more about sustainable oil palm production.

Juli Wankara Purba, who is the General Manager at SMM, is very proud of what has been achieved over the past two years since the inception of the program.

"With the great potential that Belitung has to offer in terms of the natural and cultural environment and the support from the government to develop the island as tourism destination, SMM is in a strong position to be one of the first companies in Indonesia to promote a positive tourism experience which educates people about sustainable oil palm management practices."

INDEPENDENT ASSURANCE OPINION STATEMENT



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INDEPENDENT ASSURANCE OPINION STATEMENT

The 2019 Sustainability Report PT. Austindo Nusantara Jaya, Tbk

Statement No : 304/TRID-S02/V/20

Type : 2

Level : Moderate

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

Scope Limitation in Assurance

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

1. GRI Sustainability Reporting Standards (GRI Standards) 2016 and focuses on systems and activities of ANJ and its subsidiaries in Indonesia during the period from 1st January 2019 to 31st December 2019, especially on the six topics that are considered material by the Management. They are **economic performance, biodiversity, emission, energy, occupational health and safety, and local community.**
2. The AA1000 Assurance Standard (2008) with 2018 Addendum Type 2 Moderate Level of Assurance evaluates the nature and extent of ANJ's adherence to all four AA1000 AccountAbility Principles (2018): Inclusivity, Materiality, Responsiveness and Impact.
3. Not to investigate data and information outside the reporting period.
4. We assumed that the financial data provided by ANJ has been audited by independent parties therefore, presentation of financial data and information in the report NOT within the scope of assurance.

Opinion Statement

Assured by a team of sustainability report assurers in accordance with the AA1000AS (2008) with 2018 Addendum, AA1000AP (2018), and GRI Standards 2016. From the information and explanations we assured, we get the sufficient evidence to conclude that the ANJ Sustainability Report 2019 review provides a fair view of the ANJ CSR programs and performances during 2019. The extent to which the GRI Standards has been applied in the Report and conclude this report has been prepared in accordance with GRI Standards - Comprehensive Option. And also from all the investigation has been done by our team, we conclude that the data in 2019 for all material topics performance indicators are fairly represented and there is nothing has come to our attention that would cause us to believe that ANJ has not given the reliable data.

Methodology

We conduct the following assurance procedures and activities:



- A top level review of issues raised by external parties that could be relevant to ANJ's policies to provide a check on the appropriateness of statements made in the report.
- Discussion with senior executives on ANJ's approach to stakeholder engagement
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the reports.
- Evaluate the adherence of report content, disclosure and presentation against the standard principles, and indicators of AA1000AS (2008) with 2018 Addendum, AA1000AP (2018), GRI Standards 2016 and POJK51

Finding and Conclusions

A detailed review against the AA1000AP (2018) of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards 2016 is set out below:

Inclusivity

This report has reflected that ANJ has continually made commitment to its stakeholders, as the participation of stakeholders has been conducted in developing engagement and achieving an accountable and strategic response to sustainability. There are fair reporting and this report covers the stakeholder issue together with fair reporting and disclosures for material topics and information. In our professional opinion, the report covers the ANJ inclusivity issues.

Materiality

ANJ publishes sustainability information that can describe the sustainability context as Agribusiness Company. These data enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion the report covers reporting organization's material issues by using ANJ's materiality matrix and boundary mapping.

Responsiveness

ANJ has implemented the practice to respond to the expectations and perceptions of its stakeholders. It includes client survey and different feedback mechanisms to external stakeholders and internal stakeholders. In our professional opinion the report covers ANJ's responsiveness issues. Our view of area for improvement for the report was adopted by ANJ before issue of this opinion statement.

Impact

ANJ has implemented the practice to identify, measure, monitor, and be accountable for how their actions affect their broader ecosystems including Environmental, Economic and Social aspect. In our professional opinion the report covers ANJ's impact issues. Our view of area for improvement for the report was adopted by ANJ before issue of this opinion statement.

In "Accordance" with Comprehensive Option – The Report follows the **comprehensive option** of GRI Standards where all disclosure of each material topic are presented and discussed in the Report. The disclosures of management approach for each material topic in general are fairly disclosed.



