

SEIZING OPPORTUNITIES EXPANDING RESPONSIBLY

SUSTAINABILITY REPORT 2013

PHILIPPINES

SINGAPORE

INDONESIA

Ind©Agri

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SUSTAINABILITY COMMITMENT

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

VISION

To become a leading vertically integrated and diversified sustainable agribusiness, and a world-class agricultural research and seed breeding company.

MISSION

To be a low cost, and low impact producer, through high yields and cost-effective and efficient operations.

To continuously improve our people, processes and technology.

Exceed our customers' expectations, whilst ensuring the highest standards of quality.

Recognise our role as responsible and engaged corporate citizens in all our business operations, including sustainable environmental and social practices.

To continuously increase stakeholders' value.

VALUES

CONSISTENT

Our success rests on satisfying **CUSTOMERS'** needs

INNOVATION is our key to future growth

Reliable **STAFF** is our biggest asset

EXCELLENCE is our way of life

TEAMWORK makes a winning team

INTRODUCTION



AT A GLANCE

Indofood Agri Resources Ltd (“IndoAgri”, and together with its subsidiaries, the “Group”) is a vertically integrated and diversified agribusiness group. Its activities span the entire palm oil supply chain – from research and development to seed breeding, oil palm cultivation, milling and the production of cooking oil, shortening and margarine. The company also cultivates sugar cane, rubber, cocoa and other crops.

ABOUT THIS REPORT

We have prepared the report in accordance with the Global Reporting Initiative (GRI) G4 Core Guidelines and the AA1000 Accountability Principles (2008) of inclusivity, materiality and responsiveness. This report focuses on how IndoAgri achieves its profits working alongside stakeholders to enhance the welfare of employees and local communities and to ensure the sustainability of the environment.

We have initially focused our sustainability agenda on key materiality issues in our oil palm plantations. In this report, we describe the sustainability progress across our oil palm plantations, palm oil mills and palm oil refineries. Our other crops (sugar, rubber, cocoa and other plantations) are not included within the scope of this report, but we are in the progress to include all crops in our future sustainability initiatives and reports. (G4-18)

This report relates to the financial year from 1 January 2013 to 31 December 2013. The environmental data provided in this report are based on our plantations and mills that are certified or first time audited in 2013 by the Roundtable on Sustainable Palm Oil (RSPO), and mills and refineries that are audited by Indonesia’s Programme for Pollution Control, Evaluation and Rating (PROPER), as these data were independently verified. The data are taken from our main subsidiaries PT SIMP and PT Lonsum, and cover 83,449 hectares or 35% of our total oil palm estates, and 14 or 67% of our palm oil mills and two of our palm oil refineries in 2013. We aim to have all our estates, plasma smallholders and mills RSPO certified by 2019. Where other data are also provided, these are stated separately within the report. (G4-17)

The financial and employee data cover the entire Group unless otherwise stated.

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

We welcome feedback on this report at the following email address: sustainability@indofoodagri.com

FUTURE REPORTING

This is IndoAgri second sustainability report and we will continue to publish the report annually.



CEO STATEMENT

DEAR STAKEHOLDERS,

Over the years, IndoAgri has continued to strengthen our sustainability practices and outreach efforts as part of our corporate responsibility towards environmental conservation and social development.

It is a deep commitment that started many years ago, through breeding higher yielding oil palm seeds, voluntarily certifying our estates to the RSPO standard, using barn owls, adopting zero burning, and many other initiatives, long before current stakeholders talked about sustainability.

2013 was a pivotal year for us as we extend the sustainability programmes across our supply chain, with clear key indicators established towards accomplishing sustainability and traceability milestones.

This is our second Sustainability Report since we embarked on a formal accounting of our sustainability efforts in 2012 that is based on disclosure of our key materiality issues. This report follows version 4 of the Global Reporting Initiative guidelines.

KEY ACHIEVEMENTS AND MILESTONES IN 2013

RSPO is recognised globally as the highest standard in sustainable palm oil production. In the area of sustainable agriculture, we have approximately 30,000 hectares of PT SIMP's oil palm plantation audited and subsequently certified by RSPO in 2014, bringing our total certified Crude Palm Oil (CPO) output to 291,000 tonnes. PT Lonsum also attained its first ISPO certification for 45,000 tonnes of CPO.

We published our first Sustainability Report in 2013 in an effort to institutionalise and strengthen traceability across the Group's operations. To support reporting by the Group's sustainability teams, a Sustainability KPI Data Management System is being developed using SAP infrastructure.

WIDENING RESPONSIBILITY ACROSS VALUE CHAINS

IndoAgri is a vertically integrated agribusiness. As a trusted international brand, we firmly believe that while we are providing quality and safe products to our customers, we are achieving this in a sustainable way that does not disadvantage the local communities or compromise the environment in which we operate. Through our sustainability efforts, we are leveraging on our influence as a CPO buyer, nucleus and oil palm seed breeder to effect this transformation in our palm oil value chain.

In our 2012 Sustainability Report, we set out clear timelines and targets for our own plantations. In 2013, we extended this effort and began the process of co-creating a traceable and sustainable supply chain with our external CPO suppliers. We engaged them in regular dialogues on sustainable farming practices, and developed a set of Palm Oil Sourcing Policy and Responsible Supplier Guidelines to support sustainable farming practices. These guidelines will start to be implemented from June 2014 for all our external CPO suppliers.

We intend to expand similar programmes to the other crops in future, so that as a Group, we can attain sustainable operations in all our plantations, mills and refineries, and across the entire value chain.

INTEGRATING TRACEABILITY AND SUSTAINABILITY INTO KEY OPERATIONS

A key strategy to accelerate our sustainability efforts is to establish key targets for our materiality issues and to embed sustainable practices into all our operations.

We aim to manage all our crops according to their respective industry sustainability standards. We are currently supporting the development of some of these standards by actively participating in RSPO, ISPO and the Partnership for Indonesia Sustainable Agriculture (PISAgro) for palm oil, as well as the Cocoa Sustainability Partnership for cocoa.

As palm oil is one of our key products, we have been improving the yield per hectare of the crops through agronomy, process reengineering and technology application over the years. Together, our two oil palm seed businesses, Sumbio and PT SAIN, can produce over 30 million high yielding oil palm seeds each year for planting in our estates as well as selling to third parties.

Yield can only be improved if the oil palm seed already possesses the genetic potential to do so. It is therefore critical to use parental materials with the best yield in our seed breeding programmes. Using more productive seeds will also ensure optimal land use.

Amongst other initiatives and KPIs to integrate sustainability into our operations that are detailed in this report, we are implementing an RSPO carbon accounting tool to measure our carbon footprint comprehensively, and to establish a carbon baseline across the Group. Our initial results can be seen on page 37 of this report.

We have also developed a system to monitor the sustainability KPIs online and to provide real-time operational and agronomy data to the managers. These initiatives will be implemented across the Group in 2014.

IMPROVING LIVES OF LOCAL COMMUNITIES

In 2013, we have 41,405 employees working within the Group. We recognise their contributions to the success of our business, and ensure that every employee is adequately rewarded by complying with the minimum wages stipulated by the local governments.

As a Group, we are constantly seeking ways to improve the safety, hygiene and living conditions for our employees, as well as the workers and their families living on the estates. Currently, every estate provides essential services and basic amenities, including clean water, electricity, proper medical care, housing, sports facilities, roads and schools.

We believe education is instrumental in human capital development and have employed 975 teachers in the 171 schools and kindergartens on our oil palm estates to provide free education for the children of our employees.

We actively pursue two of the United Nation's Millennium Development Goals to reduce child mortality and promote the health of pregnant women. Besides the medical clinics in the estates, we support the operations of 206 posyandu or integrated health posts that are run by the local communities. We also provide pregnant mothers with free immunisation, essential vitamins and minerals, prenatal checks and medical care services in an effort to reduce infant mortality rate.



Various efforts were undertaken in 2013 to support micro-entrepreneurship projects as a means to improve the livelihoods of the local people. We have been supporting the Indonesian government's nucleus-plasma programme by assisting local smallholders to develop their own sustainable oil palm plots through provision of high yielding seeds, training, financing and management of the plasma plots. We are stepping up efforts by having our first batch of smallholders certified by RSPO in 2015.

In other areas, we helped housewives in local communities to start food businesses by providing bakery training and donating kitchen appliances to them. We sponsored fishermen in nearby villages to build fish cages for sustainable fish farming. These are all parts of our outreach programme to improve communities near our estates.

In Indonesia, cataract affects more than 2 million people across all age groups. To help reduce these numbers, we are working with doctors from the Indonesian army to conduct medical operations on cataract and other eye diseases in the field for patients living on our estates. As of April 2014, we have performed cataract operations on 263 people in Kalimantan and 201 in South Sumatra.

DIVERSIFICATION INTO OTHER CROPS

It has always been a strategic consideration for IndoAgri to diversify its investments into other agriculture products in order to mitigate the cyclical risk of any particular crop and to optimise the use of our plantations and resources. The knowledge we have gained growing different crops enables us to identify the best crops for different types of terrain and location, and guide us in our strategy to expand into other crops.

In 2013, we invested in sugar cane plantations and mills in Brazil and the Philippines. These investments significantly expand our sugar assets outside of Indonesia. Through Companhia Mineira de Açúcar e Álcool Participações (CMAA), our first overseas operation in Brazil, we acquired the latest GPS and mechanisation technology in sugar cane cultivation.

In 2014, CMAA will start the process to apply for the Bonsucro certification for its operations. Bonsucro is a globally recognised standard, and a multi-stakeholder non-profit organisation, similar to RSPO. It promotes measureable standards that balance the environmental and social impacts of sugar cane production and primary processing with the economic viability of business operation.

We are currently reviewing the techniques and technology used in Brazil and the Philippines, before establishing a common set of sustainability standards and guidelines that will allow us to adopt the best practices in our sugar plantations and by our supply chains.

JOURNEY AHEAD

The commodity markets are typically characterised by volatile pricing and intense competition. The fluctuating energy market and wavering demand for biofuels are also strongly influencing the price and production of sugar and palm oil.

The global population crossed the seven-billion mark in 2014. With more people migrating into cities, there will be increasing demand for both staple and supplementary food. As the world trudges surely towards a global population of nine billion people by 2050, global food production has to increase by 70%, with 20% to be achieved before 2020.

This irreversible trend entails more farming for food crops, which will compete with one another, as well as other natural reserve priorities, for land space, water and other scarce resources. The abrupt changes in global climatic patterns has already taken its toll on crop production worldwide, with crop growth disrupted by the intermittent spells of drought and flood. It will no doubt have other indeterminable implications on the land and environment that can only be revealed with time.

Sustainable agriculture and responsible business practices are critical to ensure that the environment, land and indigenous people can continue to support our operations to meet the growing global demand for food and biofuel. It is with this mission that we have set out our sustainability strategy with six supporting programmes, which can be seen on page 23 of this report to address the current and emerging challenges and to mitigate the impact of our operations on the environment.

APPRECIATION

A momentous journey is never taken alone. The sustainability programme is such an endeavour that requires the collaboration of the best minds and the enterprise of the human spirits to seek innovative and responsible ways to conduct our business and operations with minimal impact to the environment and without disadvantaging the local communities.

I am deeply appreciative of the Board of Directors for their leadership and insights, and to my colleagues in the management team, their faithfulness and support. I pay special tribute to our 41,405 employees and approximately 50,000 smallholders who work relentlessly together to achieve our sustainability targets. It is their drive and determination that provide the momentum and motivation that turn an ideal into far-reaching programmes and tangible results!

Mark Wakeford
CEO

GEOGRAPHICAL PRESENCE

SOUTH EAST ASIA



SOUTH AMERICA





OIL PALM ACREAGE
(NUCLEUS)
239,921
HECTARES

OIL PALM ACREAGE
(PLASMA)
86,215
HECTARES

SUSTAINABLE PALM OIL
248,000
TONNES

OUR PEOPLE
41,405
EMPLOYEES

APPROX
50,000
PLASMA FARMERS

Legend

- | | |
|--|--|
|  Oil Palm |  Tea |
|  Sugar Cane |  Refinery |
|  Rubber |  Sugar Mill |
|  Cocoa |  Copra Mill |

SUSTAINABILITY MILESTONES

2006

PT SIMP acquired 70% of PT SAIN, which owned three plantations in West Kalimantan.



2009

Attained RSPO certification for PT Lonsum's North Sumatra estates, bringing IndoAgri's total certified CPO output to 170,000 tonnes.

PT SIMP acquired remaining 30% share of PT SAIN, an R&D and oil palm seed breeding company.

Streamline operations by merging PT SIMP's seed business with PT SAIN's breeding expertise. The higher yields from seed breeding, best-practice agronomy and crop protection serve to minimise environmental impact while meeting growing palm oil demands.





2011

Attained RSPO certification for an additional 25,000 tonnes of CPO, bringing IndoAgri's total certified CPO output to 195,000 tonnes.



2012

Attained RSPO certification for an additional 53,000 tonnes of CPO, bringing IndoAgri's total certified CPO output to 248,000 tonnes.

IndoAgri invested in a 26.4% equity share of Heliae, an algae technology solutions company. Its technology can potentially contribute to the development of sustainable biofuel as well as a vegetable source of Omega 3 and 6 nutrients. The latter can reduce reliance on fatty acids derived from fish oils, which are becoming unsustainable as fish stocks become depleted from global overfishing and seawater contamination.



2013

133,000 tonnes of CPO of PT SIMP's oil palm mills, covering approximately 30,000 hectares, were audited against RSPO, of which 43,000 tonnes has been certified by RSPO in 2014, bringing IndoAgri's total certified CPO output to 291,000 tonnes as of April 2014.

PT Lonsum attained its first ISPO certification for 45,000 tonnes of CPO.

A Sustainability KPI Data Management System is being developed using SAP infrastructure.

The Group published its first Sustainability Report.

The Group published its sustainable palm oil policy including the commitment to no new planting on peatland from September 2013.



SUSTAINABILITY TARGETS AND MATERIALITY ISSUES

RSPO, ISPO & CARBON FOOTPRINT TARGETS FOR OIL PALM PLANTATIONS

Year	Status 2013	2014	2015	2016	2017	2018	2019	Total	Programme
RSPO Nucleus (hectares)	83,449	26,172	54,691	75,609				239,921	Sustainable Agriculture, Products
ISPO Nucleus* (hectares)	8,071	106,531	95,804	29,515				239,921	
RSPO Plasma* (hectares)			1,675		14,232	48,707	21,601	86,215	Smallholders
Carbon Footprint Palm Oil		Data Collection and development reduction target							Sustainable Agriculture, Products

*Note 1: The above targets for RSPO and ISPO are based on when the audit for certification requirements occur, certification issue date is subject to the accreditation period of the certifying body.
* A system developed by the Indonesian government for estates (nucleus) owned by plantation companies to develop oil palm plots (plasma) near their own plantation for smallholders.*

BALANCING ENVIRONMENTAL AND SOCIAL CONCERNS WITH ECONOMIC OPPORTUNITIES

Agricultural expansion, driven by both smallholders and large-scale agriculture organisations, has rightly become a strong focus for environmental sustainability. Other common issues of concern are social conflicts due to land ownership, and the right to Free, Prior and Informed Consent for the indigenous people.

Despite these issues, the palm oil industry has created millions of jobs, both on the farm and non-farm, and has contributed significantly to Indonesia’s agriculture exports. District authorities and smallholder cooperatives participate actively in agricultural activities to realize the inherent economic benefits. Expert studies have shown that oil palm has been instrumental in reducing, and in some cases, eliminating rural poverty in developing countries.

In Indonesia, efforts to minimise the environmental impacts and optimise the social benefits of palm oil have led to the establishment of mandatory standards, like the Indonesian Sustainable Palm Oil (ISPO), for local palm oil industry. By the end of 2014, it will be compulsory for all palm oil plantations in Indonesia to embark on the ISPO certification process.

COMPLIANCE WITH RSPO AND ISPO STANDARDS

The RSPO is a Non-Governmental Organisation (NGO) formed by international palm oil producers, end-users and other NGOs. It is, to date, the highest environmental and social standards attainable in the palm oil industry. IndoAgri is a member of the RSPO and aims to obtain RSPO certification for all its plantations. We are also preparing our plantations for the ISPO audit.

Further reading on the RSPO and ISPO framework is provided on page 66-67.

SUSTAINABILITY AIMS

The Group aims to achieve the following objectives by 2019:

1. Certify all estates managed by the Group and its plasma smallholders to RSPO and ISPO
2. Audit 100% of our palm oil and other crops against world class standards, such as RSPO
3. Reduce our environmental footprint
4. Improve the lives of the people living and working on our estates

RSPO, ISPO, PROPER & CARBON FOOTPRINT TARGETS FOR PALM OIL MILLS

Year	Status 2013	2014	2015	2016	Total	Programme
RSPO	9	3	4	5	21	Sustainable Agriculture, Products
ISPO	1	11	7	2	21	
PROPER	10	2	4	5	21	
Carbon Footprint Palm Oil		Data Collection and development reduction target				

Note1: The above targets for RSPO and ISPO are based on when the audit for certification requirements occur, the issue date of the certificate is subject to the accreditation period of the certifying body.

