



SUSTAINABILITY REPORT 2014



Sharing Value

Growing a Sustainable Future

AT A GLANCE

Indofood Agri Resources Ltd (“IndoAgri”, and together with its subsidiaries, the “Group”) is a vertically integrated and diversified agribusiness group with activities spanning 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 Group also cultivates sugar cane, rubber, cocoa and other crops.



CONTENTS

- 01 About this Report
- 02 CEO Statement
- 04 Geographical Presence
- 06 Managing Sustainability
- 07 Our Milestones
- 08 Targets and Commitments

BUSINESS OVERVIEW

- 12 Review 2014
- 13 An Integrated Business
- 14 Our Products

OUR SUSTAINABILITY APPROACH

- 18 Our Sustainability Context
- 19 Defining Our Key Material Issues
- 20 Our Sustainability Programmes
- 24 Sustainability Governance
- 25 Sustainability Structure

- 26 Stakeholders Engagement and Partnerships

SUSTAINABLE PALM OIL SOURCING

- 30 The Importance of Sustainable Sourcing
- 30 Managing Traceability Across Our Edible Oils Supply Chain
- 31 Palm Oil Sourcing Policy and Responsible Supplier Guidelines
- 31 Towards an Inclusive Supply Chain and Supporting the Smallholders
- 31 Auditing the Supply Chain
- 32 Box Story – South Sumatra’s Smallholder Project
- 33 A Plasma Farmer at RSPO Roundtable Meeting

ENVIRONMENTAL PERFORMANCE

- 36 Environmental Stewardship
- 37 GHG Emissions, Carbon Footprint and Energy Management

- 42 Reduce Our Chemical Footprint
- 44 Management of High Conservation Value Areas
- 45 Reducing and Recycling Waste
- 46 Water, Effluents and Spills
- 47 Fire and Haze Prevention

SUSTAINABLE PRODUCTS

- 50 Safety and Traceability from Farm to Fork

OUR PEOPLE AND COMMUNITIES

- 54 Our People
- 54 How We Manage Our People
- 55 Health and Safety
- 56 Employee Welfare
- 57 Human Rights and Employee Diversity
- 58 Talent Management
- 59 Supporting Local Communities
- 61 Box Story – The Most Beautiful Smile

APPENDICES

ABOUT THIS REPORT (G4-17)

This is IndoAgri's sustainability report for the financial year of 2014. It focuses on how the Group achieves its business objectives while seeking to enhance the welfare of employees and local communities, and protect the environment.

This report covers our operations for palm oil, which is IndoAgri's main crop. Activities relating to our sugar, rubber, cocoa and other crops are currently excluded from the scope of this report. However, we intend to cover operations relating to these crops in future reports.

The financial and employee data provided refers to the Group as a whole.

This report covers independently verified environmental data collected from:

- Plantations and mills certified or audited in 2014 by the Roundtable on Sustainable Palm Oil (RSPO)
- Mills and refineries audited by Indonesia's Programme for Pollution Control, Evaluation and Rating (PROPER)

The Group	Oil Palm Estates	Oil Palm Mills	Refineries
Total Units	77	22	5
RSPO Certified *	26	9	–
PROPER Certified	–	12	4
Coverage in this Report	26	17 **	4

* Including mills and estates that underwent second stage audit in 2014 and have not been issued the certificates yet.

** Mills that underwent RSPO and/or PROPER audit in 2014.

The data covers 83,016 hectares (34%) of the Group's total oil palm estates, 17 palm oil mills and four palm refineries under our main operating subsidiaries, SIMP and Lonsum. We aim to have all our oil palm estates, plasma smallholders and mills RSPO-certified by 2019.

Our sustainability reports are published annually in accordance with the Global Reporting Initiative (GRI) G4 guidelines (Core level). This is the Group's third sustainability report.

IndoAgri has not commissioned any third-party assurance on this report. We welcome your feedback at sustainability@indofoodagri.com.



35% of our crude palm oil production are RSPO-certified



SUSTAINABILITY COMMITMENT

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

OUR VISION

To become a leading integrated agribusiness, and one of the world-class agricultural research and seed breeding companies.

OUR MISSION

To be a low-cost 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.

OUR VALUES

With **DISCIPLINE** as the basis of our way of life; We conduct our business with **INTEGRITY**; We treat our stakeholders with **RESPECT**; and together we **UNITE** to strive for **EXCELLENCE** and continuous **INNOVATION**

CEO'S STATEMENT



Our strategic approach to sustainability and responsible agribusiness is to establish the material issues, set effective targets and manage the operations according to recognised sustainability standards.

DEAR STAKEHOLDERS,

I am pleased to present IndoAgri's third sustainability report covering our operations for the financial year of 2014.

Agribusiness and food processing are significant industries with extensive supply chains. While these provide great opportunities to create economic wealth and meet food demands, we recognise that there is a potential for economic, environmental and social impact resulting from our business, or that of our suppliers. We acknowledge that our business can positively affect our relationships with our suppliers, farmers, employees and local communities.

This is the rationale for choosing to operate in an increasingly sustainable and traceable manner across our supply chain. Our business model is dependent on effective involvement with rural communities and complex supply chains. The way we manage our resources is in compliance with government regulations and best practices, and measured against

relevant sustainability standards. What underpins all of this is a competent workforce that demonstrates a disciplined approach to sustainability management and responsible agriculture. This is, after all, what has always underscored IndoAgri's business ethos.

We have been involved in initiatives such as cultivating high-yielding seedlings to improve land productivity, breeding barn owls to replace chemical pesticides, enforcing a strict zero-burning policy for land clearing and certifying Crude Palm Oil (CPO) production to RSPO requirements voluntarily.

The world demands oils and fats in ever-greater quantities, driven by population growth, urbanisation and increasing incomes. As a food producer and plantation owner, it is our duty and responsibility to supply high quality and safe food, and to operate in a sustainable manner that protects the natural environment and the communities with whom we work.

Our strategic approach to sustainability and responsible agribusiness is to establish the material issues, set effective targets and manage the operations according to recognised sustainability standards. Whilst we manage a wide variety of operational matters, we focus our sustainability reporting on 10 key issues that matter most from an internal risk perspective and to our external stakeholders.