GRI Standards Principles – To some extent, the Management has applied the Principles for Defining Report Content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and the Principles for Defining Report Quality (balance, comparability, accuracy, timeliness, clarity, and reliability). Supporting documents were adequately presented during the assurance work. When applicable, the Report presents clarification on data and information that cannot be disclosed due to Management discretion or system and data administration issue.

Energy and Emission Assessment – The energy and emission calculation presented in the report with methodology chosen by ANJ. In our professional opinion, the calculation is fairly disclosed with total emission in Scope 1 : 1.175.783 ton CO₂eq, Scope 2 : 2.332 ton CO₂eq, and Scope 3 : -50.599 ton CO₂eq.

Recommendations

There are some suggested recommendations for ANJ:

1. Create sustainability report as company's transform journal into more sustainable as a company communication tool.
2. Increase environmental and social scope through assessments from external parties, therefore company's achievements are disclosed in terms of environmental, social, and governance (ESG).
3. Company should make a Climate Change Transitional Risk analysis according to the World Economic Forum and CDP.
4. Company should utilize the same calculation or data collection mechanism between periods therefore the comparability points in the SR are fulfilled.

Statement of Responsibility of the Management of PT. Austindo Nusantara Jaya, Tbk

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

Statement of Responsibility, Competency, Independency and Impartiality of Assuror

Our responsibility is to plan and perform our work to obtain assurance over whether the Subject Matter has been prepared in accordance with the GRI Standard and to report to ANJ in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

PT. TUV Rheinland Indonesia is an independent professional services company that specializes in quality, environmental, health, safety and social accountability with over 24 years history. As part of the Assurance Team, the experts must understand the principles and standards of AA1000 AccountAbility, and also have experiences in writing and reviewing sustainability reports and integrated reports.

PT. TUV Rheinland Indonesia operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality



control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PT. TUV Rheinland Indonesia has implemented a Code of Ethics which meets the requirements of the International Federation of Inspections Agencies (IFIA) across its business which ensures that all our staff maintains integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities. PT TUV Rheinland Indonesia has a number of existing commercial contracts with PT. Austindo Jaya Nusantara, Tbk. Our assurance team does not have any involvement in projects with PT. Austindo Jaya Nusantara, Tbk outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by PT. TUV Rheinland Indonesia and that of our assurance team.

For and on behalf of PT. TUV Rheinland Indonesia
Jakarta, 15 of May 2020



Nyoman Susila
President Director,
PT. TUV Rheinland Indonesia





CROSS-REFERENCE









CROSS-REFERENCE TO GRI STANDARDS (2016) (102-55)

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103-2	The management approach and its components	65
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	1.3.1 Health services for pregnant women at POSYANDU (local health post)	91-92
	1.4.1 Access to basic services (clean water sources, sanitation)	92
	1.4.1 Immunization	82
	1.4.2 Respect for right to community, land. Free, Prior and Informed Consent (FPIC) policy.	85,86,87
	1.5.1 Assistance to victims of an earthquake in Sigi and floods in Labalasiak and Binasari	Not reported
	2.2.1 Prevalence of stunting	82,91-92
	3.4.2 Puskesmas (primary health center) facilities	81, 91
	4.1.1 Meeting minimum education standards	89,92-93
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SDG'S	ACTION TAKEN BY THE COMPANY	PAGES
	8.2.1 Absorption of local labor force	32-34
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	8.8.1 Implementation of health and safety in the workplace	78-82
	9.1.1 Road building	Not reported
	9.1.2 Construction of social infrastructure	Not reported
	10.1.1 Assistance to poor and disadvantaged areas	89,90, 94-95,99
	10.3.1 Handling of claims of human rights violations	86-87
	10.4.1 Social Security Program for Workers	45,82,84
	11.6.1 Waste management	74
	12.4.2 Toxic and hazardous waste management	75
	12.5.1 Recycled waste (Biogas)	72-73,74
	12.6.1 Implementation of ISO 14001	37-38,78
	13.2.1 Reduction in GHG emissions	72
	15.2.1 Area of degraded conservation areas where ecosystems have been restored	54-55
	15.7.1 Number of additional flora and fauna species bred in conservation	Not reported
	16.1.4 Security of residents	86
	16.10.1 Handling of complaints of human rights violations	86-87
	17.6.1 Cooperation with international partners	39,56,60