Note2: The audit targets are application dates of the factories to participate in the PROPER audit done by the Indonesian government. Participation is subject to the approval by the Indonesian Ministry of Environment.

PROPER, SUPPLIER TARGET FOR PALM OIL REFINERIES

Year	Status 2013	2014	2015	Total	Programme
PROPER	2	2	1	5	Sustainable Agriculture, Products
% Suppliers who adopt Palm Oil Sourcing Policy		Engage suppliers and develop targets			Safe and Traceable Products

Note: The audit targets are application dates of the factories to participate in the PROPER audit done by the Indonesian government. Participation is subject to the approval by the Indonesian Ministry of Environment.

TARGETS FOR THE GROUP

Year	Status 2013	2014	2015	2016	Programme
Capacity Building	IndoAgri sustainability team	Developing programmes and sustainability KPIs for management Regular Sustainability Think Tank meetings with Directors from Group and subsidiaries			Growing Responsibly
Global Reporting Initiative	GRI4-core				
Number of Cataract Operations	-	500	500	500	Solidarity

SUSTAINABILITY TARGETS AND MATERIALITY ISSUES

KEY PERFORMANCE DEVELOPMENTS

A fully traceable value chain underscores IndoAgri's priority to deliver safe and quality products while being socially and environmentally responsible. In 2013, we were ahead of our scheduled progress for RSPO certification, having audited nearly 50% more than the set target in 2013 of 16,097 hectares of our plantation estates. By committing to certify against the RSPO framework for all the estates managed by the Group and its plasma smallholders, we aim to achieve 100% sustainable palm oil by 2019.

In 2014 we will start engaging our external CPO suppliers with the sustainable palm oil sourcing policy involving our supply chain on our sustainability journey.

Sustainability performance and changes are reviewed during the sustainability think tank meetings attended by members comprising the Board of Directors of the Group and its main subsidiaries.

We have detailed our key materiality issues in the section "Sustainability Principles, Programmes and Policy". The relation between the materiality issues, our supporting programmes and performance indicators is tabulated below.

Materiality Issues	Supporting Programmes	GRI Performance Indicators In This Report	Page
Carbon Footprint including Deforestation	Sustainable Agriculture, Products	GHG Emissions: EN15 & EN17 Initiatives to reduce GHG emissions: EN19 Energy conservation: EN6	37-38
Environmental Footprint including PROPER ISO14001	Sustainable Agriculture, Products	Pesticides use: EN1 (materials used) Water usage: EN8 (EN22 water discharge) Waste Generation – EN23 & Recycling EN2 Biodiversity – EN13 & EN14 General – EN28 (packaging), EN29 (compliance) & EN30 (transportation of products)	34-45
Governance including Transparency, Business Integrity & Anti-Corruption, Risk Management	GRI report ERM system Business Code of Conduct Growing Responsibly	Covered in GRI's standard disclosures, not KPIs	26-33
Land Rights including Scarce Land Resources	Sustainable Agriculture, Products	Sector specific – no GRI KPI. Covered by RSPO & ISPO*	32
Smallholders including PLASMA, Social Conflict Resolution	Smallholders	Sector specific – no GRI KPI. Covered by RSPO & ISPO*	54
Product Traceability / Sustainable Sourcing including RSPO/ISPO	Safe and Traceable Products	FP1 & FP2	46-51
Product Quality and Safety	Safe and Traceable Products	PR2 & PR3. FP5, FP6, FP7 & FP8	46-51
Occupational Health & Safety	Sustainable Agriculture, Products Estate Living	LA5, LA6 & LA8	59
Yield Maximisation including Innovation	Sustainable Agriculture, Products	Sector specific – no GRI KPI. Covered by Palm vision: 30:30:25	16-17
Human Rights	Policies Code of Conduct	Employment: Retention Rate LA3 Diversity LA12, Freedom of Association HR3	24-25 55-58

Note: * To learn more about the RSPO and ISPO framework please read pages 66-67 for more information.





BUSINESS OVERVIEW

IndoAgri is one of the largest oil palm plantation companies in Indonesia. As a diversified agribusiness group, we are also engaged in the cultivation of sugar cane, rubber and other crops.



REVIEW 2013

CORPORATE PROFILE

IndoAgri is a vertically integrated agribusiness group engaged in the cultivation of oil palms, sugar cane, rubber and other crops. Headquartered in Jakarta and listed on the Singapore Exchange (SGX), the majority of IndoAgri's plantations are located in Indonesia, where it has a 72.6% stake in PT SIMP and PT SIMP has a 59.5% stake in PT Lonsum.

Collectively, as at 31 December 2013, the Group's oil palm plantations covered 239,921 hectares in Indonesia, with an additional 86,215 hectares held by palm oil smallholders under the plasma scheme. Taking a step towards further diversification, we expanded outside Indonesia with the acquisition of sugar plantations in the Philippines and Brazil.

FINANCIAL HIGHLIGHTS

The Group recorded a total consolidated revenue of Rp13.3 trillion in 2013. This is a 4.1% decrease compared with 2012 due to lower average prices of key plantation crops. The operating income decreased 38% to Rp1.7 trillion on lower gross profit and foreign exchange losses, partly offset by a maiden profit contribution from CMAA, the joint venture in Brazil.

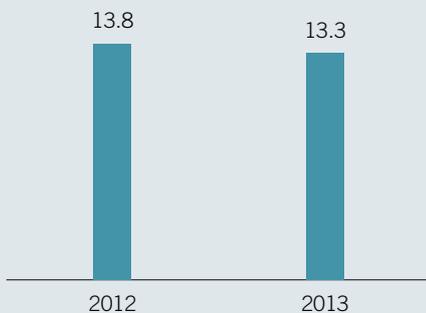
Net Profit After Tax (NPAT) and attributable profit for the year were Rp 0.9 trillion and Rp 0.6 trillion respectively, due to lower profit and income, higher effective corporate tax arising from irrecoverable deferred tax losses, and higher non-tax deductible expenses.

STRATEGIC EXPANSIONS

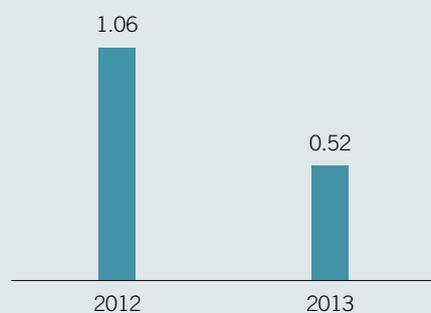
Through PT SIMP and PT Lonsum, the Group acquired a 79.7% interest in MPM in 2013. The acquisition offers access to the SAL Group, which holds three industrial forest plantation concessions totalling 73,330 hectares in Berau and East Kutai, East Kalimantan. This transaction strengthened our agribusiness model and diversification strategy into agriculture crops such as cocoa, corn and cassava, as we increase the food security per region through intercropping.

Gearing for higher Fresh Fruit Bunches (FFB) harvests in our maturing estates, a new 80 MT/hour oil palm mill in South Sumatra was completed in 2013, while a 45 MT/hour mill in East Kalimantan will be delivered in 2014. Also in the pipeline are two new 45MT/hour mills in Kalimantan scheduled for completion in 2015.

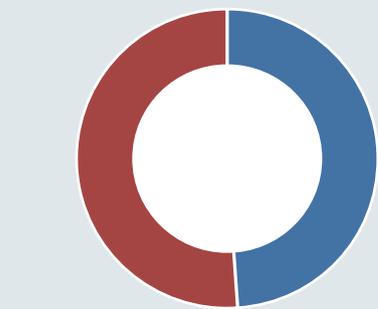
NET SALES (IN RP TRILLION)



ATTRIBUTABLE PROFIT (IN RP TRILLION)



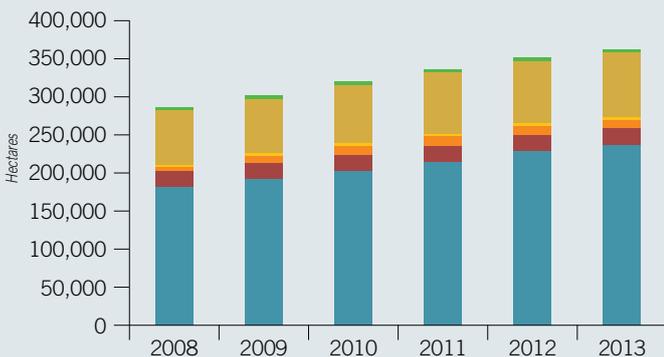
REVENUE CONTRIBUTION BY DIVISION



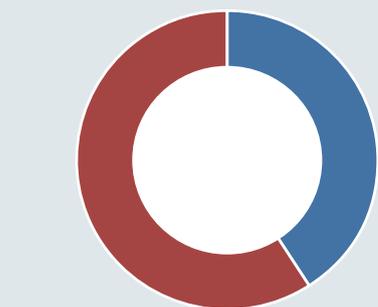
- 49% Plantations
- 51% Edible Oils and Fats

Note: Comprises of both internal & external sales

PLANTED AREA 2008 - 2013



CPO SALES VOLUME 2013



- 41% CPO External parties
- 59% CPO Internal parties

Anticipating higher FFB production from developing estates, we expanded our West Kalimantan mill in 2013, while another expansion in South Sumatra is due for completion in 2014.

With the completion of the new 150MT/day Palm Kernel Oil plant in Riau in Q1 2014, the Group is now working towards producing sustainable Palm Kernel Oil as the palm kernels come from our RSPO certified and audited estates.

Outside Indonesia, the Group acquired a 50% stake in CMAA, an investment that offers insights on efficient cane harvesting methods utilised in Brazil. Brazil supplies over 40% of world sugar exports as the lowest cost sugar producer. We also acquired an effective 10.2% stake in RHI, the largest integrated sugar business in the Philippines, and the third largest sugar market in Southeast Asia, after Thailand and Indonesia.

Following these investments, CMAA will commence the process for the Bonsucro certification of their operations in 2014. Bonsucro is a globally recognised standard, and a multi-stakeholder non-profit organisation, similar to RSPO. We are also reviewing the certification targets for our Indonesian sugar operations.

VALUE CHAIN

The Group's vertically integrated agribusiness model is driven by value creation across the entire value chain – from the production of planting material, to the development of plantations, harvesting, milling, refining and processing of CPO into cooking oil, margarine and shortening.

We are pursuing sustained growth from seed breeding to consumer sales through the development of upstream and downstream businesses in Indonesia. The basic structure of the value chain in our business is illustrated below.

According to market research, our branded cooking oils and margarine will continue to dominate Indonesia's consumer market. They are mostly sold via direct channels and through local and national distributors serving approximately 370,000 retail outlets across Indonesia. 10% of our branded cooking oils and margarine are exported to 50 countries.

We work with different suppliers along the value chain. In 2013, approximately 59% of the CPO used in the production of cooking oil, margarine and shortening were produced by the Plantation Division. The balance 41% of CPO requirements for our refineries were purchased from external parties.

Capturing Value Across The Entire Supply Chain

Upstream			Downstream	
R&D / Seed Breeding	Plantations	Mills	Edible Oils and Fats	Distribution
				
33m oil palm seeds p.a.	Diversified crops Indonesia Palm: 239,921Ha Production FY13 CPO: 810,000MT PK: 187,000MT	21 palm oil mills at capacity 5.2m MT p.a.	Leading market share in Indonesia branded cooking oil and margarine markets Strong sales and marketing expertise and extensive distribution network, serving ~370,000 retail outlets in Indonesia	Leverage on Indofood's 1,100 stock points 5 refineries at capacity: 1.4m MT p.a.
Develops sugar varieties	Indonesia Cane: 11,645Ha Brazil Sugar Cane: 42,517Ha	2 sugar mills/refineries in Indonesia at capacity 2.2m MT p.a.; 1 sugar mill in Brazil at capacity 3.0m MT p.a.		
	Rubber: 21,759Ha	4 crumb/ 3 sheet rubber factories		

PRODUCTS

PALM OIL

Palm oil is IndoAgri’s key plantation crop. As at 31 December 2013, our mature oil palm estates covered 177,099 hectares, while immature estates occupied 62,822 hectares or 26% of total planted palm area. Our immature estates are planted with seed materials produced by the seed breeding facilities at the Group’s agricultural R&D centres, Sumatra Bioscience (Sumbio) and PT SAIN.

The average age of our oil palms is about 12 years. Given the lower nucleus production and plasma purchases during the year, total FFB production was 3,761,000 tonnes. The oil extraction rate of FFB stood at 22.1%, resulting in CPO production of 810,000 tonnes in 2013.

The Group’s certified RSPO CPO production was 248,000 tonnes, or approximately 31% of 2013 total CPO production. Our Certified Sustainable Palm Oil (CSPO), is sold to the market via the “Book and Claim” supply chain mechanism from GreenPalm. The “Book and Claim” mechanism provides tradable certificates of RSPO-certified palm oil to the palm oil supply base, who can transact these certificates online to interested parties supporting specific volumes of RSPO-certified palm oil or their derivatives.

VISION 30:30:25

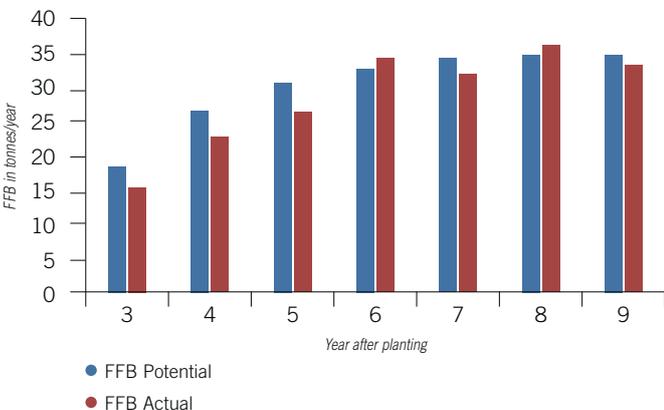
We manage our oil palm plantations in blocks of 30 hectares. As part of Vision 30:30:25, we strive towards better precision agronomy within each 30 hectare block to achieve FFB yields of 30 tonnes per hectare, and a palm extraction rate of 25%, during the peak production phase of the plantation.

We want to achieve productivity growth by closing the gap between potential and actual yield. Field trials have proven that the seeds we produce at Sumbio and PT SAIN can attain these target results.

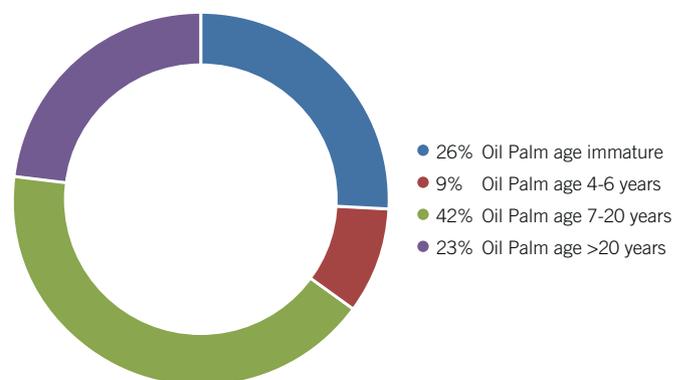
Our practice of performing block-by-block analyses provides specific recommendations on crop management and planting densities, fertiliser and herbicide usage, as well as predictions on yield and oil extraction rate – an effort complemented by extensive data collection, management and detailed investigation.

At the same time, we utilise GPS surveys and remote sensing technology to generate detailed 2D and 3D topographic maps, and Geographic Information System tools to provide analysis and troubleshooting to ensure optimum plantation management. We implemented an SAP system that enabled us to monitor the progress with real-time data support.

PT SAIN FFB YIELD POTENTIAL VERSUS ACTUAL IN RIAU PROVINCE ON S2 SOIL CLASSIFICATION



AGE OF OUR OIL PALM TREES



OIL PALM SEEDS

IndoAgri operates two advanced agricultural R&D centres: SumBio in Bah Lias, North Sumatra, and PT SAIN in Pekanbaru, Riau. They are two of ten oil palm seed breeding centres in Indonesia. In 2013, IndoAgri sold 18 million premium seeds, compared with 25 million seeds in 2012.