By 2019 we target to have all of our sustainable palm oil production including our plasma smallholders' certified to RSPO standards, the highest sustainability benchmark for the palm oil industry. Our total RSPO-certified production is 332,000 tonnes, which is 35% of total CPO produced in 2014. Our plantations are also audited for Indonesia Sustainable Palm Oil (ISPO), a mandatory standard for all Indonesian oil palm plantations. Currently we have 45,000 tonnes, which is 5% of our 2014 CPO production, certified under ISPO. Additionally, 12 mills and four refineries are audited and rated 'blue' and 'green' under the government's PROPER programme, complying fully with national regulatory standards. The 'green' rated factories are recognised for environmental performance going beyond compliance.

Non-palm oil operations are currently not covered in this report, but we continue to expand sustainability to our other crops. Companhia Mineira de Açúcar e Alcool Participações (CMAA), our Brazilian joint venture, has recently successfully achieved its first Bonsucro certification for 111,000 tonnes of sustainable sugar cane production, amounting to 3% of its sugar cane production. Bonsucro is a multi-stakeholder non-profit organisation and a globally recognised certification scheme for the sugar cane sector. We will include more on this in future reports, including relevant targets.

We also aim to progressively disclose more on the sustainability management and performance of our other crops, and work with organisations such as the Cocoa Sustainability Partnership (CSP) to develop such a framework if a sustainability standard has not been set for the industry. As an active member of CSP, the Group refocused in revitalizing and replanting its cocoa plantation in East Java and North Sulawesi, which has resulted in productivity improvement.

RESPONSIBLE SOURCES, TRACEABLE PRODUCTS

IndoAgri covers the entire supply chain from seed breeding, plantations and refining to food production. We make cooking oil, margarine, shortening and speciality fats for industrial and consumer markets. In 2014, we implemented a Palm Oil Sourcing Policy and the Responsible Supplier Guidelines to help manage the procurement of all CPO used at our refineries. The majority of our CPO suppliers have acknowledged these guidelines. We also developed a strategic partnership with the Sustainable Trade Initiative (IDH) in 2014 as part of our efforts to achieve a sustainable supply chain including our smallholders. In 2015, we will be working with IDH to have our first group of smallholders RSPO audited.

FIRE PREVENTION ON THE GROUND

We do not tolerate any burning on oil palm plantations belonging to us, or our suppliers. We have further increased our vigilance in this area in support of the new Transboundary Haze Act introduced by the Singapore Government in 2014. IndoAgri has extended its current fire safety system and prevention plan in every estate to address fires from hotspots outside its estate perimeters. A dual-ringed fire monitoring mechanism was implemented so that our estate teams and the local authorities can respond quickly to fire incidents at the borders of our plantations. We also identify known fire-prone areas, and hotspots around our estates based on daily satellite feeds published by the Singapore government, and disseminate the information to the estates for their immediate action. The details of this monitoring mechanism can be found on page 47.

REDUCING GREENHOUSE GASES

We recognise that climate change is a material issue for the agricultural industry as our crops are affected by changes in weather. In 2014, we joined the RSPO Greenhouse Gas (GHG) Working Group pilot project and have completed the measurement of GHG emissions using the RSPO Palm GHG Calculator at eight of our RSPO-certified mills and the estates that supply them. In this report, we also included the measurement of emissions from the sea and land transportation of our CPO from bulking stations to refinery (see page 37). Starting 2015, we will be extending this initiative across our operations, including our non-RSPO certified mills and estates, to develop a reduction target.

MONITORING SUSTAINABILITY PROGRESS

To improve how we monitor our key sustainability indicators, we started to develop a Sustainability Management Information System (SMIS) in 2014. It uses agronomic data in the existing SAP system in our units and subsidiaries across Indonesia. Other data like Occupational Health and Safety (OHS) are captured through the SMIS web forms. Once it goes live in Q3 2015, all estates will have access to it through the intranet and management can keep track of key sustainability KPIs in real-time through the sustainability dashboard.

OUR PEOPLE AND COMMUNITIES

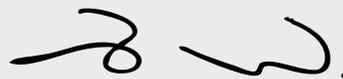
As shown on page 60, we continued our corporate programme on cataracts, which has helped 464 people to restore proper vision to date. In mid 2014, we also started a new cleft lip initiative that has benefitted eight children so far. As plantation owners, we provide services and amenities to improve the safety, hygiene and living conditions of our employees and their families. This includes healthcare services for all estate employees and free education for their children. We also improve the quality of life for the community living on our estate through capacity building, education and financial support programmes. We have always emphasised workplace safety and strived to minimise accidents in our operations. Despite these efforts, regrettably five work-related fatalities still occurred in 2014 – three from car accidents and two from electrocution. We have investigated each incident thoroughly, and taken steps to prevent recurrence. We believe all accidents are preventable, and we will work harder to enhance our safety procedures to achieve zero fatalities.

NEXT STEPS

In the year ahead, we plan to enhance the health and safety of our employees by introducing new protocols and improving safety reporting. We will continue to strengthen our sustainability management to improve our economic, social and environmental performance, as well as meet the targets we have previously set and reported on.

APPRECIATION

Overcoming the challenges and reaching our achievements in this sustainability journey is only possible with the dedication, support and commitment of many individuals. I take this opportunity to thank our Board of Directors, my fellow colleagues, especially the sustainability team and coordinators, and our operations staff who have answered the challenge to go the extra mile on this journey. Last but not least, my appreciation to all the suppliers and smallholders who have engaged with us as our strategic partners to align with our sustainability programmes.



Mark Wakeford
Chief Executive Officer

246,055
HECTARES OF
OIL PALM ACREAGE
(NUCLEUS)

86,890
HECTARES OF
OIL PALM ACREAGE
(PLASMA)

60,616
HECTARES OF
SUGAR CANE

21,697
HECTARES OF
RUBBER

19,236
HECTARES OF
OTHER CROPS

332,000
TONNES OF
SUSTAINABLE
PALM OIL

41,244
EMPLOYEES

50,000
PLASMA FARMERS

GEOGRAPHICAL PRESENCE

OUR PLANTATIONS AND REFINERIES

Indonesia

IndoAgri owns and operates plantations and production facilities across the Indonesian archipelago. Our estates are largely located in Sumatra and Kalimantan, of which 300,050 hectares are planted. Oil palm is our dominant crop, followed by sugar cane, rubber and other crops. Downstream, our refineries are strategically located in the major cities of Jakarta, Surabaya, Medan and Bitung.

Brazil

IndoAgri has a 50% interest in CMAA, which gives the Group access to 47,554 hectares of planted sugar cane in Brazil.