CROSS-REFERENCE TO POJK 51

POJK 51	Pages
A. Sustainability report contains information about:	
1. Explanation of sustainability strategy	
This section contains an explanation of the sustainability strategy of the financial services institution, issuer or public company.	8-11,19-22
2. Overview of performance on sustainability aspects	
Provide comparative performance for the last 3 (three) years, as follows:	
a. Economic aspects, covering at least:	
1) Quantity of products or services sold;	2,43-44
2) Revenue or sales;	2,43
3) Net profit or loss;	43
4) Environment-friendly products; and (renewable energy production)	28-29,36,69
5) Involvement of local parties in relation to sustainable finance business processes.	35-36,64-66
b. Environmental aspects, covering at least:	
1) Energy use (including electricity and water);	68,75
2) Reduction of emissions produced	72
3) Reduction of waste and effluent (waste that has been released to the environment) produced; or	74-75
4) Conservation of biodiversity.	54-55
c. Social aspects: positive and negative impacts of implementing sustainable finance for the community and the environment (including people, regions and funds)	88-90
3. Brief profile presenting a comprehensive illustration of the financial services institution, issuer or public company, including at least:	
a. Sustainability vision, mission and values of the financial services institution, issuer or public company;	17-18,19-21
b. Name, address, telephone number, fax number, email address and website of the financial Services institution, issuer or public company, as well as its branch and/or representative offices;	29-31
c. Scale of the financial services institution's, issuer's or public company's business in brief, covering:	
1) Total assets or asset capitalization, and total liabilities (in million rupiah); number of employees, by sex, position, age, education and employment status;	29,32-34
2) Share ownership percentage (by public and government); and	29-31
3) Operational area.	29-31
d. Brief explanation about products, services and business activities;	28,29,31,35-36
e. Membership of associations;	39
f. Significant changes in the financial services institution, issuer or public company, including those Related to the closure or opening of branches, and ownership structure.	29
4. Board of directors' explanation, including:	
a. Policy for responding to challenges in fulfilling the sustainability strategy, covering at least:	8-11
1) An explanation of the value of sustainability for the financial services institution, issuer or public company;	8-9
2) An explanation of the response of the financial services institution, issuer or public company to issues related to the implementation of sustainable finance;	Not applicable
3) An explanation of the commitment of the leadership of the financial services institution, issuer or public company to implementing sustainable finance;	Not applicable

POJK 51	Pages
4) Achievements in implementing sustainable finance; and	Not applicable
5) Performance challenges in implementing sustainable finance.	Not applicable
b. Implementation of sustainable finance, covering at least:	
1) Performance achievements in implementing sustainable finance (economic, social and environmental) compared to targets; and	Not applicable
2) Explanation of achievements and challenges, including significant events during the reporting period (for financial services institutions that are required to make a sustainable finance action plan).	Not applicable
c. Strategy for achieving targets, covering at least:	
1) Management of risks to the application of sustainability with regard to economic, social and environmental aspects;	22,25,44
2) Utilization of opportunities and business prospects; and	22
3) Explanation of the external economic, social and environmental situation that could potentially influence the sustainability of the financial services institution, issuer or public company.	22
5. Sustainability governance, including:	
a. Description of the duties of directors and commissioners, employees, officers and/or work units that are responsible for sustainable finance implementation.	23-25
b. Explanation of competency development for members of the board of directors, members of the board of commissioners, employees, officers and/or work units that are responsible for sustainable finance implementation.	24
c. Explanation of the procedures used by the financial services institution, issuer or public company to identify, measure, monitor and control risks to the application of sustainable finance with regard to economic, social and environmental aspects, including the role of the board of directors and board of commissioners in managing, periodically reviewing, and assessing the effectiveness of the financial services institution's, issuer's or public company's risk management processes.	23,25
d. Explanation of stakeholders, covering:	
1) Stakeholder engagement based on the results of a management assessment, gms, decision letter or other; and	13,14-15
2) Approaches used by the financial services institution, issuer or public company to engage stakeholders in the implementation of sustainable finance, including through dialog, surveys and seminars.	13,14-15
e. Problems faced, their development, and their influence on sustainable finance implementation.	13,14-15,16
6. Sustainability performance, including at least:	
a. Explanation of activities to develop an internal sustainability culture at the financial services institution, issuer or public company.	18,19
b. Description of economic performance in the last 3 (three) years, covering:	
1) Comparison of production targets and performance, portfolio, financing targets, or investment, revenue and income if the sustainability report is compiled separately from the annual report; and	2,42-43
2) Comparison of portfolio targets and performance, financing targets, or investment in financial instruments or projects that are aligned with the implementation of sustainable finance.	Not applicable
c. Social performance in the last 3 (three) years:	
1) Financial services institution's, issuer's or public company's commitment to providing services for equivalent products and/or services to consumers.	Not applicable
2) Employment, including at least:	
a) statement regarding equal work opportunities and the existence or otherwise of forced labor and child labor;	84,86
b) remuneration of permanent employees at the lowest grade as a percentage of the regional minimum wage;	Not reported
c) decent and safe work environment; and	78,86
d) employee training and competency development.	82-84