CHARACTERISTICS OF OUR OIL PALM SEEDS

Characteristics	PT SAIN	Sumbio
Potential Bunch Production (FFB)	31–34 tonnes/ha/yr	30–35 tonnes/ha/yr
Potential Palm Oil Production (CPO)	8.7–9.0 tonnes/ha/yr	8.1–9.3 tonnes/ha/yr
Potential Kernel Oil Production (PKO)	0.4–0.9 tonnes/ha/yr	0.9–1.2 tonnes/ha/yr
Oil Extraction Rate (OER)	26.0–26.5%	27.2–29.6%
Height Increment	63–67 cm/yr	69–80 cm/yr
Planting Density	143 palms/ha	143 palms/ha

Note: PT SAIN uses parent palm materials from ASD Costa Rica and OPRI from Ghana, derived from renowned breeding populations and breeding centres of Southeast Asia and West Africa. Sumbio uses palm materials from elite Harrisons & Crosfield Del dura and AVROS populations from Dam, Papua New Guinea, and various African breeding populations including Cameroon, Congo, Ivory Coast, Nigeria and Tanzania.

RUBBER

The Group's rubber estates are spread across North and South Sumatra, East Kalimantan and Sulawesi. As at end 2013, nucleus rubber estates occupied 21,759 hectares of land, of which 22% are immature. The average age of our rubber trees is about 14 years.

Sheet rubber, crumb rubber and cup lump remain to be our key rubber products. The Group's total rubber production in 2013 was 18,500 tonnes. 84% was exported to countries including Singapore, the US and UK, while the rest were sold domestically.

SUGAR

In 2008, we diversified into sugar cane cultivation and production as a key strategy for business expansion. In South Sumatra, we have a cane-planted acreage of 11,645 hectares, and an 8,000 TCD sugar mill and refinery with an annual processing capacity of 1.44 million tonnes. In 2013, we harvested 758,000 tonnes of sugar cane from our own estates, and produced 53,200 tonnes of sugar.

In Central Java, we have a 4,000 TCD sugar mill and refinery with an annual capacity of 720,000 tonnes. In 2013, we processed 438,000 tonnes of sugar cane from 5,600 hectares of sugar estates held by local farmers and a small area of our own estate. Total sugar production from Central Java was 28,000 tonnes. IndoAgri has an arrangement with these local smallholders, whose credit for seed cane, planting costs and fertiliser purchases is offset against their sales proceeds. The Group's share of the sugar produced in 2013 was 9,400 tonnes.

In 2013, we expanded our sugar business overseas. The acquisition of a 50% stake in CMAA offers access to Brazil's sugar and ethanol industry, as well as 42,517 hectares of planted sugar cane in Brazil. As a Group, we will tap into the technologies and agronomic best practices from CMAA, and to apply the advanced methodologies

and operational improvements across its plantations in Indonesia. We also invested a 30% stake in FP Natural Resources Limited (FPNRL), which has a 34% interest in Roxas Holdings Inc. (RHI), the largest integrated sugar business in the Philippines.

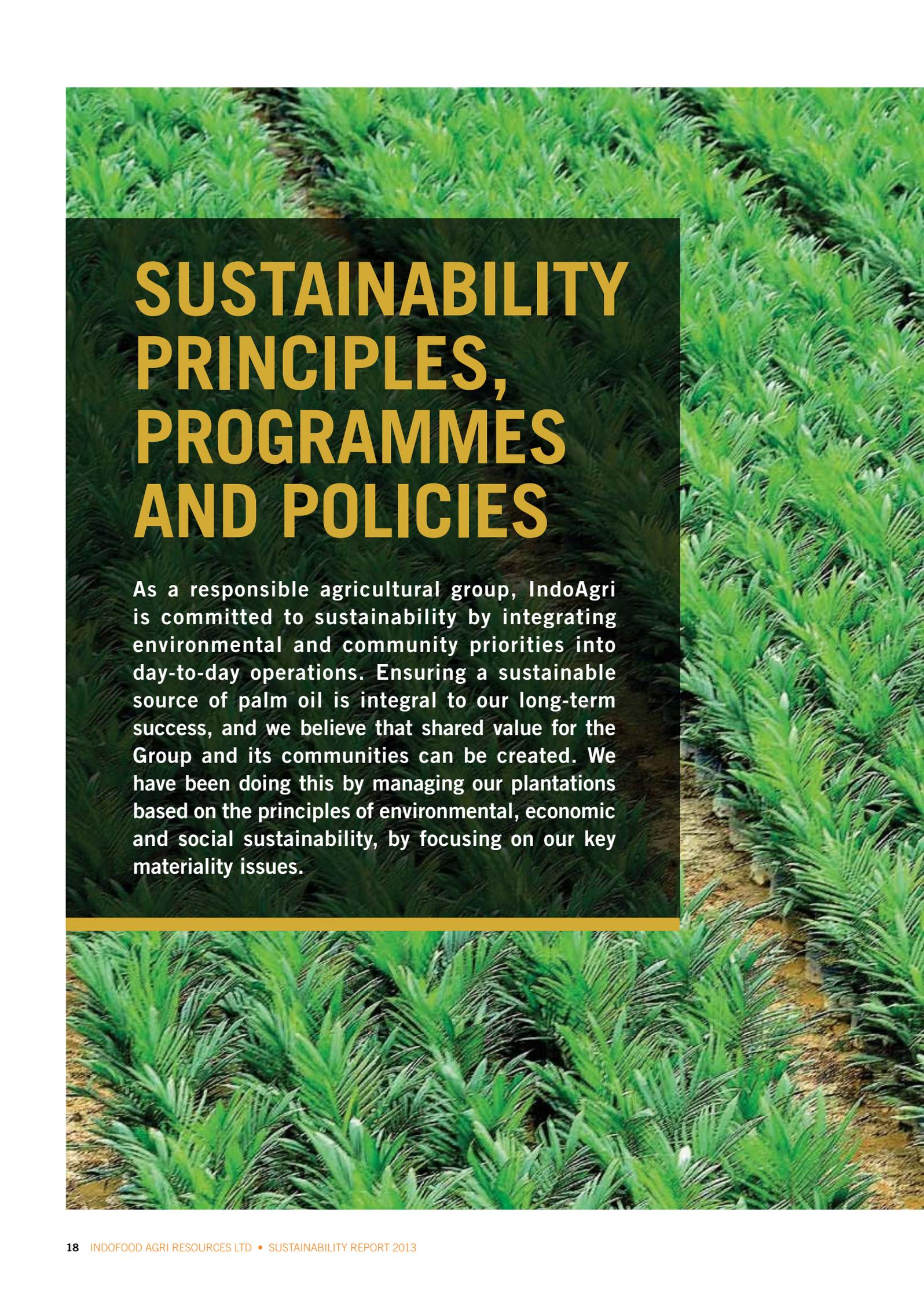
As sugar has increased significantly in our portfolio, we are reviewing the most appropriate sustainability standard for our sugar plantations. In 2014, CMAA will start the process to apply for the Bonsucro certification for their operations. Bonsucro is a globally recognised standard, and a multi-stakeholder non-profit organisation, similar to RSPO. It promotes measurable standards that balance the environmental and social impacts of sugar cane production and primary processing with the economic viability of business operation. In Indonesia, we have been advising and giving field training to our local sugar farmers on sustainable ways to improve yield and productivity.

We are currently reviewing the techniques and technology used in Brazil and the Philippines, before establishing a common set of sustainability standards and guidelines that will allow us to adopt the best practices in our Indonesian sugar plantations and by our supply chains.

EDIBLE OILS AND FATS

IndoAgri's downstream products include cooking oils, margarine, shortening, crude coconut oil (CNO) and by-products derived from oil palm refining, fractionation and crushed copra. The Group owns and operates 5 advantageously located refineries, with total processing capacity of 1.4 million tonnes of CPO per year.

Our Bimoli, Bimoli Spesial, Delima, and Happy range of cooking oils are leading brands in Indonesia. Our consumer margarine and shortening are marketed under the Palmia and Amanda brands, while their industrial equivalents are branded under Palmia, Simas, Amanda, Malinda and Delima.



SUSTAINABILITY PRINCIPLES, PROGRAMMES AND POLICIES

As a responsible agricultural group, IndoAgri is committed to sustainability by integrating environmental and community priorities into day-to-day operations. Ensuring a sustainable source of palm oil is integral to our long-term success, and we believe that shared value for the Group and its communities can be created. We have been doing this by managing our plantations based on the principles of environmental, economic and social sustainability, by focusing on our key materiality issues.



KEY MATERIALITY ISSUES (G4-18, G4-20, G4-26)

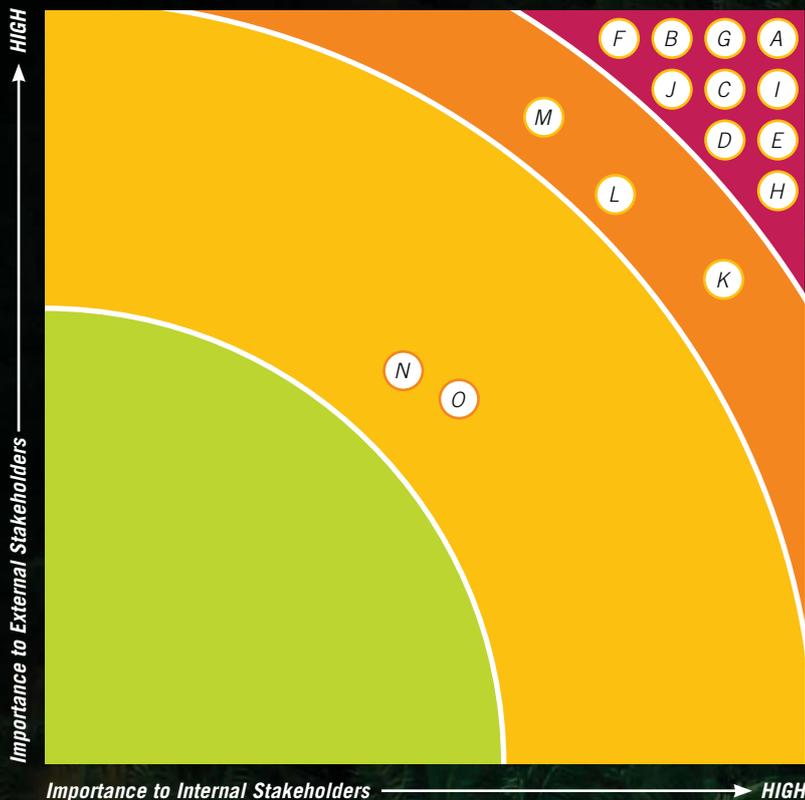
The Group has assessed which sustainability issues, whether they are environmental, social or economic, are most significant to our organisation and our stakeholders. We assessed materiality in 2013, based on AA1000 Accountability Principles (2008) of inclusivity, materiality and responsiveness. A “materiality matrix” was used to chart the key issues of mutual concern to both external and internal stakeholders.

Two workshops, facilitated by an independent sustainability expert, were conducted in 2013 so that global and local materiality issues identified through peer reviews, questionnaires from international NGOs, and social impact assessments of our operations locally, could be analysed and prioritised. Three IndoAgri executive directors as well as representatives from Indofood management participated in the workshop held at our Jakarta headquarters, while senior operation managers were involved in the Pekanbaru workshop.

A third workshop was held in March 2014 following the adoption of the new GRI G4 Core Guidelines to review the materiality assessment and in particular address materiality across the value chain. It was concluded that the materiality chart developed in 2013 remained applicable, and that the key materiality issues are all relevant across the whole value chain, from seed breeding through to the distribution of refined palm oil products to the consumer.

The next critical phase for IndoAgri will involve extending sustainability reporting beyond our own key operations, and the development of programmes for our Crude Palm Oil Suppliers and local farmers to enhance the transparency and traceability of our palm oil supply chain. This report focuses on our key materiality issues across our oil palm plantations, milling and refinery operations.

MATERIALITY MATRIX (G4-19)



(G4-20), (G4-21)

Key Materiality Issue	Is it material within the organisation?	Is it material outside the organisation?	For who is it material	Geography
A. Carbon Footprint including Deforestation	Yes	Yes	Global Community include International NGOs and Governments	International
B. Environmental Footprint including PROPER ISO14001	Yes	Yes	Community Living around Estates; Local Government and NGOs	International
C. Governance including Transparency, Business Integrity & Anti-Corruption, Risk Management	Yes	Yes	Investors, NGOs	International
D. Land Rights including Scarce Land Resources	Yes	Yes	Local Community; Local Government and NGOs	International
E. Occupational Health & Safety	Yes	Yes	Local Labour Organisations, Government	Indonesia
F. Smallholders including PLASMA, Social Conflict Resolution	Yes	Yes	Smallholders, NGOs, Local Government	Indonesia
G. Product Traceability/Sustainable Sourcing including RSP0/ISPO	Yes	Yes	Suppliers, Consumers	International
H. Product Quality and Safety	Yes	Yes	Suppliers, Consumers	International
I. Yield Maximisation including Innovation	Yes	Yes	Investors, NGOs, Government	International
J. Human Rights	Yes	Yes	NGOs, Government	International
Critical Issues				
K. Halal	Yes	Yes	Consumers	Indonesia
L. Employee Retention including Engagement, Development and Labour Relations	Yes	Yes	Government, Labour Unions	Indonesia
M. Food Security	Yes	Yes	Local Community include Smallholders, Government	Indonesia
Emerging/Moderately Important Issues				
N. Socially Responsible Marketing	Yes	Yes	Consumers	Indonesia
O. Packaging	Yes	Yes	Consumers, NGOs, Government	Indonesia

SUSTAINABILITY PRINCIPLES

In 2013, 11 task forces were formed to drive six core programmes that underscore IndoAgri’s Sustainability Framework. The programmes span the entire value chain behind our agricultural and edible oil products.

We have also integrated six sustainability principles into our processes and operations. IndoAgri’s Sustainable Palm Oil Policy at www.indofoodagri.com is based on these principles.



PRINCIPLE 1 - COMPLIANCE

- 1.1 Compliance with local legislation
- 1.2 Compliance with RSPO/ISPO/ISO9001 guidelines
- 1.3 Compliance with IndoAgri Code of Conduct



PRINCIPLE 2 - HEALTHY LIVING

- 2.1 Providing a safe work place for all our employees
- 2.2 Traceable, safe and quality products



PRINCIPLE 3 - SMALLHOLDERS

- 3.1 Rural development through supporting our plasma and third party farmers



PRINCIPLE 4 - ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

- 4.1 Protection of primary forests, peatland and High Conservation Value (HCV) areas
- 4.2 Management: non-hazardous and hazardous waste, and reduce, reuse and recycle concept
- 4.3 Reducing our carbon footprint
- 4.4 Responsible water management and minimising effluents whilst ensuring safe disposal



PRINCIPLE 5 - RESPECT HUMAN RIGHTS AND HAVE RESPONSIBLE CONSIDERATION OF EMPLOYEES AND INDIVIDUALS AND COMMUNITIES AFFECTED

- 5.1 Developing dialogues with our key stakeholders
- 5.2 Communities have the right to Free, Prior and Informed Consent
- 5.3 Giving back to the community and preserve the culture of indigenous people
- 5.4 External disclosure through GRI Guidelines



PRINCIPLE 6 - INNOVATION & CONTINUOUS IMPROVEMENT

- 6.1 Following industry best practice and using innovation to contribute to sustainable practices
- 6.2 Improving yields
- 6.3 Achieve long-term economic and financial viability
- 6.4 SOPs in place to support sustainable agriculture practices

SUSTAINABILITY PROGRAMMES

Programme Name	Principles	Page
Programme 1: Growing Responsibly	 	28
Programme 2: Sustainable Agriculture and Products	  	36
Programme 3: Safe and Traceable Products	 	48
Programme 4: Smallholders	    	54
Programme 5: Work and Estate Living	  	55
Programme 6: Solidarity	 	60



SUSTAINABILITY REFLECTED IN GROUP POLICIES

IndoAgri has grown significantly through acquisition and expansion. Today, the Group comprises 47 subsidiary and joint venture companies. To ensure consistency in the benchmarking of operational policies and standard operating procedures by our subsidiaries, we have embarked on a process to standardise the procedures for data collection with the implementation of our sustainability data management system, across the Group.

We will align all our policies to the Group's sustainability commitments and framework. Our agronomy policies are already conforming to the RSPO guidelines and no planting on peatland for new plantings.

In line with the practices of our parent company, Indofood, we have implemented the Indofood Code of Conduct that applies to all the subsidiaries and business units under the IndoAgri Group. The Code of Conduct serves to guide the actions of our employees in their interactions with various stakeholders, ensuring that business is conducted in a manner that is consistent with the Group's values.

IndoAgri's whistle-blowing procedures and hotline are in compliance with its Code of Conduct. Every employee is to report any discrepancy from the Code of Conduct to their management. Employees who raise concerns in good faith will be indemnified from discrimination or unfair treatment. The management will conduct a thorough investigation following a report and inform the Board of Directors of any non-compliance to the Code of Conduct. All violators will be discharged immediately.