Philippines

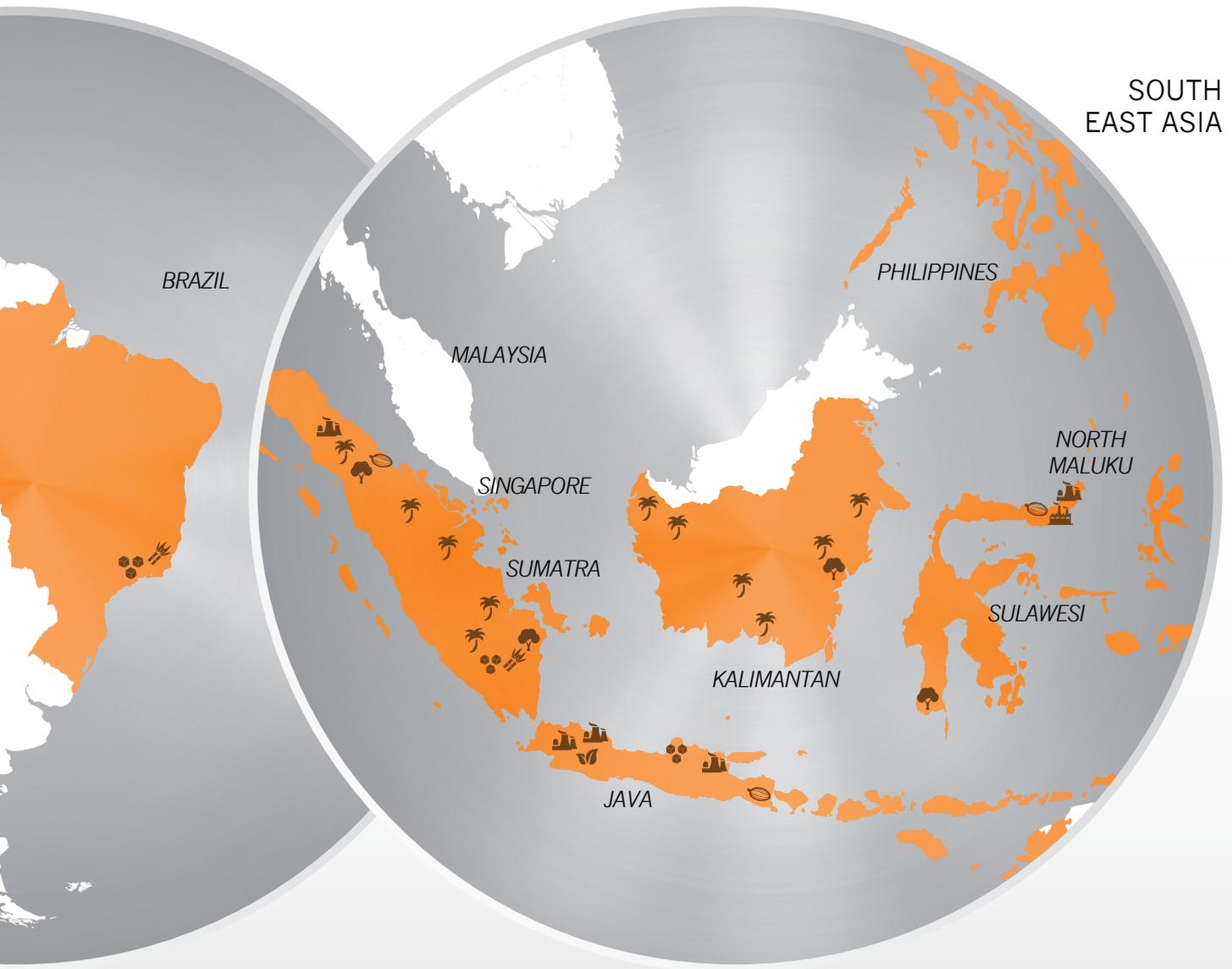
IndoAgri has a 30% interest in FP Natural Resources Limited (FPNRL), a joint venture between First Pacific Company Limited (FP) and IndoAgri, which holds a 34% shareholding in Roxas Holdings, Inc (RHI), the largest integrated sugar business in the Philippines.