POJK 51	Pages
3) Society, including at least:	
a) information on operational activities or areas that have positive and negative impacts on the surrounding communities, including financial literacy and inclusion;	88-90
b) community complaints mechanisms, and number of community complaints received and followed up; and	13,14,15,25, 49,85,87,88
c) csr that can be related to support for sustainable development objectives, covering types and achievements of community empowerment program activities.	91-99
d. Environmental performance of the financial services institution, issuer or public company, including at least:	
1) Expenditure on environment;	
2) Description of the use of environment-friendly materials, such as recyclable materials; and	70,74,75
3) Description of energy use, including at least:	
a) quantity and intensity of energy use; and	69
b) efficiency measures and achievements, including the use of renewable energy sources;	69,70
e. Environmental performance for financial services institutions, issuers or public companies whose business process is directly related to the environment, including at least:	
1) Performance as intended in letter d;	69,70,74,75
2) Information about operational activities or areas that have positive and negative impacts on the surrounding environment, particularly efforts to increase the carrying capacity of ecosystems;	48, 49, 50-52, 53, 54-55, 56,58, 59-63
3) Biodiversity, including at least	
a) Impact of operational areas that are close to or in conservation areas or have biodiversity; and	50-52
b) biodiversity conservation measures taken, including protection of flora or fauna species;	50-52,53,54-55
4) Emissions, including at least:	
a) Quantity and intensity of emissions produced, by type; and	72
b) Emission reduction efforts and achievements;	72
5) Waste and effluent, including at least:	
a) Quantity of waste and effluent produced, by type;	Not reported
b) Mechanisms to manage waste and effluent; and	74-75
c) Spills that occurred (if any); and	
6) Number and subject of environmental complaints received and resolved.	Not reported
f. Responsibility for developing sustainable finance products and/or services, including at least:	
1) Innovation and development of sustainable finance products and/or services;	Not applicable
2) Number and percentage of products and services that have been evaluated for consumer safety;	Not applicable
3) Positive and negative impacts of sustainable finance products and/or services and distribution processes, as well as measures taken to mitigate negative impacts;	Not applicable
4) Number of products recalled, and the reasons; or	Not applicable
5) Customer satisfaction survey of sustainable finance products and/or services.	Not applicable
7. Written verification from an independent party, if available	100
8. Feedback page for readers, if available; and	113
9. Response from the financial services institution, issuer or public company to feedback from the prior year.	Not applicable

FEEDBACK FORM

The 2019 Sustainability Report of PT. Austindo Nusantara Jaya Tbk. provides an overview of our sustainability performance. We look forward to your inputs, constructive feedbacks and suggestions after reading this Sustainability Report, either by email or by sending this form by fax/post.

YOUR PROFILE

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

STAKEHOLDER CATEGORY

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

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

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

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

Prosperity

Economic Performance ☐

People

Occupational health and safety ☐

Local communities ☐

Supplier social assessment ☐

Planet

Biodiversity ☐

Emissions ☐

Supplier environmental assessment ☐

Thank you for your participation.

Please send this feedback form to: [102-53]
 PT. Austindo Nusantara Jaya Tbk.
 Corporate Communications
 BTPN Tower, Floor 40
 Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5-5.6
 Jakarta 12950
 Indonesia
 Tel. +62 21 2965 1777
 Fax. +62 21 2965 1788
 Email: anj.corcomm@anj-group.com
 www.anj-group.com

PROLOGUE

ABOUT PT. AUSTINDO NUSANTARA JAYA TBK.