CODE OF CONDUCT AND COMPANY CULTURE



The Indofood's Code of Conduct serves as a general guideline for the Commissioners, Directors and employees of Indofood and subsidiaries ("Members") conducting their activities ethically. The Code of Conduct is to provide guidance on actions that must be taken by Indofood and its subsidiaries, as well as the conduct of all companies in creating a corporate culture in line with the company's values.

The Code of Conduct has to be understood and implemented by the Members. Any violation of the Code of Conduct is considered as a violation of employment requirements and conditions that may result in sanctions up to disciplinary action toward the respective Members. In line with this, the Company has socialised its Code of Conduct to all Members through various communication media.

The basic policies of the Code of Conduct consist of:

1. Business Ethics
2. Work Ethics

Indofood Business Ethics regulate the following:

- a. The Company's adherence to laws and regulations
- b. Management of relationships with shareholders
- c. Customer relationship management
- d. Management of relationships with business partners
- e. Information confidentiality related to business transactions with business partners
- f. Corporate social responsibilities
- g. Environmental preservation
- h. Occupational health and safety
- i. Fair treatment

Work Ethics, among others, regulate:

- a. Members' compliance with laws and regulations
- b. Bans of any abuse of power or use of force
- c. Members' responsibility to preserve and maintain the Company's tangible and intangible assets
- d. Bans of any activity irrelevant to the job that may have a negative impact on the Company
- e. Transactions with related parties that may have a negative impact on the Company
- f. Bans on gratifications
- g. Bans on the use of illegal substances and alcoholic drinks
- h. Bans on any gambling activity
- i. Bans on the use of arms
- j. Relationships with political organisations
- k. Bans on insider trading practices

Code of Conduct is in line with the Company's culture, which has been developed based on the following core values: discipline, integrity, respect, unity, leadership and innovation.

GOVERNANCE AND ENGAGEMENT

While our sustainability achievements are benchmarked against industry standards and international regulations, the Group drives continuous improvements through robust governance and proactive stakeholder engagement.





PROGRAMME 1: GROWING RESPONSIBLY

PROGRAMME OBJECTIVE

We communicate our sustainability programmes internally and externally. We train our managers and employees in sustainability practices so that these become an integral part of their job and responsibilities. We achieve this through building capacity in our employees, and engaging smallholders and other key stakeholders.

CAPACITY BUILDING

Sustainability is core to our operations and management has to achieve specific KPIs and targets. These targets are aligned with the Group's targets, see page 8-9.

Training programmes have been developed to integrate sustainability into our operations and to communicate the policies to all our employees. These include master class programmes for management, specific sustainability modules for operational staff and sustainable agriculture programmes for smallholders.

REPORTING

We have adopted the GRI G4 Core Guidelines to provide a framework for transparent disclosure of our sustainability practices.

Programme Targets	
Materiality Issues	Governance including Transparency, Business Integrity and Anti-Corruption, Risk Management; Human Rights; Land Rights
IndoAgri Principles	
Target Groups	All Stakeholders
Targets	See page 9 for Targets on Capacity Building and GRI Reporting & page 10 for KPIs per Materiality Issue

MANAGEMENT TEAM

The Board and management of IndoAgri are responsible for the Group's high standards of corporate governance, and are committed to enhancing business management and processes so as to improve organisational performance, accountability and transparency.

As of 31 May 2014, the Board is chaired by an independent non-executive director. It comprises three executive directors, four independent directors and two non-executive directors, represented by five Indonesians, three Singaporeans and one British. The Board is assisted by various sub-committees in discharging its responsibilities, including the Executive Committee, Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

Full disclosure on the terms of reference of each committee, directors' remuneration and significant policies can be found in the Corporate Governance section of the IndoAgri Annual Report published in April 2014 and available at www.indofoodagri.com

ENTERPRISE RISK MANAGEMENT

IndoAgri has a comprehensive Enterprise Risk Management (ERM) framework that coordinates the various “Lines of Defence” across all its operating and functional units. It enables the Group to maintain vigilance and oversight of the operations for timely and accurate identification, assessment, mitigation, reporting and monitoring of risks that can adversely impact IndoAgri’s ability to achieve its business objectives.

The ERM framework comprises a set of systematic, integrated and coordinated risk management strategies. The framework is executed by the ERM unit, which reports to the Executive Committee and an independent Audit Committee. Supported by the Board and management of IndoAgri, the ERM unit works across all divisions to ensure that risks are identified and reported by all employees in a timely fashion via the appropriate ERM channels and reporting processes. To reinforce our ERM strategy, we have implemented a Code of Conduct along with mechanisms for whistle blowing.

As there are various risk issues common to ERM and sustainability management, the Head of ERM is directly involved in advising the Audit and Risk Management Committee which reports to the Board on the effectiveness of sustainability strategies and risk compliance. The respective risk owners and business unit managers conduct quarterly assessment of current and emerging risks and prepare the risk assessment reports. All key materiality issues are integrated in the ERM system.

The ERM unit analyses the risk assessment reports, reviews the ERM strategy, and proposes an action plan to address specific issues. The risk assessment reports are then shared with the internal audit team, who validates the findings and actions taken. The ERM unit also ensures that the Group complies with new regulations and updates the Standard Operating Procedures (SOP) accordingly.



SUSTAINABILITY TEAM

IndoAgri has incorporated a sustainability team as part of its organisational structure. Since March 2014, regular Sustainability Think Tank meetings involving board members of the principal subsidiaries have been held to review the progress and direction of the Group's sustainability management efforts.

Operational managers of the estates and mills are expected to achieve the KPIs set out by the IndoAgri Management based on the sustainability commitments of the Group. To pay closer attention to the different geographic areas, the sustainability team is subdivided into regional teams to work more closely with operations and to give guidance on how to embed sustainability into the day-to-day activities of estates and mills to gain and maintain certification by RSPO, ISPO and the government-led reporting initiative known as Programme for Pollution Control, Evaluation, and Rating (PROPER).

In the refineries, a sustainability coordinator is assigned to work closely with the factory managers to support and monitor the implementation of sustainability, environment and Occupational Health and Safety (OHS) regulation, policies and systems.

The R&D team works closely with the sustainability team to improve agronomical practices and support HCV area development. Community programmes are implemented by the operational teams and coordinated by the Solidarity Coordinator.

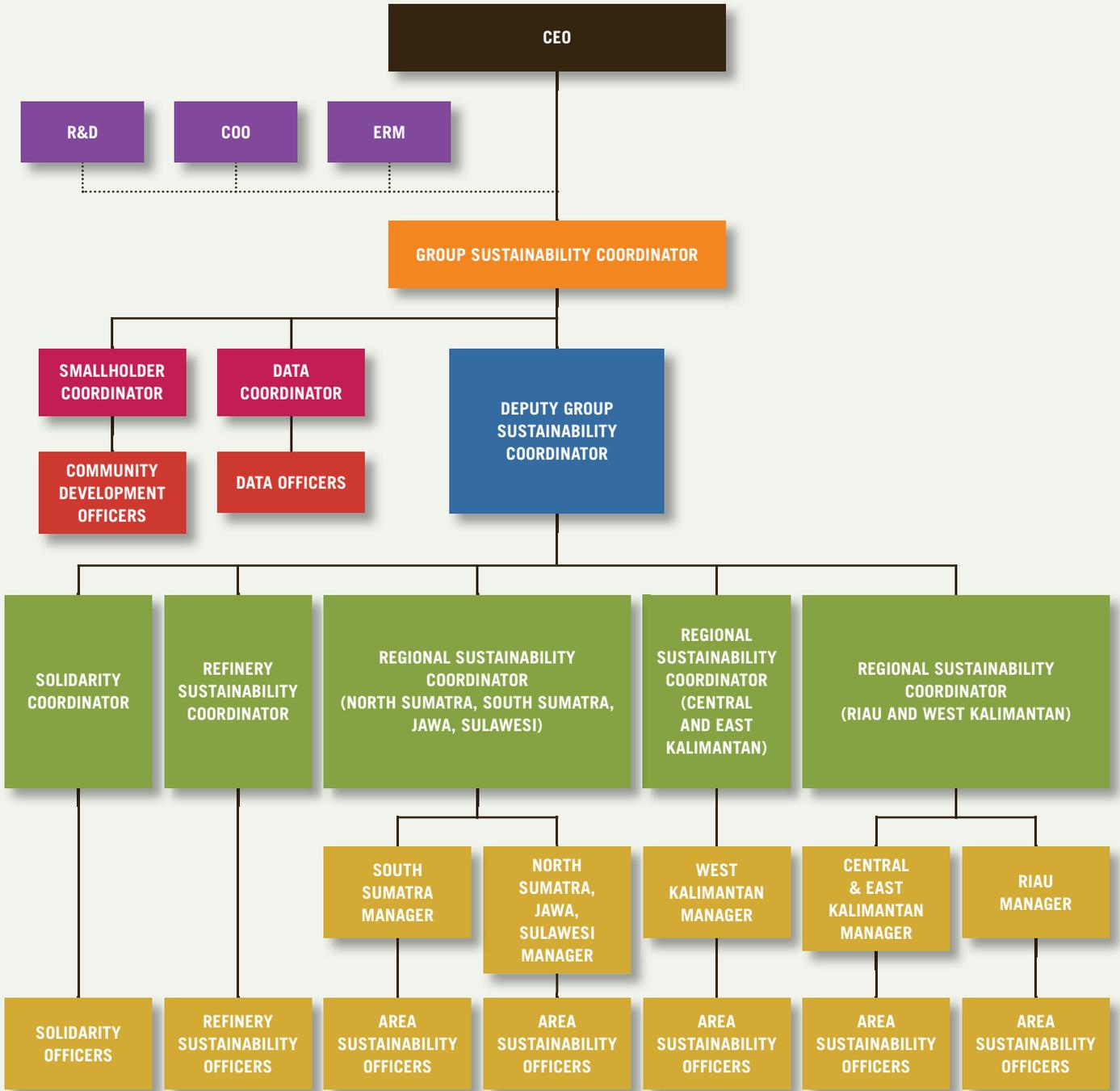
As of 2014, the regional sustainability teams report indirectly to the COO and directly to the Group's sustainability coordinator, based in our Jakarta headquarters. The ERM unit supports the sustainability team in policy development, strategy formulation and issues resolution in consultation with the CEO.

MONITORING AND EVALUATION

To keep track of the teams' progress against IndoAgri's sustainability targets, we have invested in a sustainability data management system, which utilises real-time data captured on our fully integrated SAP IT system as well as other data that is collected. The data coordinator is responsible for the management of the system and the generation of reports. This system will be finalised and implemented across our operations in 2014.



SUSTAINABILITY STRUCTURE



STAKEHOLDER ENGAGEMENT

ENGAGEMENT PROCESS, SOCIAL MAPPING AND NEEDS ASSESSMENT (G4-25, G4-26)

At each operational site, we list all the key stakeholders and conduct a social mapping assesment with the local community with the purpose of strengthening the relationship between the estate and the local community.

We further engage with our stakeholders through different avenues and at different levels of our organisation. We engage the stakeholders individually and as groups comprising of multiple stakeholders depending on materiality and complexity of the issue for engagement. Some specific examples are provided below and in the table on page 33.

Free, Prior and Informed Consent (FPIC) Principle and Grievance Mechanism

In new development areas, we follow Indonesia’s AMDAL (Analisis Dampak Lingkungan). AMDAL is an environmental impact assessment used to evaluate the positive and negative environmental consequences of a plan, policy, programme, or project prior to its implementation. In 2014, we will also conduct Social Impact Assessments on our estates following the RSPO new planting procedures for new development areas.

We also engage local communities and governments to discuss land ownership rights based on the FPIC principle for new development areas. The FPIC principle refers to the right of a community to give or withhold its consent to proposed projects that may affect the lands it customarily owns, occupies or uses. We are also engaging RSPO-approved third parties in this process.

In line with this principle, IndoAgri has established a land conflict resolution mechanism in case of disputes on land ownership rights. Claims are investigated through this mechanism by involving the local government, village administrative team and community elders to re-measure the areas of dispute, with the local district government having the final jurisdiction.

The dialogue is further continued at the musrenbang, a community development planning forum. The musrenbang meets annually to discuss important issues affecting the community.

IndoAgri contributes in the preparation of the musrenbang with the local community, and provides advice to address their needs.

Towards Strategic Partnerships

The United Nations has set eight Millennium Development Goals (MDGs) to reduce poverty. As one of the largest agricultural producers in Indonesia, IndoAgri contributes to the MDG targets by providing healthcare and education facilities to families living on its estates, and contributing to rural development through its smallholder programme.

Since 2012, Indofood has partnered with the Office of MDG to reduce mother and child mortality (MDG 4 and 5). We support Indofood’s effort through our Work and Estate Living programme and solidarity programme.

The Partnership for Indonesia Sustainable Agriculture (PISAgro) is an Indonesian government initiative involving both Indonesian and international companies, and using the World Economic Forum’s (WEF) New Vision for Agriculture as the dialogue platform.

The PISAgro is a multi-stakeholder model for addressing Indonesia’s agricultural challenges. The principle is based on the WEF’s 20-20-20 vision to reduce poverty by 20%, increase yield by 20% and reduce CO2 emission by 20% for every decade. Indofood is one of the founding members of PISAgro. Since February 2014, IndoAgri takes part in the palm oil working group to share its experiences with the industry on RSPO certification for smallholders. PISAgro covers MDG 1, 7 & 8.

UNITED NATIONS MILLENNIUM DEVELOPMENT GOALS IN RELATION TO INDOAGRI PROGRAMMES

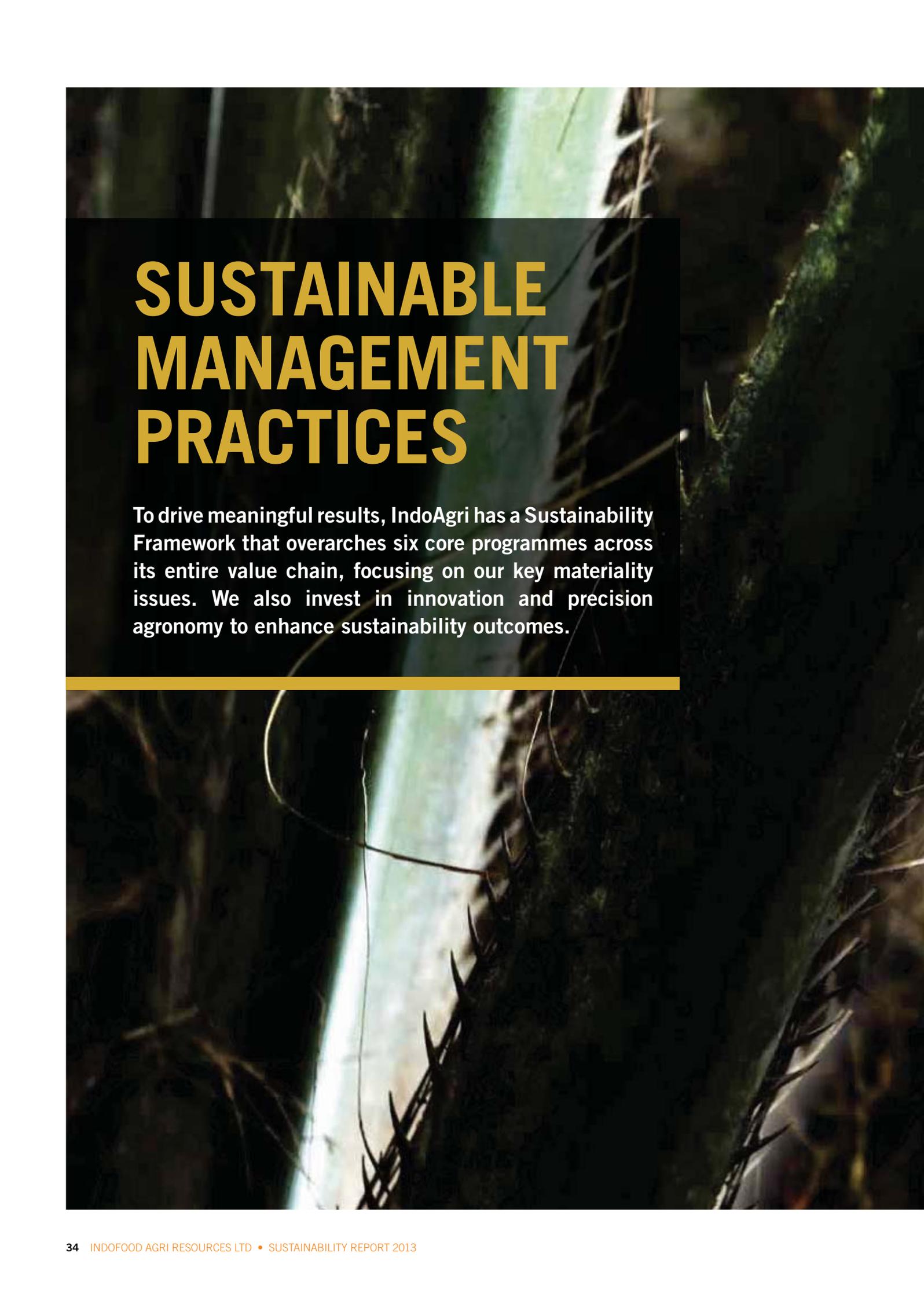
							
Programme 4	Programme 5	Programme 6	Programme 5	Programme 5	Programme 6	Programme 2	Programme 1
Smallholders	Estate Living	Solidarity	Estate Living	Estate Living	Solidarity	Sustainable Agriculture	Growing Responsibly

MEMBERSHIPS

IndoAgri is a member of the RSPO, the Cocoa Sustainability Partnership (CSP), as well as the rubber, sugar, vegetable oil and palm oil associations in Indonesia.