SOUTH
AMERICA

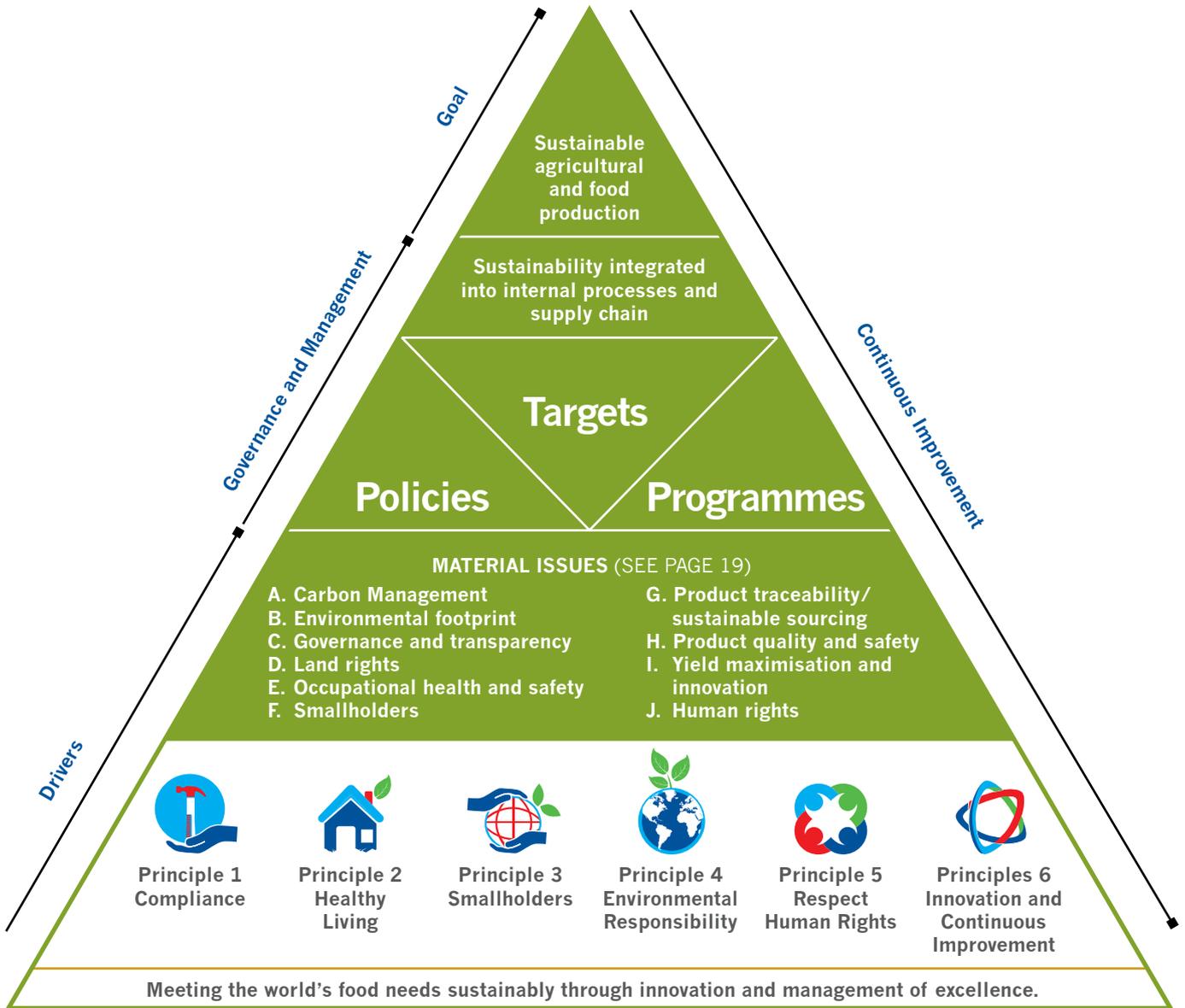




Legend	
 Oil Palm	 Tea
 Sugar Cane	 Refinery
 Rubber	 Sugar Mill
 Cocoa	 Copra Mill



MANAGING SUSTAINABILITY



Continuous Improvement

POLICIES

- Sustainable Palm Oil Policy
- Palm Oil Sourcing Policy
- Internal policies aligned with RSPO and ISPO guidelines

TARGETS

- 1 Certified ISPO palm oil
- 2 Certified RSPO palm oil
- 3 Sustainable palm oil sourcing
- 4 Certified sustainable agriculture for other crops
- 5 Environmental baseline and reduction plan
- 6 Community development plan
- 7 Occupational Health and Safety programme
- 8 High Conservation Value (HCV) programme
- 9 Phase out paraquat

PROGRAMMES

- 1 Growing Responsibly
- 2 Sustainable Agriculture and Products
- 3 Safe and Traceable Products
- 4 Smallholders
- 5 Work and Estate Living
- 6 Solidarity

OUR MILESTONES



2013

- Total RSPO certified CPO of 291,000 tonnes.
- First ISPO certified CPO of 45,000 tonnes.
- First Sustainability Report in FY 2012.
- Sustainable palm oil policy including the commitment to no new planting on peatland.



2014

- Total RSPO certified CPO of 332,000 tonnes.
- Palm Oil Sourcing policy and Responsible Supplier Guidelines.
- Strategic partnership with Sustainable Trade Initiative (IDH) on smallholder programme.
- Development of SMIS.



2012

- Total RSPO certified CPO of 248,000 tonnes.



2011

- Total RSPO certified CPO of 195,000 tonnes.



2009

- Total RSPO certified CPO of 170,000 tonnes.



2007

- SIMP becomes RSPO member.



1983

- SumBio, an R&D and palm seed breeding company started operations.



1997

- Introduction of barn owls bio control against rats.



2004

- Lonsum becomes RSPO member.



2006

- Acquisition of PT SAIN, an R&D and oil palm seed breeding company.



TARGETS AND COMMITMENTS

A fully traceable value chain underscores IndoAgri's commitment to deliver safe, high quality products. To achieve sustainable operations, the management has set the following targets:

1. Achieve ISPO certification for all oil palm estates and mills managed by the Group by end of 2016.
2. Achieve RSPO certification for all oil palm estates and mills managed by the Group and its plasma smallholders by end of 2019.
3. 100% sustainable palm oil sourcing by end of 2020.
4. Achieve internationally recognised standards for sustainable agriculture, where available, for all our other crops, including rubber, sugar, cocoa and tea.
5. Set baseline for environmental footprint by 2014 for all factories and develop environmental reduction target by 2015 for carbon emissions, energy and water.
6. Set baseline and develop community development plan for welfare improvement for each site by 2015.
7. Implement the Occupational Health and Safety programme and complete the baseline assessment for all sites in 2015 to reduce work related accidents.
8. HCV assessment study for all sites completed in 2014. Develop and implement HCV rehabilitation plan for each site by 2015.
9. Phase out the use of paraquat by 2018.

Certification Targets and Progress

Coverage	Year	2013	2014		Future Target					Total
			Target	Achievement	2015	2016	2017	2018	2019	
Oil Palm Estates	RSPO Nucleus (hectares) *	54,830	25,554	28,186 **	78,613	84,426	–	–	–	246,055
Oil Palm Estates	ISPO Nucleus (hectares) *	8,071	106,803	102,648 **	65,637	69,699	–	–	–	246,055
Oil Palm Estates	RSPO Plasma (hectares) *	–	–	–	1,675	–	14,259	47,555	23,401	86,890
Oil Palm Mills	RSPO	6	3	3 **	8	5	–	–	–	22
Oil Palm Mills	ISPO	1	11	11 **	7	3	–	–	–	22
Oil Palm Mills	PROPER ***	10	2	2	2	2	2	2	2	22
Refineries	PROPER ***	2	2	2	–	1	–	–	–	5
Oil Palm Mills	ISO 14001	–	–	–	4	4	4	–	–	12
Refineries	ISO 14001	–	–	–	–	–	3	1	–	4
Refineries	RSPO Supply chain certification	–	–	–	–	3	1	–	–	4

* Hectarage data are based on planted hectares as of December 2014.

** Hectarage or number of mills that are already certified or underwent second stage audit of RSPO and first stage audit of ISPO. The issue date of the certificate is subject to the accreditation period of the certifying body.

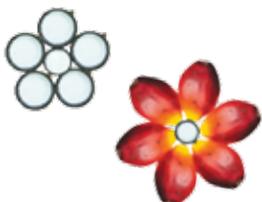
*** Target application dates for participation in the Indonesian government's PROPER audit. Participation is subject to approval by the Indonesian Ministry of Environment.