PROSPERITY-ECONOMIC PERFORMANCE

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ABBREVIATIONS

3R	Reduce, Reuse, Recycle
AANE	PT. Austindo Aufwind New Energy
ACGS	ASEAN Corporate Governance Scorecard
AELT	ANJ Executive Leadership Team
AGMS	Annual General Meeting of Shareholders
ALC	ANJ Learning Center
AMDAL	<i>Analisis Mengenai Dampak Lingkungan</i> or Environmental Impact Assessment
ANJ	PT. Austindo Nusantara Jaya Tbk.
ANJA	PT. Austindo Nusantara Jaya Agri
ANJAP	PT. ANJ Agri Papua
ANJAS	PT. Austindo Nusantara Jaya Agri Siais
BAN	<i>Badan Akreditasi Nasional</i> or National Accreditation Board
Bappenas	<i>Badan Perencanaan Pembangunan Nasional</i> or National Development Planning Agency
BDI	<i>Balai Diklat Industri</i> or Industrial Training Center
Bentara	Belitung Integrated Alternative Tourism Development
BKKBD	<i>Badan Kependudukan dan Keluarga Berencana Daerah</i> or Regional Population and Family Planning Agency
BKKBN	<i>Badan Kependudukan dan Keluarga Berencana Nasional</i> or National Population and Family Planning Agency
BKSDA	<i>Balai Konservasi Sumber Daya Alam</i> or Natural Resources Conservation Center
BLKI	<i>Balai Latihan Kerja Industri</i> or Industrial Work Training Center
BOC	Board of Commissioners
BOD	Board of Directors
BPJS Kesehatan	<i>Badan Pengelola Jaminan Sosial Kesehatan</i> or Healthcare Social Security Agency
BPJS Ketenagakerjaan	<i>Badan Pengelola Jaminan Sosial Ketenagakerjaan</i> or Employment Social Security Agency
BPOM	<i>Badan Pengawas Obat dan Makanan</i> or and National Agency of Drug and Food Control
BRC	British Retail Certification
BRI	Bank Rakyat Indonesia
BumDes	<i>Badan Usaha Milik Desa</i> or Village-owned enterprise
CBO	Community Based Organization
CDM	Clean Development Mechanism
CED	Chronic energy deficiency
CEO	Chief Executive Officer
CFC	Chlorofluorocarbons
CH₄	Methane
CI	Conservation International
CID	Community Involvement and Development
CIRAD	<i>Centre de Coopération Internationale en Recherche Agronomique pour le Développement</i>
CITES	Convention on International Trade of Endangered Species
CLA	Collective Labor Agreement
CO₂	Carbon Dioxide
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
ECE	Early Childhood Education
EFB	Empty Fruit Bunches
EGMS	Extraordinary General Meeting of Shareholders
EHS	Environment, Health and Safety
ESP	Electrostatic Precipitator
FAT	Fatality
FFB	Fresh Fruit Bunches
GAP	Good Agricultural Practices
GCG	Good Corporate Governance

GHG	Greenhouse Gas
GIS	Geographic Information System
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> or German Agency for International Cooperation
GJ	Gigajoule
GMIT	PT. Gading Mas Indonesia Teguh
GMS	General Meeting of Shareholders
GPS	Global Positioning System
GSB	PT. Galempa Sejahtera Bersama
HACCP	Hazard Analysis and Critical Control Points
HCS	High Carbon Stock
HCV	High Conservation Value
HDPE	High-density polyethylene
HCFCs	Hydrochlorofluorocarbons
HGU	<i>Hak Guna Usaha</i> (Right to Cultivate)
ICT	Information and Communications Technology
IICD	Indonesian Institute for Corporate Directorship
ILO	International Labor Organization
ISCC	International Sustainability and Carbon Certification
ISO	International Organization for Standardization
ISPO	Indonesian Sustainable Palm Oil
IUCN	International Union for Conservation of Nature
IUPHHBK-HA	<i>Izin Usaha Pemanfaatan Hasil Hutan Bukan Kayu - Hutan Alam</i> or Business License for the Utilization of Non-Timber Forest Products – Natural Forest
KAL	PT. Kayung Agro Lestari
KB	<i>Keluarga Berencana</i> or Family Planning Program
KEE	<i>Kawasan Ekosistem Esensial</i> or Essential Ecosystem Area
KPI	Key Performance Indicator
KTPA	<i>Kelompok Tani Peduli Api</i> or smallholder farmer fire-fighting groups
LDPE	Low-density polyethylene
LED	Light-emitting diodes
LKS Bipartit	Bipartite forum
LOTO	lockout-tagout
LTI	Lost Time Injury
MASSI	<i>Masyarakat Sagu Indonesia</i> or Indonesian Sago Community
MoEF	Ministry of Environment and Forestry
MoU	Memorandum of Understanding
MT	Management Trainee
MTC	Medical Treatment Case
MUI	<i>Majelis Ulama Indonesia</i> or Indonesian Council of Ulama
N2O	Nitrous oxide
NGO	Non-governmental organization
NOX	Nitrogen oxide
NRC	Nomination and Remuneration Committee
OD	Occupational Disease
ODS	Ozone-depleting substances
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Management System
OSHA	Occupational Safety and Health Administration
P&C	Principles and Criteria
PAUD	<i>Pendidikan Anak Usia Dini</i> or Early Childhood Education