The key issues for each of our stakeholder groups, and how we engage with them, are tabulated below: (G4-24, G4-26, G4-27)

Stakeholders	Issues	Methods	Outcome	Frequency
Shareholders, Investors and Bankers	Transparency and disclosure of environmental and social performance information	One-to-one meetings, surveys	Issue sustainability report	Regular briefings
Customers and Consumers	Product safety and health	Surveys, regular one-to-one meetings, customer support line	Provide certification and nutrition information on product label	Regular meeting Per request
CPO Suppliers	Product traceability	Surveys, audits, one-to-one meetings	Sustainable and traceable palm oil	Annual Socialisation and audit meetings
Local Suppliers	Local businesses want the opportunities provided by the projects, but lack the capability to deliver	Technical assistance to local businesses on construction of civil projects	Develop local community projects, e.g. mosques	Per project
Governments and Regulators	ISPO certification, local laws and regulations	Public forums, regular meetings	Comply with local and international regulations, taxes and levies	Per request, invitation
Non-Governmental Groups	Loss of biodiversity, environmental rehabilitation, climate change and adoption of good agricultural practices	RSPO meetings, one-to-one meetings, local multi-stakeholder initiatives	Social impact analysis, and FPIC	Per request
Employees	Employee development; working condition; OHS	Dialogue with trade unions, grievance procedure, whistle-blowing processes	Invest in employee capability development and OHS programmes	Biennial new Collective Labour Agreement
Smallholders (FFB Supplier)	Sustainable agricultural practices	Development of platforms for cooperation (KUD) and socialisation	Provide possible technical support in terms of training	Per request
Local Community	Native customary rights	Regular feedback and awareness meetings, Stakeholder Forum Meeting for complaints, grievance resolution, and other ad hoc engagement	Contribution on education, medical facilities and infrastructure and donations	Annual Musrenbang Per request subject to internal management evaluation



SUSTAINABLE MANAGEMENT PRACTICES

To drive meaningful results, IndoAgri has a Sustainability Framework that overarches six core programmes across its entire value chain, focusing on our key materiality issues. We also invest in innovation and precision agronomy to enhance sustainability outcomes.



PROGRAMME 2: SUSTAINABLE AGRICULTURE AND PRODUCTS

PROGRAMME OBJECTIVE

We aim to achieve sustainable agriculture for our crops. This will be done through auditing the plantation, mills and refineries against the respective sustainability standards for our various agricultural crops and products.

PALM OIL

We are fully committed to have all our oil palm plantations, mills as well as our smallholders certified to both RSPO and ISPO standards by 2019.

OUR OTHER CROPS

We are following industry standards for our other crops such as sugar, rubber, cocoa and tea. In 2013, due to the expansion of our sugar business in the Philippines and Brazil, we are now reviewing the sustainability standards for sugar. In 2014, CMAA, our Brazil operations, will start the process to apply for the Bonsucro certification for their operations. In 2014, we will review the sustainability standards for cocoa together with the Cocoa Sustainability Partnership.

STANDARDS FOR OUR REFINERIES AND MILLS

The Programme for Pollution Control, Evaluation, and Rating (PROPER) is a national level public environmental reporting initiative launched by the Indonesian government in June 1995 to promote industrial compliance with pollution control regulations, facilitate and enforce the adoption of practices contributing to clean technology, and ensure a better environmental management system.

A simple five-colour rating scheme comprising gold, green, blue, red and black is used to grade the different levels of pollution control practiced by factories against the regulatory standards. The rating system serves to inform the community and market of the impact of the company's operations on the environment.

IndoAgri follows ISO 14001 guidelines for its environmental management system.

Programme Targets	
Materiality Issues	Carbon Footprint, Environmental Footprint, Yield Maximisation
IndoAgri Principles	
Target Groups	All Plantations, Mills and Refineries
Targets	See page 8-9 for Targets on ISPO, RSPO and PROPER Certifications & page 10 for KPIs per Materiality Issue

CARBON FOOTPRINT AND GREENHOUSE GAS EMISSIONS

Climate change is one of the biggest challenges the Indonesian agriculture industry will face in the coming decades. Our industry relies heavily on the rain to water the crops. A change in rainfall patterns and other climatic variables have a direct impact on our operations across the entire supply chain.

Carbon footprint is a key materiality issue. We prohibit planting on peatland for new developments, and have taken steps to lower our carbon footprint by adopting sustainable practices.

We have identified our major sources of Greenhouse Gas (GHG) emissions as follow:

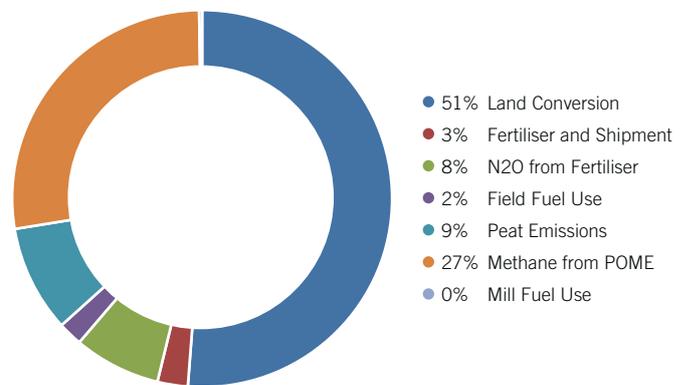
- Emissions of carbon dioxide arising from changes in carbon stocks during the development of new plantations and routine operations of the plantations
- Emissions of methane from POME ponds
- Emissions of carbon dioxide from the use of fuels by the palm oil mills, transportation and machinery
- Emissions of nitrous oxide from the use of fertilisers

In 2013, we collaborated with the RSPO GHG Workgroup in a pilot to use the RSPO GHG Calculator to measure the carbon footprint of our RSPO certified estates and mills to set a carbon baseline for the Group. The distribution of products has been left out of the scope for time being. The table below covers two palm oil mills and the seven oil palm estates supplying these mills. The mills produce 110,985 tonnes of CPO. All mills and estates in this pilot sites have been RSPO certified.

Calculating our carbon footprint is the first phase of our commitment towards reducing our impact on climate change. In 2014, we will begin the second phase, which will include calculating the carbon footprint for all the palm oil estates, mills, bulk stations and refineries in the Group and set targets for carbon reduction. We are in the process of developing mitigation strategies that comply with the Group’s existing sustainability policies and principles.

In 2013, the CO2 is an average of 1.73 per tonne of CPO and per tonne of PK. GHG reduction in our current calculation is from crop sequestration. The High Conservation Value areas in these two pilot sites cover 314 hectares. These areas are not included yet as a carbon sink. In 2014, we will review how to determine the carbon absorption value of these carbon sinks.

2013 GHG EMISSION SOURCES



2013 EMISSION SOURCES AND CARBON SINKS

GRI KPI	Description	CO2 Emission in Tonnes
EN15 Direct Emission Estate	Land Conversion	187,869
EN15 Direct Emission Estate	Peat Emissions	33,575
EN15 Direct Emission Estate	N2O from Fertiliser	27,168
EN15 Direct Emission Mill	Methane from POME	100,270
EN15 Direct Emission Mill	Mill Fuel Use	918
EN17 Indirect Emission	Fertiliser and Shipment	9,495
EN30 Transport	Field Fuel Use	7,609
Total Emissions		366,904
EN19 Crop Sequestration		(113,599)
Net Emissions		253,305

Note:1 The data is based on our two RSPO mills including seven estates supplying the mills
 Note2: All values are based on RSPO GHG calculator

RENEWABLE ENERGY

RENEWABLE ENERGY

Energy is a scarce resource on our plantations, which are located in remote areas. Energy conservation has become an essential practice in ensuring continual and smooth operations of our plantations. In order to reduce our reliance on non-renewable energy sources, we have designed our palm mills to use around 98% of energy from renewable resources such as palm shells and fibre for boiler feeds.

By using renewable energy, we avoided the use of more than 8 million litres of diesel in the reporting year of 2013 at our RSPO plantations and PROPER-audited mills. The estates and mills are not connected to the grid.

DIESEL REPLACEMENT BY BIOMASS

Kcal Equivalent	2011	2012	2013
Palm Shell	36.1%	36.1%	35.8%
Fibre	62.1%	62.0%	61.5%
Diesel	1.8%	1.9%	2.7%
Litres of Diesel Avoided by Using Biomass	9,044,422	9,523,804	8,803,829

We further conserve energy by providing electricity to employees’ homes on the estates during certain hours and use energy-saving electrical equipment and lightings. Our employees are fully informed of the importance of energy conservation. Stickers are placed at various locations in our plantations, mills and living areas to remind our employees to conserve energy.



MEASURING PROGRESS

PROGRAMME FOR POLLUTION CONTROL, EVALUATION AND RATING (PROPER)

The government's PROPER rating scheme is used to monitor the progress. Please see page 36 on "Standards for our refineries and mills"

In 2013 all mills and refineries were within legal limits.

Region	Type	Name	2011	2012	2013
Jakarta	Refinery	Pluit	■	■	■
N-Sulawesi	Refinery	Bitung	■	■	■
Riau	Palm Oil Mill	Kayangan	■	■	■
Riau	Palm Oil Mill	Balam	■	■	■
Riau	Palm Oil Mill	Sungai Dua	■	■	■
Riau	Palm Oil Mill	Sungai Bangko	■	■	■
Riau	Palm Oil Mill	Napal	■	■	■
Riau	Palm Oil Mill	Lubuk Raja	-	-	■
N-Sumatra	Palm Oil Mill	Turangie	■	■	■
S-Sumatra	Palm Oil Mill	Sei Lakitan	■	■	■
E-Kalimantan	Palm Oil Mill	Pahu Makmur	-	■	■
E-Kalimantan	Palm Oil Mill	Ampanas	■	■	■

Note: Sei Lakitan received a red rating due to a land permit issue. The matter was resolved quickly and the permit granted by government.

PROPER RATINGS CRITERIA

■	Gold	Levels of pollution control for air and hazardous waste similar to that for water; extensive use of clean technology; pollution prevention; recycling, etc.
■	Green	Emissions less than 50% of regulatory standard; proper disposal of wastes; good housekeeping; accurate emissions records; reasonable maintenance of a waste water treatment system.
■	Blue	Emissions below regulatory standard.
■	Red	Some pollution control effort but emissions exceed regulatory standard.
■	Black	Either no effort to control pollution or responsible for serious environmental damage.

Note: By assigning companies with the appropriate colour codes that identify their pollution control performance, PROPER is able to harness public interest and market pressure to coax companies into complying with the environmental regulations and integrating sustainable development principles into their operations.



CHEMICAL FOOTPRINT

ORGANIC FERTILISERS AND LEGUME COVER CROPS

Before the planting or during the immature phase of oil palms, our estates are planted with Legume Cover Crops (LCC) as a standard practice to conserve and improve soil fertility and fix atmospheric nitrogen for the trees. This allows us to reduce the use of fertilisers and subsequently, our chemical footprint. As LCC may also suppress the breeding of Rhinoceros beetles, we are able to reduce the use of pesticides.

The LCC species planted on our estates are *Calopogonium caeruleum*, *Calopogonium mucunoides*, *Centrosema pubescens*, *Pueraria javanica*, and *e.Mucuna bracteata*. The coverage of LCC on our estates varies. Some plantations are fully covered with LCC while newer estates in South Sumatra are still cultivating LCC.

In Riau, we have been using Empty Fruit Bunches (EFB) as soil mulch since the mid 90's, and together with the use of POME in land application, we have been able to reduce the need for inorganic fertilisers by 14%. We are now moving towards co-composting the EFB and POME, which can potentially replace up to 30% of inorganic fertilisers used.

The graph on the right shows our inorganic and organic fertiliser usage between 2011 and 2013. Through LCC and recycling palm oil mill by-products as organic fertilisers, we have been able to reduce the use of inorganic fertilisers in our plantations. An annual fertilisation scheme is developed for each plantation to create a balanced nutrition for our crops based on yield target, field inspection, leaf analysis, soil data, terrain study and climatic characteristics of each site.

CHEMICAL FERTILISERS AND PESTICIDES

Agricultural companies typically use agrochemicals as fertilisers and pesticides. In the past, IndoAgri was using among others some paraquat to control weed growth. Paraquat is listed as a Class 1 pesticide by the World Health Organisation (WHO), and as such we are committed to phasing out paraquat. Currently our R&D department is doing a study and developing a timeline on how to phase out paraquat.

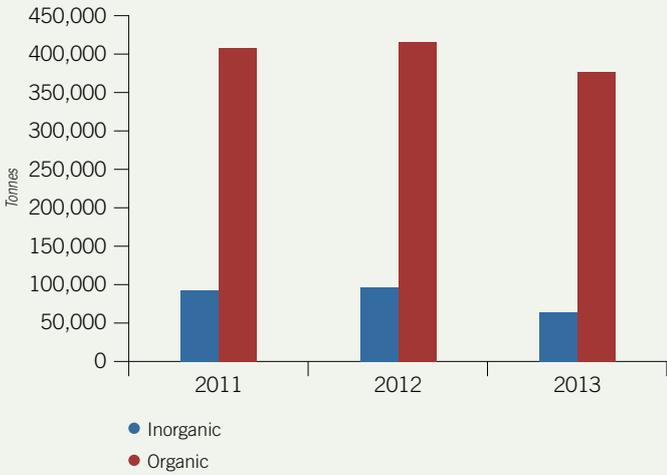
We use only registered pesticides approved by the Indonesian Department of Agriculture. All our mandors and sprayers, including our paraquat distributors, are trained by Komisi Pestisida, the Indonesian government agency overseeing the use of fertilisers and pesticides, on the safe handling, administration and storage of chemicals, the correct spraying techniques and the proper use of Personal Protective Equipment (PPE).

PESTICIDES AND BIO-PEST CONTROLS

The monitoring of pest population is a critical process in preventing pest infestations. We constantly assess the degree of pest damage and estimate the pest populations on the plantations through observation and census. Biological and integrated controls are applied when necessary. Biological control is always preferred to chemical treatments as the remedy for pests. Chemical pesticides are used only as a last resort.

We also cultivated the natural enemies of pests as an integrated approach to minimise the use of pesticides and our chemical footprint.

INORGANIC AND ORGANIC FERTILISERS CONSUMPTION



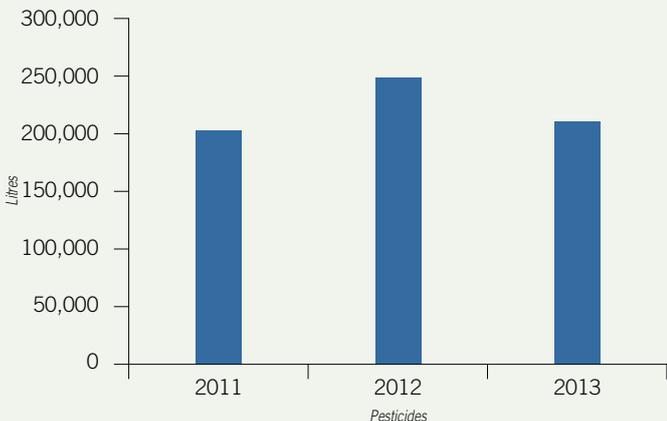
Note1: The data is based on our RSPO estates and as such covers 35% of our total oil palm estate hectares
Note2: The organic fertilisers consist of empty fruit bunches, composting and wet decaner solids
Note3: The inorganic fertilisers consist of Urea, potash or MOP, rock phosphate, dolomite, kieserite, borate & NPK

We have been particularly successful in the use of entomopathogenic agents of viral origin in nettle caterpillars and the breeding of barn owls as natural predators of rats.