Environmental Targets

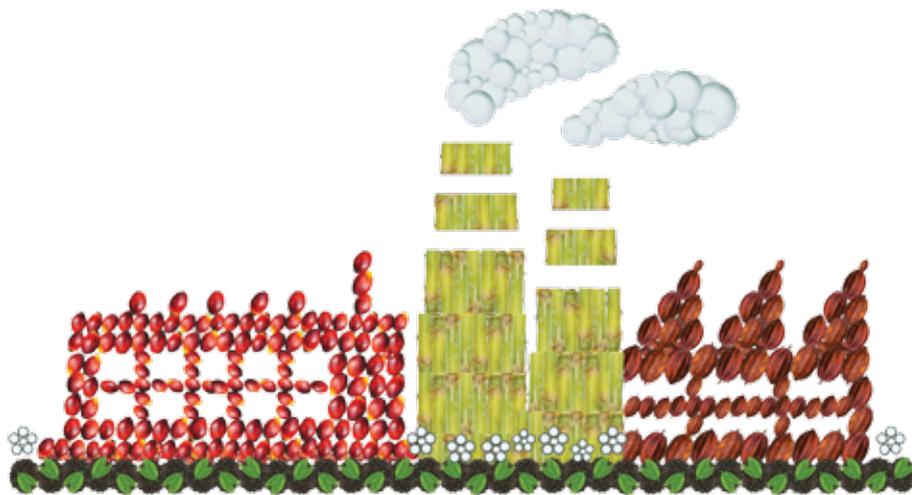
Coverage	Target	Achievement		Future Target			
		2014	2015	2016	2017	2018	2019
Estates, Mills and Refineries	Carbon footprint	Calculation for 8 mills and 22 estates	Develop reduction target and strategy	<ul style="list-style-type: none"> Annual calculation GHG emission Implementation of carbon reduction strategy 			
Oil Palm Mills and Refineries	Energy and water consumption	Energy audit for 2 mills	Set reduction target	Implementation of energy reduction strategy			

Supply Chain Target

Target	Achievement			Future Target				
	2014	2015	2016	2017	2018	2019	2020	
Responsible CPO supplier programme	Suppliers that supply 97% of our CPO requirement have acknowledged our policy and guidelines	Audit CPO suppliers			100% sustainable palm oil sourcing			



BUSINESS OVERVIEW



IndoAgri is a vertically integrated and diversified agribusiness company and among Indonesia's largest palm oil producers. We are well positioned to maximise value creation at every stage of the supply chain.



REVIEW 2014

CORPORATE PROFILE

Headquartered in Jakarta and listed on the Singapore Stock Exchange, IndoAgri is a leading diversified and vertically integrated agribusiness with activities that span the entire supply chain, from plantation management and crop production, through to refining, branding and marketing of consumer products. Through our main operating subsidiaries in Indonesia, SIMP and Lonsum, the Group has a planted area of 300,050 hectares, comprising 246,055 hectares of oil palm, 21,697 hectares of rubber, 13,062 hectares of sugar cane and 19,236 hectares of other crops in Indonesia. The Group also has access to 86,890 hectares of planted oil palm managed by its plasma smallholders. To meet its production capacities, the Group owns and operates 22 palm oil mills, four crumb rubber

processing facilities, three sheet rubber processing facilities, two sugar mills/refineries, one cocoa mill and one tea mill.

Through a 50% interest in the CMAA, the Group has access to 47,554 hectares of planted sugar cane and a total annual cane crushing capacity of 3.8 million tonnes in Brazil. We also have a sugar operation through a 30% investment in FPNRL, which in turn holds a 34% stake in RHI, the largest integrated sugar business in the Philippines. RHI has a processing capacity of 6.2 million tonnes and it secures its entire sugarcane requirements from local farmers.



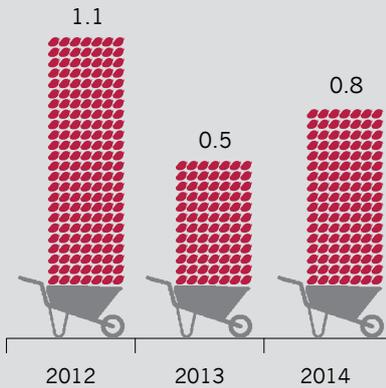
See our corporate structure in the Annual Report 2014, online content pdf at www.indofoodagri.com/ir.html

KEY HIGHLIGHTS

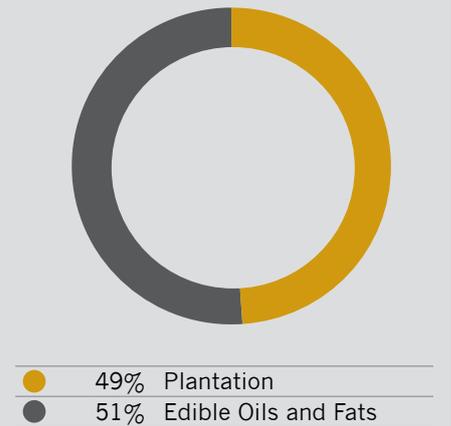
Net Sales
(in Rp trillion)



Attributable Profit
(in Rp trillion)

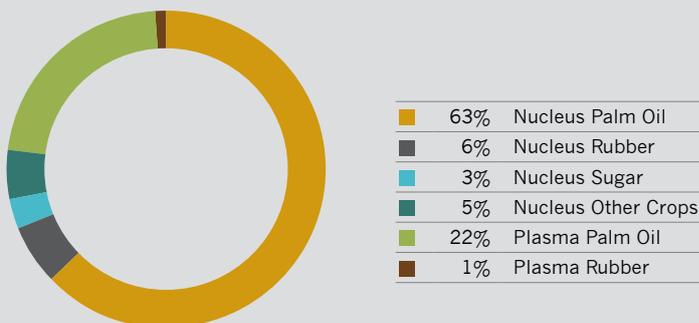


Revenue by Division 2014

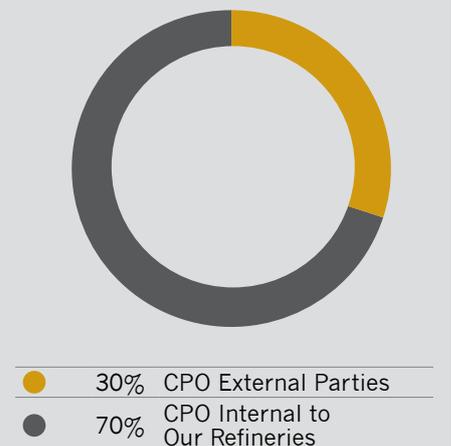


Note: Comprises of both internal and external sales

Planted Area 2014
Hectares



CPO Sales Volume 2014



AN INTEGRATED BUSINESS

The Group's vertically integrated agribusiness model allows us to optimise value creation and achieve sustainable growth across the entire supply chain – from production of planting material and development of plantations, to the harvesting, milling, refining and processing of CPO into cooking oil, margarine and shortening. The Group also cultivates sugar cane, rubber, cocoa, and other crops. The basic structure of our value chain is illustrated below.