Pendaki	<i>Peduli Keanekaragaman Hayati</i> or Care for Biodiversity
PGPAUD	<i>Pendidikan Guru PAUD</i> or ECE Teacher Education
PGSD	<i>Pendidikan Guru Sekolah Dasar</i> or Elementary School Teacher Education
PIPIB	Indicative Map of the Moratorium on Issuing New Licenses
PK	Palm Kernel
PLN	<i>Perusahaan Listrik Negara</i> or State Electricity Company
PM	Particulate matter
PMP	PT. Putera Manunggal Perkasa
PODES	<i>Potensi Desa</i> , or government statistics on village potential
POJK	<i>Peraturan Otoritas Jasa Keuangan</i> or Financial Services Authority Regulation
POME	Palm oil mill effluent
PONGO	Palm Oil & NGO alliance
Posyandu	<i>Pos Pelayanan Terpadu</i> or village health post
PPE	Personal Protective Equipment
PPM	PT. Permata Putera Mandiri
PROPER	<i>Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup</i> or Program for Ranking Corporate Performance in Environmental Management
PSDH	<i>Provisi Sumber Daya Hutan</i> or forest resource levy
Puskesmas	<i>Pusat Kesehatan Masyarakat</i> or primary health centers
R&D	Research and Development
RD	Responsible Development
RKL	<i>Rencana Pengelolaan Lingkungan</i> or Environmental Management Plan
RPL	<i>Rencana Pemantauan Lingkungan</i> or Environmental Monitoring Plan
RSP0	Roundtable on Sustainable Palm Oil
SDG	Sustainable Development Goals
SIA	Social Impact Assessment
SIMPEL	Electronic Environment Reporting Information System
SMK3	<i>Sistem Manajemen Kesehatan & Keselamatan Kerja</i> or Occupational Health and Safety Management System
SMM	PT. Sahabat Mewah Makmur
SNI	<i>Standar Nasional Indonesia</i> or Indonesian National Standard
SOP	Standard Operating Procedures
SOX	Sulfur oxides
SP	<i>Surat Pengantar</i> or delivery order
SPd	<i>Sarjana Pendidikan</i> or Bachelor of Education
SPOTT	Sustainable Palm Oil Transparency Toolkit
UAV	Unmanned Aerial Vehicle
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	UN Global Compact
USD	US Dollars
VPHSR	Voluntary Principles on Security and Human Rights
WBCSD	World Business Council for Sustainable Development
WBS	Whistleblowing System
WDPA	World Database on Protected Areas
WHO	World Health Organization
WRI	World Resources Institute
YIARI	Yayasan Inisiasi Alam Rehabilitasi Indonesia
YILB	Yayasan Indonesia Lebih Baik
YKAN	Yayasan Konservasi Alam Nusantara
YPCII	Yayasan Pembangunan Citra Insan Indonesia
ZSL	Zoological Society of London

2019 SUSTAINABILITY REPORT

PT Austindo Nusantara Jaya Tbk.

PT AUSTINDO NUSANTARA JAYA Tbk.

BTPN Tower, 40th Floor

Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5 – 5.6

Jakarta 12950

Tel. |62 21| 2965 1777

Fax. |62 21| 2965 1788

www.anj-group.com