We have been using barn owls as a bio-control for rats at PT SIMP in Riau since 1997. The current owl population at PT SIMP in Riau has achieved total rat control for the entire oil palm plantation covering approximately 57,000 hectares, and no rodenticide has been used for more than 10 years in this region.

We started another barn owl development project at PT SIMP’s South Sumatra estates where 507 nest boxes were installed and 3,574 young birds were raised between 2008 and May 2013. With our positive experience in Riau and South Sumatra, we hope to replicate the success of the barn owl development projects on our other plantations, with the ultimate goal of achieving zero rodenticide usage. Special permit is required from the government before we can ship the barn owls to other islands outside Sumatra.

PESTICIDE CONSUMPTION



Note: The data is based on our RSPO estates and as such covers 35% of our total oil palm estate hectares.



HCV MANAGEMENT AND MONITORING

HIGH CONSERVATION VALUE (HCV) AREAS

In the reporting year of 2013, IndoAgri assigned for its RSPO certified estates 700 hectares in Riau, 679 hectares in North Sumatra and 591 hectares in South Sumatra of HCV areas as defined by the RSPO. IndoAgri has embarked on the process of identifying HCV areas since 2008. These include riparian areas, reservoirs, bamboo gardens, swamps, graveyards and important heritage and cultural sites.

Following the HCV identification, we organised a public stakeholder meeting with delegates from the government and local community. The meeting discussed the HCV analysis and confirmed the HCV areas identified on the plantations. The agreed HCV areas were then clearly demarcated.

To restore the HCV and riparian areas, we planted trees that are beneficial to the wildlife. Oil palm trees within 20 meters from waterways were marked with white crosses. These trees would no longer be treated with pesticides and fertilisers so as to avoid contaminating the riparian areas.

While areas like the bamboo forests do not require replanting, the trees and plants in some areas have to be safeguarded from local villagers who would otherwise harvest them as food or resources.

We continue to assess the HCV areas in our estates. New plantations will follow the new procedure involving HCV assessment before land clearing is permitted.

HCV MONITORING AND PARTNERSHIPS

Through daily communication with our employees and locals living on our plantations, we are able to progressively inform and guide them on the restrictions imposed on HCV areas. The protection of endangered species is one of the topics we covered during these sessions.

We have estate teams trained by our NGO partners and in-house sustainability teams to monitor the HCV areas on the wildlife biodiversity, river water quality and level of disturbance caused by local villagers around these areas. The process is audited annually. Guidebooks for the accurate identification of local wildlife are provided on the estates.

We engaged Aksenta, a local environment consultancy company, to assess the natural habitats at the HCV areas in South Sumatra and review the findings and recommendations together with the World Wide Fund for Nature (WWF) Indonesia.

We display signs on wildlife protection on all our HCV areas. We also archive the wildlife species found on our estates that come under the International Union for Conservation of Nature (IUCN) Red List of Threatened Species and Indonesian Regulation No. 7 of 1999 for the preservation of flora and fauna. The IUCN Red List sets out the precise evaluation criteria on the extinction risks of endangered species. The species found on our estates that are protected under PP7/1999 or have a vulnerable or higher IUCN status are listed below.

OVERVIEW OF SPECIES FOUND IN OUR ESTATES AND THEIR IUCN RED LIST AND PP7/1999 STATUS

Type	Common Name	Scientific Name	IUCN Status	Protected Under PP7/1999
Birds	Black-Winged Kite	<i>Elanus Caeruleus</i>	Least Concern	Yes
Birds	Blue-Eared Kingfisher	<i>Alcedo Meninting</i>	Least Concern	Yes
Birds	Brown-Throated Sunbird	<i>Anthreptes Malacensis</i>	Least Concern	Yes
Birds	Collared Kingfisher	<i>Halcyon Chloris</i>	Least Concern	Yes
Birds	Crested Serpent Eagle	<i>Spilornis Cheela</i>	Least Concern	Yes
Birds	Crimson Sunbird	<i>Aethopyga Siparaja</i>	Least Concern	Yes
Birds	Eagle	<i>Accipiter Sp</i>	Least Concern	Yes
Birds	Great Egret	<i>Egretta Alba</i>	Least Concern	Yes
Birds	Lesser Adjutant	<i>Leptoptilos Javanicus</i>	Vulnerable	Yes
Birds	Olive-Backed Sunbird	<i>Nectarinia Jugularis</i>	Least Concern	Yes

Type	Common Name	Scientific Name	IUCN Status	Protected Under PP7/1999
Birds	Pied Fantail	<i>Rhipidura Javanica</i>	Least Concern	Yes
Birds	Little Egret	<i>Egretta Garzetta</i>	Least Concern	Yes
Birds	White-Throated Kingfisher	<i>Halcyon Smyrnensis</i>	Least Concern	Yes
Birds	Woolly-Necked Stork	<i>Ciconia Episcopus</i>	Least Concern	Yes
Mammals	Greater Mouse Deer / Greater Oriental Chevrotain	<i>Tragulus Napu</i>	Least Concern	Yes
Mammals	Leopard Cat	<i>Felis Bengalensis</i>	Least Concern	Yes
Mammals	Malayan Porcupine	<i>Hystrix Brachyura</i>	Least Concern	Yes
Mammals	Greater Slow Loris	<i>Nycticebus Coucang</i>	Vulnerable	Yes
Mammals	Oriental Small-Clawed Otter	<i>Aonyx Cinerea</i>	Vulnerable	No
Mammals	Pangolin	<i>Manis Javanica</i>	Endangered	Yes
Mammals	Pig Tailed Macaque	<i>Macaca Nemestrina</i>	Vulnerable	No
Mammals	Sambar Deer	<i>Cervus Unicolor</i>	Vulnerable	Yes
Mammals	Red Muntjac	<i>Muntiacus Muntjak</i>	Least Concern	Yes
Mammals	Sumatran Gibbon	<i>Hylobates Agilis</i>	Endangered	Yes
Mammals	Sumatran Surili (Simpai) / Mitred Leaf Monkey	<i>Presbytis Melalophos</i>	Endangered	No
Mammals	Sun Bear / Malayan Sun Bear	<i>Helarctos Malayanus</i>	Vulnerable	Yes
Mammals	Sumatran Tiger	<i>Panthera Tigris Sumatrae</i>	Endangered	Yes
Mammals	Three-Striped Ground Squirrel	<i>Lariscus Insignis</i>	Least Concern	Yes
Reptiles	Asiatic Softshell Turtle	<i>Amyda Cartilaginea</i>	Vulnerable	No
Reptiles	False Gharial	<i>Tomistoma Schlegelii</i>	Vulnerable	Yes
Reptiles	Salt-Water Crocodile	<i>Crocodylus Porosus</i>	Least Concern	Yes
Plants	Palm	<i>Cystostachys Lakka</i>	Not Evaluated	Yes
Plants	Nepenthes	<i>Nepenthes Alata</i>	Least Concern	Yes

WASTE MANAGEMENT

REDUCING & RECYCLING WASTE

We are committed to reducing waste, and actively use the by-products from our agricultural processes as inputs. All our mill outputs such as EFB, Palm Kernel fibre and shells, and POME are 100% re-used as fuel or compost.

For our Edible Oils and Fats division, we offer a collapsible pouch packaging that significantly reduces land fill requirement for discarded packaging waste. In 2013, we continued to convert PVC bottles to recyclable PET bottles, and now 100% of PVC bottles have been replaced with recyclable PET bottles. (EN27 and EN28)

Colour-coded bins are provided throughout the estates to separate the disposal of organic, non-organic and hazardous wastes.

HAZARDOUS WASTES

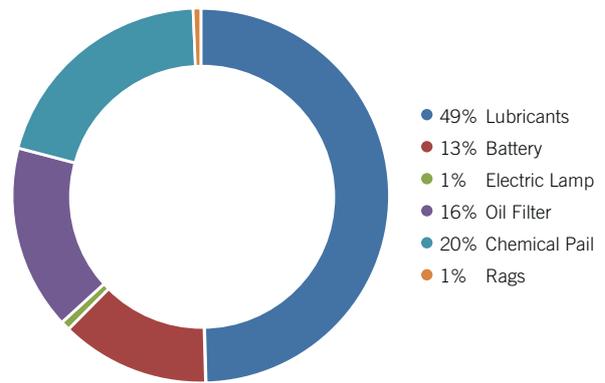
All hazardous and toxic wastes generated from the operations are collected and stored in Transfer Stations. The main hazardous waste is lubricants from the palm oil mills. On average, each mill produces around 1.88 tonnes of hazardous waste per year of which half are lubricants.

The maximum storage duration of the hazardous waste is 180 days. Waste lubricants are handled by PT Bintangmas Cahaya International and waste batteries are recycled by PT Non Ferindo

Utama. The majority of other hazardous wastes are collected by PPLi, a company licensed by the Ministry of Environment to destroy and dispose of hazardous wastes, and transported to a hazardous waste processing factory in Bogor, West Java for proper disposal.

Medical wastes such as used needles and expired drugs from the aid posts and clinics are another source of hazardous waste. They are collected and sent to the local public hospitals that are authorised to dispose and destroy such wastes properly.

HAZARDOUS WASTE



Note: Data from RSPO and/or PROPER audited, certified mills (67%).



WATER, EFFLUENTS AND SPILLS

WATER RESOURCES

Water is a critical resource for both the plantations and the people living on the estates. Our plantations are generally watered by rainfall. 95% of the water required by the factories to process the FFB is drawn from nearby rivers, with the remaining needs are met by groundwater supplies.

Water for domestic usage is drawn from groundwater in several areas. We construct dams and wells to ensure a steady supply of water for the people. In Riau, South Sumatra, North Sumatra, Java, Sulawesi and Kalimantan, we have also installed 80 water treatment facilities to provide water for our employees.

We strive towards reducing our water footprint per tonne of FFB processed.

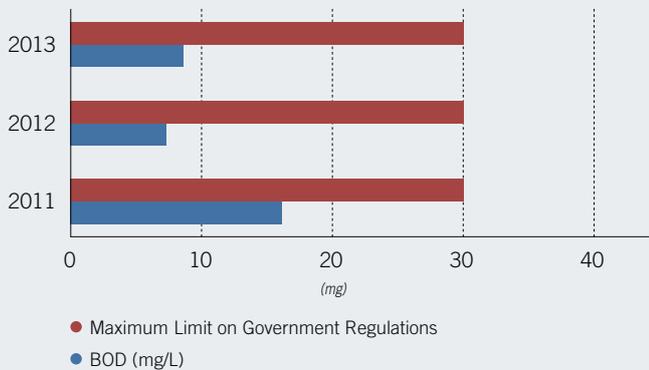
AVERAGE WATER CONSUMPTION IN OUR MILLS FOR FFB PROCESSING (M3/TONNE OF FFB PROCESSED)

	2011	2012	2013
Water Consumption Ratio	1.16	1.13	0.96

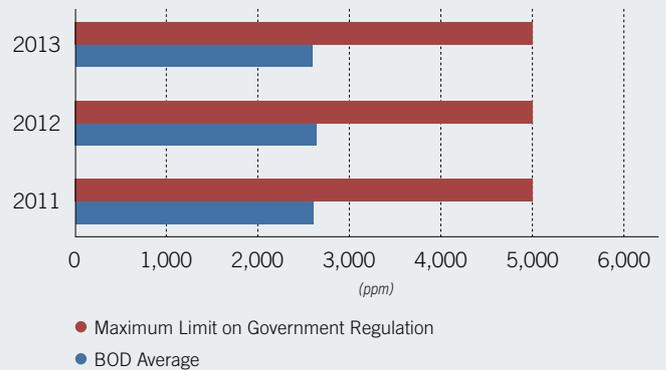
Note: Data from RSPO and PROPER audited, certified mills (67%). In 2011 and 2012, the water consumption included domestic and industrial usage. In 2013, water is for industrial usage per mill.

The refinery utilises a waste water treatment plant before releasing its waste water. In 2013 our Biological Oxygen Demand (BOD) levels were well below the maximum level of 30 mg/L.

AVERAGE BOD LEVELS WASTE WATER IN OUR REFINERY IN PLUIT



AVERAGE BOD LEVELS POME LAND APPLICATION



Note: Data from RSPO and PROPER audited, certified mills (67%).

In the Pluit refinery we achieved a strong reduction in BOD levels in 2012 and 2013 through the installation of a new carbon filter.

UTILISATION OF POME

Palm Oil Mill Effluents (POME) have been used as organic fertilisers since 1992. POME is collected in anaerobic open ponds on our estates for treatment and to maintain a moderate BOD level to retain nutrients in the effluents. Our teams check and adjust the condition in the ponds every month to maintain the BOD level within the legal limit of 5,000 ppm for effluent land application. Maximum care and supervision are carried out to ensure that no effluent would enter the river as surface run-off at all times.

PREVENTION OF SPILLS

To prevent CPO or diesel spillage during production and transportation, we set stringent procedures on the transport of CPO from the factories and storage tanks.



SAFE, NUTRITIOUS AND TRACEABLE FOOD PRODUCTS

As a leading manufacturer and exporter of edible oils and fats in Indonesia, IndoAgri has a clear responsibility to the consumers to provide food products that are safe, nutritious and traceable along the entire supply chain.



Bimoli
MINYAK COOKING BERMUTU





PROGRAMME 3: SAFE AND TRACEABLE PRODUCTS

PROGRAMME OBJECTIVE

We want to ensure all our products from the refineries and mills are traceable and safe for human consumption. We achieve this through relevant food safety standards, local and international certifications, our Palm Oil Sourcing Policy and Palm Oil Responsible Supplier Guidelines.

CERTIFICATIONS

Food safety in Indonesia is regulated by the following laws:

- Food Law Regulation No. 7 of 1996
- Consumer Protection Law Regulation No. 8 of 1999
- Government Regulation No. 69 of 1999 on Food Labelling and Advertisement
- Government Regulation No. 28 of 2004 on Food Safety, Quality, and Nutrition

All our refineries have achieved ISO 9001 certification and halal certification.

TRACEABLE PRODUCTS

We developed the Palm Oil Sourcing Policy and Palm Oil Responsible Supplier Guidelines as part of our efforts and commitment to establish traceability in our value and supply chain. This allows us to extend our sustainability efforts beyond our operations, and into our immediate palm oil supply chain. These guidelines are in line with industry best practices as well as local legislations of the countries where our suppliers and IndoAgri operate.

The guidelines are for our external CPO suppliers. We are engaging them in regular dialogues on sustainable farming practices.

Programme Targets	
Materiality Issues	Product Traceability, Sustainable Sourcing, Halal
IndoAgri Principles	
Target Groups	All refineries of the Group
Targets	To be defined after we have engaged with our suppliers from June 2014 onwards

PALM OIL SOURCING POLICY

As one of Indonesia's largest producers and processors of palm oil derivative products, we are committed to conduct our business with the objectives of maximising our economic contributions to the society while minimising our impact on the environment and local communities.

Since 2009, we have been auditing our plantations against the RSPO guidelines. We are committed to have all our mills and plantations including smallholders RSPO-certified by 2019. We are currently developing a fully traceable value chain by including our CPO suppliers to our refineries in our sustainability practices. We are working closely with our suppliers to achieve compliance as soon as reasonably practical.

IndoAgri is committed to buying palm oil that is:

1. Produced from plantations and mills that comply with all relevant Indonesian laws and regulations
2. Not originating from areas cleared of primary forest since 2011
3. Not from HCV areas
4. Not from peatland with peat soil deeper than 3 metres planted after February 2009 in line with Indonesian government regulations
5. From suppliers who support rural development and plasma farmers in Indonesia in line with Indonesian government regulations

We encourage our suppliers to practice Free, Prior and Informed Consent. We will discuss with our suppliers a mechanism to verify this practice. We further encourage our suppliers to stop planting on peatland regardless of depth and involve their value chains to follow this policy.

To achieve these goals, IndoAgri will meet and engage its suppliers as follows:

1. Ensure all our suppliers understand and accept our Palm Oil Sourcing Policy, along with our Responsible Supplier Guidelines.
2. Actively encourage our suppliers to adopt best practices and work towards certifications by ISPO and additionally RSPO.
3. Set a baseline with our suppliers by completing our questionnaire regarding the scope and nature of their operations, and affirm their commitments to the Palm Oil Sourcing Policy and Responsible Palm Oil Supplier Guidelines by December 2014.
4. Perform audits of our suppliers based on the results of the questionnaire, and work with them on resolving areas of concerns identified. We will also develop an audit process together with our suppliers who have not been audited against the Indonesian guideline of ISPO and International guideline of RSPO but are committed to either of these supplier codes.

IndoAgri strives to achieve full traceability in its value chain. In situations where our efforts to procure sustainable products are constrained, we are confident that our plantations, smallholders, supporting multi-stakeholder initiatives and supplier network will enable us to overcome these limitations.