For generations, our branded cooking oils and margarine have consistently dominated Indonesia's consumer market. Each year, we sell nearly 90% of our branded products direct and through local and national distributors, serving approximately 370,000 retail outlets across Indonesia. The rest is exported to

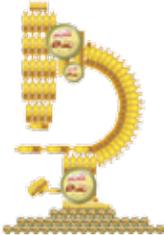
29 countries. In 2014, the total sales volume of edible oils and fats (which comprised of cooking oil, margarine and coconut oil (CNO)) was 755,000 tonnes.

We continue to work with suppliers to strengthen our supply chain. In 2014, our Plantation Division produced approximately 70% of the CPO used in the production of cooking oil, margarine and shortening at our refineries, while the rest of our CPO requirements were met by external parties.

INTEGRATED AND DIVERSIFIED AGRIBUSINESS GROUP



CAPTURING VALUE ACROSS THE ENTIRE SUPPLY CHAIN

UPSTREAM			DOWNSTREAM	
R&D/Seed Breeding	Plantations	Mills	Edible Oils and Fats	Distribution
				
33 million oil palm seeds p.a.	Diversified crops Indonesia Oil Palm: 246,055 hectares Production FY14 CPO: 956,000 tonnes PK: 218,000 tonnes	22 palm oil mills with capacity of 5.7 million tonnes p.a	Leading market share of branded cooking oil and margarine markets in Indonesia Strong sales and marketing expertise and extensive distribution network, serving ~370,000 retail outlets in Indonesia Leverage on Indofood's 1,100 stock points Refineries with a total capacity of 1.4 million tonnes p.a	
Develops sugar varieties	Indonesia Sugar Cane: 13,062 hectares Brazil Sugar Cane: 47,554 hectares	2 sugar mills/refineries in Indonesia with capacity of 2.2 million tonnes p.a in Brazil with capacity of 3.8 million tonnes p.a		
	Rubber: 21,697 hectares	4 crumb/3 sheet rubber factories		

OUR PRODUCTS

PALM OIL

Oil palm is IndoAgri’s key plantation crop. The fruits of oil palm, or Fresh Fruit Bunches (FFB), are processed at mills into CPO, and then refined into different edible oils and fats products.

As at 31 December 2014, our mature oil palm estates covered 185,181 hectares, while immature estates occupied 60,874 hectares or 24% of total planted palm area. The average age of our oil palms is 13 years. In 2014, the Group harvested 4,372,000 tonnes of FFB, achieved an average oil extraction rate of 22.4% and a CPO production of 956,000 tonnes.

The Group’s RSPO-certified CPO production of 332,000 tonnes represents 35% of our total CPO production in 2014. RSPO-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 CSPO to the palm oil supply base, who can transact these certificates online to interested parties supporting specific volumes of CSPO or their derivatives.

OIL PALM SEEDS

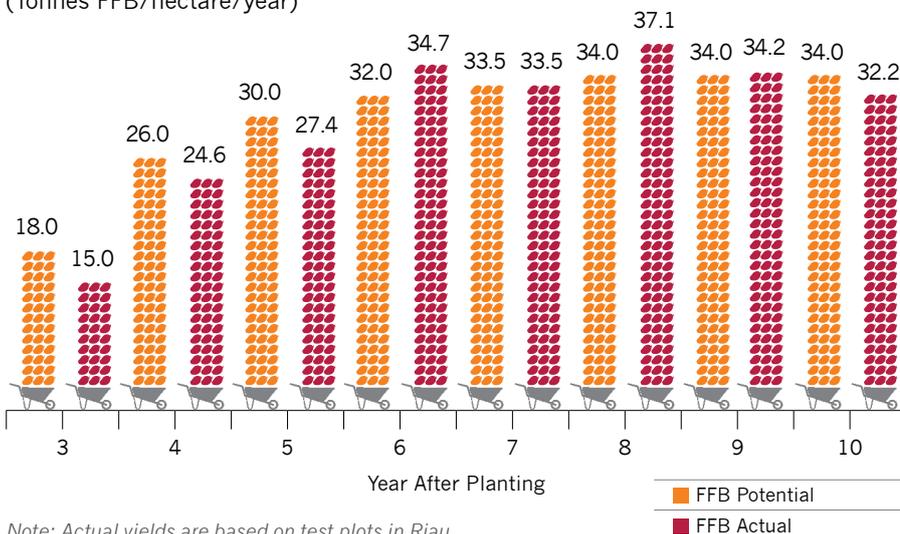
The seed material used in our plantations is produced by our agricultural R&D centres: Sumatra Bioscience (SumBio) in Bah Lias, North Sumatra, and PT SAIN in Pekanbaru, Riau. These two sites are among only 10 oil palm seed breeding centres in Indonesia with the facilities and expertise to conduct extensive breeding trials for the production of high-yielding seed material suited to our local climates. In 2014, IndoAgri sold 9.2 million premium seeds, compared with 17.9 million in 2013 due to the slow down in new planting in Indonesia. The palm seeds from both R&D centres are not Genetically Modified Organisms (GMO).

Characteristics of Our Oil Palm Seeds

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

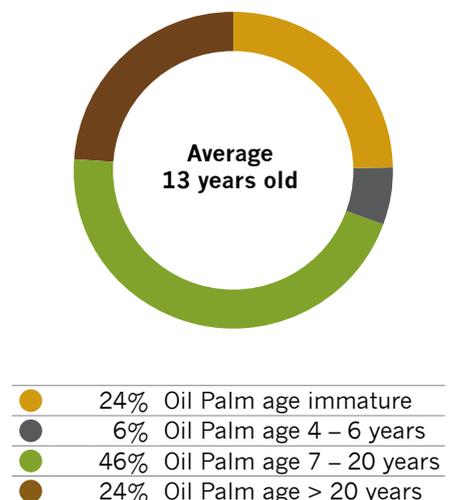
Note: PT SAIN uses parent palm materials from ASD Costa Rica and OPRI from Ghana, derived from renowned breeding populations and breeding centres of Southeast Asia and West Africa. SumBio uses palm materials from elite Harrisons and Crosfield Del dura and AVROS populations from Dami, Papua New Guinea,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

PT SAIN FFB Yield Potential Versus Actual in Riau Province on S2 Soil Classification (Tonnes FFB/hectare/year)



Note: Actual yields are based on test plots in Riau.