IndoAgri retains the rights to revise the Palm Oil Sourcing Policy and Responsible Supplier Guidelines.





SAFE AND NUTRITIOUS FOOD

HIGH NUTRITIONAL VALUE OF PALM OIL

Palm oil contains both fats and carotenoids, a rich source of vitamins A and E. Both vitamins and fats, taken in moderation, are essential for healthy growth and development of the human body.

Vitamin A maintains the immune system and eyesight, and is required for gene transcription, embryonic development and healthy skins. Vitamin E is a fat-soluble antioxidant, providing the human body protection against toxins and removing free radicals; it is able to regulate enzymatic activities and is essential for gene expression and a healthy nervous system. Palm oil has the highest amount of vitamin E of all the vegetable oils.

Fat is a part of the human diet, and it provides energy and maintains healthy skin. Fats are also required for the essential fatty acids which the human body cannot produce but requires for good health. Both vitamins and fats consumption should be in moderation. Palm oil does not contain any cholesterol or trans fat, and is composed mainly of triglycerides of fatty acid with a balanced composition of saturated and unsaturated fatty acids.

OUR PRODUCTS

IndoAgri's table margarines are 100% fortified with eight different vitamins. Indonesian National Standard SNI No. 01-3541-2002 requires vitamins A and D to be added into the margarines. We have also included vitamins E, B1, B2, B3, B9 and B12 in our margarines to supplement the Indonesian diet, which comprises mainly processed foods made from flour and rice.

Processed foods have a lower level of B vitamin than unprocessed foods. By adding B vitamin in our margarines, we are able to increase the amount of essential nutrients for the consumers, especially the children, and contribute to their healthy growth and development.

Cooking oil products that are exported to the Philippines are also fortified with vitamin A, as required by the Philippines' Department of Health Regulation RA 8976. In the reporting year of 2013, 4.5% of our consumer brands cooking oil product is fortified with vitamin A.

The level of trans fats and sodium in all IndoAgri's products are lower than those required by the local food standards. No sugar is added to our palm oil food products.

Our total sales volume of margarine and edible oils and fats was 790,000 tonnes in 2013.

TRACEABILITY OF OUR PRODUCTS

We are tracing our food products through the production and distribution chain so as to identify and address food safety risks and protect public health. Our Quality Assurance team conducts regular assessments of the quality system and food safety standard of selected suppliers. In the reporting year of 2013, all the suppliers audited by IndoAgri met our food safety standards.

In 2014, our refineries started implementing a Food Safety Management System (FSMS), based on the Hazard Analysis Critical Control Points (HACCP) guidelines for all our food sectors. HACCP is a preventive approach that removes hazards from the production processes that can cause the finished food products to be unsafe. The FSMS will be audited against ISO 22000:2005 food safety standard in 2014.

We tested all our finished food products in batches as required by the Indonesian National Standard SNI No. 01-3541-2002 for margarine, SNI No. 01-3718-1995 for shortening and SNI No. 7709 - 2012 for cooking oil. In the reporting year of 2013, all IndoAgri's finished food products have passed the food testing and no food product recall was made.

Health and safety issues are considered, from product design to storage, distribution and supply. All the packaging of our food products is made from food-grade plastic materials. In the reporting year of 2013, there was no incident of non-compliance with regulations and voluntary codes of conducts for our food products.

SUSTAINABLE SOURCING

In 2014, 291,000 tonnes of our CPO were RSPO-certified, and our Group supplied our refineries with 510,000 tonnes of CPO. The Group is committed to increase internal CPO supplies to the refineries, and for all its companies to be RSPO-audited by 2019.

CUSTOMER SATISFACTION AND INFORMATION

Since 2000, IndoAgri has been recognised by various awards that celebrate service excellence and industry achievements in enhancing customer satisfaction and experience. In 2013, our Bimoli brand received the Double Platinum Indonesia Best Brand award in the Cooking Oil category for the eleventh consecutive year, and the Customer Satisfaction award for the thirteenth consecutive year.

Food labelling is provided on each of our food products to inform customers of the ingredients and nutritional values of the products. A recycling logo is also added on the packaging to encourage customers to recycle the used containers.

SOCIAL

IndoAgri is fully committed to protect the interests and rights of its employees as well as the local communities living on its estates through rural development programmes, staff benefits and welfare, and human rights initiatives.





PROGRAMME 4: SMALLHOLDERS

PROGRAMME OBJECTIVE

We aim to achieve 100% traceability of our CPO from our mills by 2019. This shall be achieved through the auditing of our plasma smallholders against ISPO and RSPO standards. This programme is in line with the ISPO requirement Principle 6 for community empowerment.

PLASMA SMALLHOLDERS

IndoAgri fully supports the Nucleus-Plasma Scheme that was created by the Indonesian government for plantation companies (nucleus) to develop oil palm plots near their plantations for smallholders (plasma). Plasma plots are typically two hectares of oil palm plus one hectare of other crops. In 2013, we managed 86,215 hectares operated by smallholders.

The scheme requires the nucleus to assist the plasma farmers to develop and manage their plots up to a predetermined stage, typically within three to four years, before the management of the plasma plots are handed back to the plasma farmers. The plasma can continue to receive land management assistance from the nucleus for a management fee under a separate Koperasi Kredit Primer Anggota scheme.

Plasma farmers who do not have sufficient capital resources can seek external financing to develop and manage their plasma plots. Financing is provided by the local banks or the nucleus, and covers the direct development costs from the preparation to the transfer of the plasma plots back to the smallholders.

About 50% of our oil palm plasma smallholders are managed independently, the remaining half is managed by IndoAgri. As plasma smallholders are integral to our value chain, they have to be enrolled in the ISPO and RSPO certification schemes.

We have begun the RSPO audits for plasma smallholders and we shall have the first plasma smallholders certified in 2015. All our plasma smallholders are required to attain both ISPO and RSPO certifications by 2019.

We further support smallholders through our participation in the PISAgro (see page 32).

Programme Targets	
Materiality Issues	Landrights, Smallholders, Carbon Footprint, and Yield Maximisation Environmental Footprint, OHS, Product Traceability, Human Rights
IndoAgri Principles	
Target Groups	All plasma plantations of the Group
Targets	See page 8 on the RSPO and ISPO Audit Targets for Smallholders

PROGRAMME 5: WORK AND ESTATE LIVING

PROGRAMME OBJECTIVE

We aim to provide a safe and healthy living environment for all employees and casual workers living on our estates. We work closely with the local governments and hospitals to provide essential medical support, facilities and infrastructure for the people living on all our estates.

ESTATE LIVING STANDARDS FOR OUR EMPLOYEES

As managers of these estates, we provide the following facilities and services for all our permanent employees:

- Proper housing and sanitation, with regular waste collection, for all estate employees
- Proper facilities for recreation and worship in the estate housing
- Free potable water and electricity at work and in the estate housing
- Free health care in our clinics as well as the posyandu (integrated health posts organised by the local community)
- Free primary and secondary education for children of our employees in the schools provided within the estates
- Proper road infrastructure within the estate and leading to the main roads
- Designated plots for planting vegetables in the estate housing

Programme Targets	
Materiality Issues	OHS, Human Rights, Employee Retention
IndoAgri Principles	
Target Groups	All nucleus plantations of the Group
Targets (Estate Living)	According our company policy

MINIMUM WAGE

We comply with the minimum wages stipulated by the local governments.

HEALTH SERVICES

We provide free medical services to our employees and their dependents living on our estates. Most estates have an aid post adjoining a central clinic, which is attended by either a permanent or a visiting doctor. All health facilities are paid for and managed by the company. In an emergency, the patient will be sent by ambulance to the nearest hospital. We maintain close contact with 43 hospitals near our estates.

An overview of the medical facilities provided on our estates by region is included in the table below:

MEDICAL FACILITIES ON OUR PLANTATIONS

Medical Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Division Clinic	35	16	12	37	2	1	103
Central Clinic	17	21	14	4	2	2	60
Ambulances	1	6	3	1	0	0	11
Doctors	1	2	1	3	0	0	7
Visiting Doctors	9	17	10	0	2	0	38
Midwife/Nurses	53	60	32	81	4	2	232
Posyandu	59	38	48	42	17	2	206

EDUCATION ON THE PLANTATIONS

Formal education for children is one of the most important benefits to the employees. All the children of our employees working on the estates are provided free education. We provide free transportation for children who are attending schools outside the estates.

We have kindergartens and primary schools in all our estates, and junior and senior high schools in some of them. Apart from the kindergartens, which are run by IndoAgri, all the schools are operated by the Indonesian government. For new estates and estates located at remote sites, we would work with the local government to develop school facilities on-site.

An overview of the school facilities by region for our plantations is provided in the table below:

SCHOOL FACILITIES ON OUR PLANTATIONS

School Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Kindergarten	31	10	2	34	4	5	86
Primary Schools	25	14	1	18	4	4	66
Secondary Schools	5	0	0	4	0	0	9
High Schools	7	0	0	3	0	0	10
Teachers	438	101	11	387	24	14	975
Rumah Pintar	4	6	5	4	0	1	20



HUMAN RIGHTS AND EMPLOYEE DIVERSITY



We have a diverse workforce of 41,405 employees. We recognise this diversity as a key strength in the Group. Approximately 95% of our permanent workers have permanent contracts and work full-time.

We practice fair employment. Employees are hired based on their skills and capabilities rather than by individual characteristics, such as tribe, religion, ethnicity, gender or other discriminative factors. However, as Indonesian agriculture is a male-dominated industry traditionally, we currently have 15% of female employees in our total workforce.

We support the women in our workforce by providing maternity leave for new mothers. We also provide pilgrimage leave for employees performing the Hajj. In the reporting year of 2013, 752 new mothers took maternity leave, and 15 employees went on pilgrimage. All of them returned to work after their leave.

Across the regions, 77% of our non-staff workers are members of a union. Of these members 96% are covered by a CLA. All CLA have a clause for OHS. Employees that are not covered by the OHS clause in the CLA, or are members of a union that does not yet have a CLA, are covered by OHS regulation according our company policy.

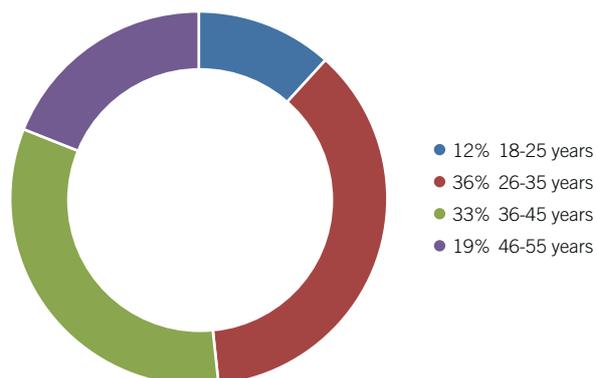
Our group average turnover rate in 2013 is 9%.

Our employees need to be 18 years and above.

WORKFORCE BY GENDER AND POSITION

Position	Male	Female	Total
Senior Management	318	41	359
Management	813	127	940
Supervisors	1,753	344	2,097
Administrative and Operation Staff	32,127	5,882	38,009
Total	35,011	6,394	41,405

AGE GROUP OF PERMANENT EMPLOYEES



TRAINING AND DEVELOPMENT

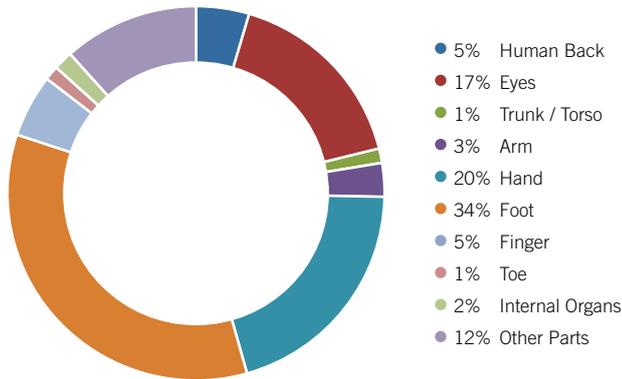
The Group has differentiated learning programmes designed to sharpen the competencies of its people. We operate four training facilities that support capability development in agronomy, agriculture and engineering. We invest in the training of professional and management skills for specific roles and job requirements. We are also focused on leadership development as well as succession planning so as to prepare and identify talented employees for higher appointments and responsibilities.

In 2013, a Learning and Development Programme (LDP) was formalised in collaboration with the First Pacific Leadership Academy, a corporate university under First Pacific Company Limited who owns Indofood. A pioneer batch of 25 managers and 23 supervisors embarked on the LDP, which features 10 modules, with subjects ranging from decision making to performance management and strategic planning.



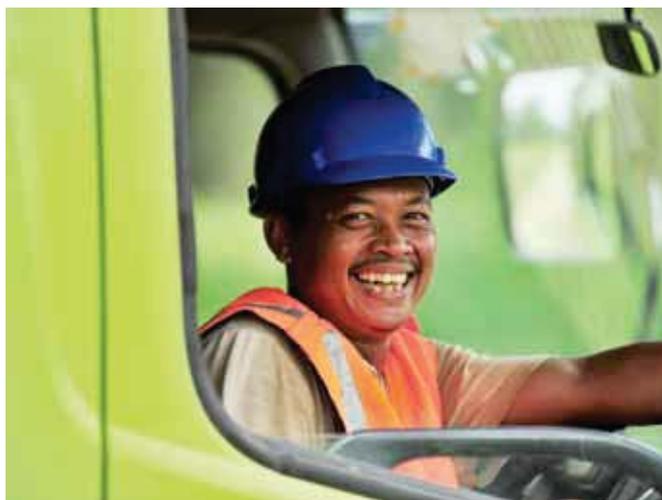
OCCUPATIONAL HEALTH AND SAFETY

TYPE OF INJURIES



We are fully committed to providing a safe and healthy working environment for all our employees. Every working facility has an OHS management system (SMK3) that complies with the local regulations. The SMK3 implementation involves hazard source identification, risk assessment and management, a hazard prevention programme, periodic medical examination and work programme evaluation. SMK3 shares many similarities with the voluntary international OHSAS 18001:2007 certification standard.

All our managers at the estates are trained in the proper operational techniques and workplace safety. Workplace safety messages are disseminated and reinforced through our OHS pledge, K3 manuals and procedures, OHS regulations, working instructions, first aid practices, emergency response and other health and workplace safety activities.



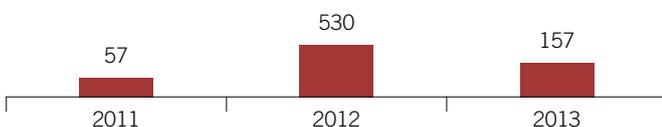
We have a Health & Safety Committee and OHS Trustees Committee (P2K3) in every estate or factory. The P2K3 consists of management and staff representatives who monitor the compliance of the SMK3 with IndoAgri's OHS regulations, and provide inputs for OHS implementation.

IndoAgri's OHS is incorporated into the Collective Labour Agreement with the workers' union. It includes provisions such as equipping all field workers with personal protective equipment (PPE), setting up an OHS committee to manage SMK3, providing employees with education and training, and developing a grievance mechanism. Periodic workplace inspection, SMK3 audit, and evaluation of work accidents are performed together with the employee representatives.

We aim to reduce accidents, injuries and fatalities with the implementation of SMK3 in all our estates and facilities. The major cause of accidents is injury by sharp objects when the workers were distracted momentarily by falling fruits, dust in the eyes or other trivialities. Every work accident is recorded and evaluated, and the recommendation of the report is disseminated to all SMK3 teams for implementation to prevent recurrence of similar incidents.

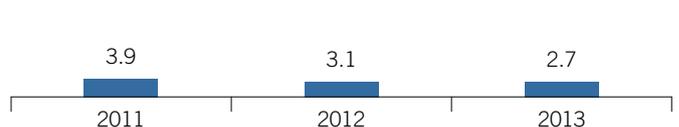
In 2013, we had on average of 2.7 work accidents per 1,000,000 man-hours while the last time accident rate was 157 man-hours per 1,000,000 man-hours. Last time accident rates are calculated by the number of accidents x 1,000,000/number of man hours (employees x 40 hours x 50 weeks). A LTA is triggered when an employee is referred to the clinic and based on the number of absentee days assigned by the clinic. In 2013, we reported 5 fatalities within the Group's plantations and mills. Every incident is thoroughly reviewed and efforts are made to prevent similar incidences from recurring in the future.

ACCIDENT SEVERITY RATE (PER 1 MILLION MAN HOURS)



Note: Data are from RSP0-audited plantations and mills in North Sumatra.

ACCIDENT FREQUENCY RATE (PER 1 MILLION MAN HOURS)



Note: Data are from RSP0-audited plantations and mills in North Sumatra.

PROGRAMME 6: SOLIDARITY

PROGRAMME OBJECTIVE

We support the development of local communities in and around our estates and factories by improving their existing conditions and quality of life through capacity building, education and financial support.