Age of Our Oil Palm Trees



RUBBER

The Group's rubber estates are spread across North and South Sumatra, East Kalimantan and Sulawesi. As at end 2014, nucleus rubber estates occupied 21,697 hectares of land, including 3,986 hectares that are immature. The average age of our rubber trees is about 14 years.

Sheet rubber, crumb rubber and cup lump are our main rubber products. In 2014, the Group produced 18,400 tonnes of rubber, of which 57% was exported to countries such as Singapore, the US and UK, while the rest were sold domestically.

SUGAR

Our sugar operations are located in Indonesia, Brazil and the Philippines. In South Sumatra, we have a cane-planted acreage of 13,062 hectares and a 8,000 tonnes of cane per day (TCD) sugar mill and refinery with an annual processing capacity of 1.4 million tonnes. For the year in review, we harvested 701,000 tonnes of sugar cane from our own estates, and produced 53,500 tonnes of sugar for the domestic consumer market.

In Central Java, we have a 4,000 TCD sugar mill and refinery with an annual capacity of 720,000 tonnes. In 2014, we processed 452,000 tonnes of sugar cane from 7,260 hectares of sugar estates, including those belonging to plasma holders. IndoAgri has an arrangement with these smallholders, where credit is advanced for seed cane, planting costs and fertiliser purchases, and then offset against their sales. In 2014, the total sugar production from Central Java was 34,000 tonnes, while the Group's share of the sugar produced was 13,000 tonnes.

In Brazil, IndoAgri has access to 47,554 hectares of planted sugar cane through CMAA. About 51% of this acreage is company owned, while 49% belong to third parties. In 2014, CMAA processed 3.5 million tonnes of harvested sugar cane, and produced 224,000 tonnes of sugar, 145,000 m³ of ethanol and 375,000 Mwh of electricity.

We also have a 30% stake in FPNRL, which has a 34% interest in RHI. In 2014, RHI processed 3.2 million tonnes of sugar cane from third party suppliers, producing 312,000 tonnes of sugar and 32,000 m³ of ethanol. It also refined 103,000 tonnes of raw sugar.

CMAA achieved Bonsucro certification for 111,000 tonnes of sustainable sugar cane production, representing 3% of total sugar cane production. Like RSPO, Bonsucro is a globally recognised standard, and a multi-stakeholder non-profit organisation. It promotes measurable standards that balance the environmental and social impact of sugar cane production and primary processing with the economic viability of business operation.

We will continue to review the techniques and technology used in Brazil and the Philippines before establishing an appropriate sustainability standard that will allow us to adopt best agronomic practices in our Indonesian sugar plantations and across our sugar supply chains.



EDIBLE OILS AND FATS

IndoAgri's downstream products mainly comprise of cooking oils, margarine, shortening and by-products derived from oil palm refining and fractionation. The Group owns and operates five refineries, with a processing capacity of 1.4 million tonnes of CPO per year.

In Indonesia, our cooking oils are sold under the leading brands of Bimoli, Bimoli Spesial, Delima and Happy. 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.

OUR SUSTAINABILITY APPROACH



IndoAgri's business priorities are guided by clear principles for environmental, economic and social sustainability. We believe that the Group and its stakeholders can co-create value by focusing on the key material issues.



OUR SUSTAINABILITY CONTEXT

Indonesia may become the 7th largest economy in the world by 2030¹ with a middle class set to grow by 90 million people. As rising domestic and export demand will eventually take a toll on the country's natural resources, the Indonesian government is safeguarding food security by pursuing an ambitious programme to increase yields and output of agricultural food crops. It sees value in strengthening industries such as palm oil, where it has global competitive advantage, to boost Indonesia's self-reliance as a net exporter of basic food staples.

Oil palm expansions by smallholders and agriculture corporations have been a powerful driver for Indonesia's economic development. The industry contributes significantly to Indonesia's agriculture exports. It helps to eradicate poverty by providing jobs and better living conditions in rural communities. As at 2014, Indonesia has over ten million hectares of oil palms².

At the same time, agricultural expansion has become a major contributor of carbon emissions and environmental issues. Land-use changes account for 70% of Indonesia's total GHG emissions, and the attrition of Indonesia's unique ecology and rainforests. A significant part of the solution lies in sustainable farming.

Since 2010, the Indonesian government, through its National Mitigation Actions programme and National Action Plan for Reducing Greenhouse Gas Emissions (RAN – GRK Rencana

Aksi Nasional Penurunan Emisi Gas Rumah Kaca), has aimed to cut carbon emissions by 26% by 2020, with an additional 15% contingent upon receiving international support. The focus sectors for GHG reductions are forestry, peat lands, agriculture, energy, industry, transportation and waste.

Other concerns relate to social conflict arising from land ownership and the right to Free, Prior and Informed Consent (FPIC) for indigenous people. 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. In Indonesia, efforts to minimise environmental impact and optimise social benefits of palm oil have led to mandatory standards such as the ISPO and voluntary standards as the RSPO.

As the industry grows, there is a greater need for corporate social responsibility, accountability, as well as a clear system of measurement and monitoring by government and industry leaders, in order to balance the economic, social and environmental priorities and achieve Indonesia's sustainability goals.

Government-led initiatives, such as the Partnership for Indonesian Sustainable Agriculture (PISAgro) provide a multi-stakeholder model for tackling Indonesia's agricultural challenges. IndoAgri is a member of the palm oil working group under PISAgro.



¹ McKinsey Global Institute (2012). *The archipelago economy: Unleashing Indonesia's potential*.

² Ministry of Agriculture (2014). *Agricultural Statistics 2014*.

DEFINING OUR KEY MATERIAL ISSUES

(G4-18, G4-19, G4-20, G4-21, G4-23)

We have a process to identify our most material sustainability issues, and where the impacts occur in our value chain. These contents are reported based on the GRI principles. To determine if a topic is material, we assessed its potential impact on the business and on social and environmental sustainability in line with global best practices.

During a materiality workshop attended by senior management in June 2013, potential financial and reputational risks to IndoAgri and its stakeholders were assessed as part of our Enterprise Risk Management System. Issues were also identified and prioritised through other internal workshops, peer reviews, engagement with international NGOs and social impact assessments at site level. Stakeholder engagement

takes place throughout the year during which information relevant to the business and its functions is collated and processed in the materiality assessment.