GIVING BACK TO THE COMMUNITY

Our solidarity programme is to support the needs of the local communities where we operate. In developing a programme suitable for the local communities, we consider the:

1. Cultural background of the community
2. Level of education, based on literacy rate
3. Level of living condition, based on the same criteria as the Estate Living Programme
4. Local entrepreneurship and economic situation of the farmers

The following types of support programmes are provided to the local communities:

1. Infrastructure development
2. Disaster relief
3. Preservation of culture including religious activities
4. Sports events
5. Empowerment programmes, including training and financial support for local entrepreneurs
6. Education: scholarships for employees’ children and local communities; incentives for teachers; support for school equipments; school building rehabilitation
7. Environmental initiatives outside our estates

Our employees are encouraged to give back to the community through the “Indofood Service Day” organised by Indofood, with many of our employees supporting Indofood’s blood donation drive.

Programme Targets	
Materiality Issues	Human Rights
IndoAgri Principles	 
Target Groups	Community living in the estates and surrounding our factories
Targets	Due to the nature of this programme, we allocate resources based on the specific needs of the local communities. We do have national programmes such as 500 cataract operations per annum.

We have extended many of our community programmes intended for our employees to the plantation workers and their families living on or around the estates. These efforts include programmes in human capital development, environmental conservation, economic empowerment, outreach to the community and solidarity. Human capital development and environmental conservation, in particular, are integral elements of our sustainability strategy.

BUILDING HUMAN CAPITAL

In 2013, our sponsorships included the building of local schools and learning facilities, training for teachers, supply of learning aids and teaching tools, local scholarship awards, and vocational internship opportunities. We collaborated with SIKIB, the Solidarity of United Indonesia Cabinet Wives, to introduce rumah pintars or smart houses, which support the education of young children through books, computers, multimedia resources, play and crafts.

OUTREACH TO THE COMMUNITY

We contribute to the public health infrastructure by building medical clinics and emergency care units for local communities. We developed maternity programmes to reduce infant mortality rate by providing pregnant mothers with free immunisation, essential vitamins and minerals, prenatal checks, medical care and dental services. Monitoring of this programme is done in partnership with the University of Indonesia through training for Posyandu Cadres.

In the reporting year of 2013, we supported 206 posyandus in the Group. These community clinics provide free health checks and nutrition supplement to the women and children living on our estates. We improve access for the local communities by building and maintaining roads and bridges in Sumatra and Kalimantan. We constructed places of worship for the local communities, and released land rights to the local government for the construction of the Medan-Kualanamu Airport toll road. We contributed sports and recreation facilities. We sponsored local sports tournaments, musical events and cultural performances to promote community bonding and inspire aspirations.



COMMUNITY EMPOWERMENT

We developed various programmes that support micro-entrepreneurship and improve the livelihoods of the local people, such as donating kitchen appliances to the participants of Pojok Selera, an Indofood initiative that provides extra income for housewives by helping them turn their baking skills into a business enterprise; and supporting local fish farmers in Kecamatan Peranak, Kabupaten Indragiri Ulu, Riau by building more cages for fish farming.

SOLIDARITY FOR HUMANITY

We support several relief programmes for people affected by natural disasters, such as floods.

We support the Millennium Development Goals, which aim to reduce child mortality and promote the health of pregnant women, as mentioned in our Outreach to the Community programme above.

In Indonesia, cataracts affect more than two million people across all age groups. To help reduce these numbers, we are working together with the doctors from the Indonesian army to support cataract operations in the field to help the cataract patients living on our estates. At the start of 2014, we have operated on 263 and 201 patients in Kalimantan and South Sumatra respectively. We are planning to sponsor 1,000 operations in North Sumatra, Riau, Sulawesi and East Kalimantan in 2015 and 2016.

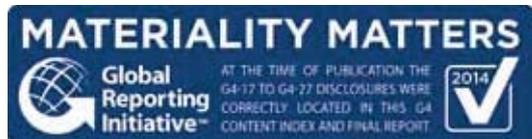
ENVIRONMENTAL INITIATIVES OUTSIDE OUR ESTATES

Beyond our estates, IndoAgri actively supports wildlife conservation in North Sumatra. We cooperate with the Sumatra Orang-utan Society to enrich the orang-utan habitat with beneficial tree species. In Kalimantan we supported Borneo Orangutan Survival (BOS) with the release of orang utans in the wild.

GLOBAL REPORTING INITIATIVE, G4 INDEX

This report uses the Global Reporting Initiative guidelines for sustainability reporting. The guidelines contain principles and performance indicators, and provide insights to the company's corporate governance as well as social and environmental performance.

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



GENERAL STANDARD DISCLOSURES

Standard Disclosure	Standard Disclosure Title	Assurance	Page Number or Direct Response
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	–	Page 2-3
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation	–	Page 1
G4-4	Primary brands, products, and/or services	–	Page 1
G4-5	Location of organisation's headquarters	–	Page 14
G4-6	Number and names of countries where the organisation operates	–	Page 1, 4-5, 14-15
G4-7	Nature of ownership and legal form	–	Page 14
G4-8	Markets served	–	Page 14-15 AR Page 20-23, 34-36, 149
G4-9	Scale of the organisation	–	Page 5, 14 AR Page 16-17, 39
G4-10	Workforce statistics	–	Page 57
G4-11	Percentage of total employees covered by collective bargaining agreements	–	Page 57
G4-12	Description of organisation's supply chain	–	Page 15
G4-13	Significant changes during the reporting period	–	No significant changes.
G4-14	Application of precautionary approach or principle	–	Our programmes reflect a precautionary approach.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	–	Page 1, 8, 33, 36
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	–	Page 33
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Coverage of entities in relation to organisation's consolidated financial statements or equivalent documents	–	Page 1
G4-18	Process for defining report content and Aspect Boundaries	–	Page 1, 20
G4-19	Material Aspects identified	–	Page 20-21
G4-20	Aspect Boundaries within the organisation for each material Aspect	–	Page 20
G4-21	Aspect Boundaries outside the organisation for each material Aspect	–	Page 21
G4-22	Restatements	–	No restatement.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	–	No significant changes.

Standard Disclosure	Standard Disclosure Title	Assurance	Page Number or Direct Response
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organisation	–	Page 33
G4-25	Basis for identification and selection of stakeholders with whom to engage	–	Page 32
G4-26	Organisation's approach to stakeholder engagement	–	Page 20, 32-33
G4-27	Key topics and concerns raised through stakeholder engagement	–	Page 33
REPORT PROFILE			
G4-28	Reporting period	–	Page 1
G4-29	Date of most recent previous report	–	Page 1
G4-30	Reporting cycle	–	Page 1
G4-31	Contact point for questions regarding the report or its contents	–	Page 1
G4-32	In accordance' option	–	Page 1
G4-33	Policy and current practice with regard to seeking external assurance of the report	–	Page 1
GOVERNANCE			
G4-34	Governance structure of the organisation	–	Page 28-30
ETHICS AND INTEGRITY			
G4-56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	–	Page 25
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistle-blowing mechanisms or hotlines	–	Page 24

SPECIFIC STANDARD DISCLOSURES

Standard Disclosure	Standard Disclosure Title	Assurance	Page Number or Direct Response
CATEGORY: ENVIRONMENTAL			
ASPECT: MATERIALS			
G4-DMA	Generic Disclosures on Management Approach	–	Page 40-41
G4-EN1	Materials used by weight or volume	–	Page 40-41
G4-EN2	Percentage of materials used that are recycled input materials	–	Page 40
ASPECT: ENERGY			
G4-DMA	Generic Disclosures on Management Approach	–	Page 37-38
G4-EN6	Reduction of energy consumption	–	Page 38
ASPECT: WATER			
G4-DMA	Generic Disclosures on Management Approach	–	Page 45
G4-EN8	Total water withdrawal by source	–	Page 45
ASPECT: BIODIVERSITY			
G4-DMA	Generic Disclosures on Management Approach	–	Page 42
G4-EN13	Habitats protected or restored	–	Page 42
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–	Page 42-43

GLOBAL REPORTING INITIATIVE, G4 INDEX

Standard Disclosure	Standard Disclosure Title	Assurance	Page Number or Direct Response
CATEGORY: ENVIRONMENTAL			
ASPECT: EMISSIONS			
G4-DMA	Generic Disclosures on Management Approach	–	Page 37-38
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	–	Page 37-38
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	–	Page 37-38
G4-EN19	Reduction of greenhouse gas (GHG) emissions	–	Page 37-38
ASPECT: EFFLUENTS AND WASTE			
G4-DMA	Generic Disclosures on Management Approach	–	Page 44-45
G4-EN22	Total water discharge by quality and destination	–	Page 45
G4-EN23	Total weight of waste by type and disposal method	–	Page 44
ASPECT: PRODUCTS AND SERVICES			
G4-DMA	Generic Disclosures on Management Approach	–	Page 44
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	–	Page 44
ASPECT: COMPLIANCE			
G4-DMA	Generic Disclosures on Management Approach	–	Page 36
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	–	Page 39
ASPECT: TRANSPORT			
G4-DMA	Generic Disclosures on Management Approach	–	Page 37
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	–	Page 37
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
ASPECT: EMPLOYMENT			
G4-DMA	Generic Disclosures on Management Approach	–	Page 57
G4-LA3	Return to work and retention rates after parental leave, by gender	–	Page 57
ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	Generic Disclosures on Management Approach	–	Page 59
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	–	Page 59
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	–	Page 59
G4-LA8	Health and safety topics covered in formal agreements with trade unions	–	Page 59
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	Generic Disclosures on Management Approach	–	Page 57
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	–	Page 57 AR Page 44-47

Standard Disclosure	Standard Disclosure Title	Assurance	Page Number or Direct Response
CATEGORY: SOCIAL			
SUB-CATEGORY: SOCIETY			
ASPECT: ACROSS ALL ASPECTS OF SOURCING			
G4-DMA	Generic Disclosures on Management Approach	–	Page 51
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	–	Page 51
FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognised responsible production standards, broken down by standard	–	Page 51
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
ASPECT: LOCAL COMMUNITIES			
G4-DMA	Generic Disclosures on Management Approach	–	Page 8, 32-33, 54-56, 60-61
G4-HR3	Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote access to healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need	–	Page 55, 60-61
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
ASPECT: CUSTOMER HEALTH AND SAFETY			
G4-DMA	Generic Disclosures on Management Approach	–	Page 51
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	–	Page 51
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	–	Page 51
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	–	Page 51
FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fibre, vitamins, minerals, phytochemicals or functional food additives	–	Page 51
ASPECT: PRODUCT AND SERVICE LABELLING			
G4-DMA	Generic Disclosures on Management Approach	–	Page 51
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	–	Page 51

RSPO AND ISPO FRAMEWORK

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

The RSPO is a Non-Governmental Organisation (NGO) formed by palm oil producers, end-users and other NGOs and that establishes the principles and criteria for the sustainable production of palm oil. It represents the highest environmental and social standards attainable in the palm oil industry.

For an organisation to be RSPO-certified, its oil palm plantations and mills must fulfil 39 criteria and 139 indicators grouped under eight principles that cover transparency, compliance to laws and regulations, long term economic and financial viability, best practices, environmental and community responsibility, responsible development of new plantings and continuous improvements.

There are also four different RSPO supply chain mechanisms defining the traceability of sustainable palm oil, with “Identity Preserved” being the highest traceability and “Book and Claim”, the lowest.

DEMAND FOR RSPO-CERTIFIED PALM OIL

The demand for sustainable palm oil originated in Europe, where food manufacturing giants, like Unilever, commit to buying only from sustainable palm oil sources by 2020. India and China, two of the world’s largest buyers of palm oil, are also increasingly looking for sustainable sources that do not destroy peatland and rainforests during production.

INDONESIA SUSTAINABLE PALM OIL (ISPO)

The ISPO is a government effort led by the Indonesian Ministry of Agriculture to create a system for sustainable palm oil production and certification that will enhance Indonesia’s competitiveness in the global palm oil market and reduce GHG emissions from oil palm plantations and operations.

KEY DIFFERENCE BETWEEN RSPO AND ISPO

The main difference between RSPO and ISPO is in their legality. The RSPO is a voluntary organisation with global representation, while the ISPO is regulated by the Indonesian Ministry of Agriculture, State Ministry for the Environment, Ministry of Forestry and National Land Agency.

As a government certification scheme, the ISPO is legally binding on all oil palm producers in Indonesia. The definitions in the ISPO are derived from AMDAL, the national environmental assessment platform, and other government regulations. Plantation companies are not allowed to plant on protected areas designed by the Indonesia government. In addition, RSPO prohibits the companies from planting on HCV areas and primary forests. The ISPO is satisfied with the assurance from the plantation owners that their lands are free from conflict with the local community and district smallholders.

Many plantation owners are still trying to comprehend the full extent of involvement required by the ISPO framework. While the ISPO is still evolving, it is nevertheless an important framework for sustainable palm oil in Indonesia.

Both RSPO and ISPO require audit by an independent party for certification.

INDOAGRI PRINCIPLES AS DESCRIBED ON PAGE 22 COVERS BOTH ISPO AND RSPO FRAMEWORK

IndoAgri: 6 Principles, 18 Criteria	Coverage of RSPO (8 Principles, 39 Criteria) and ISPO (7 Principles, 27 Criteria) Framework
P1. Compliance: 3 criteria	RSPO P1 : Commitment to transparency RSPO P2 : Compliance with applicable laws & regulations ISPO P1 : Licensing & management system
P2. Healthy living: 2 criteria	RSPO P6 : Responsible consideration to employees & communities ISPO P4 : Responsibility to workers
P3. Smallholders: 1 criteria	ISPO P6 : Empowerment of communities' economic activities
P4. Environmental responsibility and conservation of natural resources and biodiversity: 4 criteria	RSPO P5 : Environmental responsibility & conservation RSPO P7 : Responsible development of new plantings ISPO P3 : Environmental management & monitoring
P5. Respect human rights and have responsible consideration of employees and of individuals and communities affected: 4 criteria	RSPO P6 : Responsible consideration to employees & communities RSPO P7 : Responsible development of new plantings ISPO P4 : Responsibility to workers ISPO P5 : Social & communities responsibility
P6. Innovation and continuous improvement: 4 criteria	RSPO P3 : Commitment to long-term economic & financial viability RSPO P4 : Use of best practices RSPO P8 : Commitment to continuous improvement ISPO P2 : Implementation of guideline on agronomical practices and oil palm processing ISPO P7 : Sustainable business improvement

GLOSSARY

ANALISIS DAMPAK LINGKUNGAN (AMDAL)

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

BIODIVERSITY

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

BIO-FUELS

Fuels derived from non-fossilised organic materials. Examples include biodiesel and ethanol which are extracted from renewable crops.

BIOLOGICAL OXYGEN DEMAND (BOD)

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

CARBON FOOTPRINT

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

CRUDE PALM OIL (CPO)

Oil produced from oil palm fruits in milling process.

FOOD TRACEABILITY

The ability to track any food, feed, and ingredients through all stages of production, processing and distribution, including sourcing and retailing.

FREE PRIOR AND INFORMED CONSENT (FPIC)

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

GLOBAL REPORTING INITIATIVE (GRI)

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

GREENHOUSE GAS (GHG)

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

HAZARD ANALYSIS & CRITICAL CONTROL POINT (HACCP)

A preventive system in food safety that identifies and controls biological, chemical, and physical hazards in the food production processes that can cause the finished product to be unsafe.

HIGH CONSERVATION VALUE (HCV) AREA

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

INTEGRATED PEST MANAGEMENT (IPM)

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

INDONESIA SUSTAINABLE PALM OIL (ISPO)

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

ISO 9000 SERIES

A family of international standards for addressing quality management.

ISO 14000 SERIES

A family of international standards for addressing environmental management.

ISO 22000 SERIES

A family of international standards for addressing food safety management.

IUCN RED LIST

A list for assessing the extinction risks of species.

MATURE AND IMMATURE OIL PALM

After planting, the oil palm tree is classified as immature until Fresh Fruit Bunches are produced, which is approximately 30 months later, where upon the oil palm tree is then classified as mature.

NUCLEUS

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

OHSAS 18001:2007

An international occupational health and safety management system specification.

PALM KERNEL (PK)

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

PEATLAND

Land consisting largely of partially decomposed vegetation or peat.

PLASMA

See nucleus.

PALM OIL MILL EFFLUENT (POME)

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

PROGRAMME FOR POLLUTION CONTROL, EVALUATION AND RATING (PROPER)

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

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO)

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

SOCIAL IMPACT ASSESSMENT (SIA)

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

STAKEHOLDERS

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

SUSTAINABILITY

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



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INDOFOD AGRI RESOURCES Ltd.

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