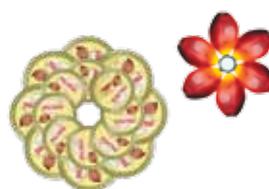
In 2014, we organised another workshop for our management team to review the 2013 materiality assessment and to align it to the GRI G4 Guidelines. Management concluded that the current materiality assessment and ongoing sustainability programmes were relevant and on track.

The Group follows a precautionary principle, adopting the best available technology and management practices within the constraints of costs and other resources.

All of our key material issues affect both our internal and external stakeholders, as outlined below.

Key Material Issues

Key Material Issue	Interest Group	Geography
A. Carbon management including deforestation	Global community including international NGOs and governments	International
B. Environmental footprint including PROPER, ISO 14001	Community living around estates, local government and NGOs	International
C. Governance including transparency, business integrity and anti-corruption, risk management	Investors and NGOs	International
D. Land rights including scarce land resources	Local community; government and NGOs	International
E. Occupational health and safety	Local labour organisations and government	Indonesia
F. Smallholders including plasma, social conflict resolution	Smallholders, NGOs and local government	Indonesia
G. Product traceability/Sustainable sourcing including RSPO/ISPO	Suppliers and consumers	International
H. Product quality and safety	Suppliers and consumers	International
I. Yield maximisation including innovation	Investors, NGOs and government	International
J. Human rights	NGOs and government	International



OUR SUSTAINABILITY PROGRAMMES

To manage and improve performance under the 10 material issues identified, we have developed six programmes to embed sustainability within our internal operational processes and across our supply chains. For each material issue we have set a baseline and the possible targets, guided by our sustainability policies, principles and commitment.

GOVERNANCE AND INTEGRITY

Governance including transparency, business integrity and anti-corruption, risk management [material issue C]

We adhere closely to the principles and guidelines of the SGX's Code of Corporate Governance 2012, IndoAgri Code of Conduct and other applicable laws, rules and regulations. Corrupt and unethical behaviours are against our corporate values of integrity and responsibility. However, as a company we recognise that there is a risk of bribery and corruption when we deal with our suppliers and contractors. For us, it is clear that maintaining business integrity is essential to protect the social fabric of the communities where we operate.

How we manage this

Our **Growing Responsibly** Programme sets the policy framework for high standards of corporate governance and professional integrity. All our business interactions must be conducted in an ethical, honest and accountable manner, in accordance with prevailing laws, rules and regulations. The Board evaluates how well we manage governance and integrity based on our Code of Conduct.

Since 2013, we have been publishing our annual sustainability performance using the GRI standard. We have developed an SMIS to monitor and ensure the consistent implementation of our sustainability efforts across the Group.



See our Code of Conduct at
www.indofoodagri.com/sustainability.html

SUSTAINABLE PALM OIL SOURCING

Product traceability/Sustainable sourcing including RSPO/ISPO [material issue G]

Smallholders including plasma, social conflict resolution [material issue F]

To produce sustainable products, it is important to know whether the raw materials originate from sustainable sources. This is particularly crucial from a food safety perspective. For this purpose, we have extended our sustainability efforts beyond our operations to include our supply chain. We adhere to the principles and criteria of the RSPO, the highest sustainability benchmark for the palm oil industry.

How we manage these issues

Our **Safe and Traceable Products** Programme ensures that all products from our refineries and mills are traceable, safe and beneficial for human consumption. It also ensures that CPO, the main ingredient used in our products, is sustainably sourced. Currently, our plantations supply approximately 70% of the CPO used in our refineries, while third parties and smallholders supply the remaining requirements. In 2014, we initiated

a partnership with the Sustainable Trade Initiative (IDH) to train and guide these smallholders on RSPO compliance. We also developed the Palm Oil Sourcing Policy and Responsible Supplier guidelines to assist our CPO suppliers to follow our sustainability efforts. The majority of them have acknowledged our policy, and the audits on our CPO suppliers to ensure compliance with our policy and guidelines will start in 2015. Our aim is to certify all our nucleus plantations, including our smallholders', to RSPO standards by 2019.

Other key initiatives:

- Implemented barcode system to authenticate the oil palm seeds produced by our Bah Lias Research Station (BLRS).
- Implemented supply chain tracking system to trace FFB supplied by smallholders in South Sumatra.
- Developed RSPO supply chain certification process at the refineries.

Our **Smallholders** Programme covers our efforts with the plasma and ex-plasma farmers, and supports the nucleus-plasma scheme through the development of inclusive supply chains. We have extended our sustainability efforts beyond our nucleus plantation operations to include our smallholders.

Other key initiatives:

- Started implementation of RSPO smallholder certification programme for plasma and ex-plasma smallholders including training on sustainable agriculture.
- Engaged in strategic partnership with IDH to certify the first batch of smallholders for RSPO in 2015.

ENVIRONMENTAL PERFORMANCE

Carbon management including deforestation [material issue A]

GHG emissions are a major contributor to climate change. They can adversely impact ecosystems, air quality, agriculture, and human and animal health.

Climate change is one of the biggest challenges the Indonesian agriculture industry will have to face in the coming decades. Our industry relies heavily on certain climatic conditions, such as rainfall, for healthy growth of the plantation crops.

Environmental footprint including PROPER, ISO 14001 [material issue B]

The operations in our estates, refineries and mills are guided by sound environmental management practices. This is a result of local regulations, change in energy availability and fuel prices, productivity and the aspiration to be a good steward of natural resources.

As an agribusiness, we are faced with environmental issues such as habitat loss, deforestation, irrigation, soil management, chemical leachate, and preservation of genetic plant quality. Consequently, we are adapting to the environment and changing the way we do business. We recognise that land conservation and habitat loss from deforestation are complex environmental and social issues.

In water-stressed regions or increasingly populous or urbanised locations, the need to conserve water becomes paramount. Soil is an important natural resource, and poor

farming practices can lead to soil deflation and sedimentation of watercourses.

Excessive emissions of pollution are harmful to ecosystems and human health. Unchecked run-off of agricultural chemicals such as pesticides and fertilisers can create unlawful incidents and extensive risk to biodiversity. The disposal and transportation of hazardous wastes from factories are subject to stringent regulation.

Yield maximisation including innovation [material issue I]

Achieving good yields through the correct plantation management practices is core to our business. The ability to maintain the best yields coupled with careful cost control and competitive pricing will enable us to remain resilient and productive. To raise our operational productivity, we strive towards better precision agronomy within each 30-hectare block to achieve FFB yields of 30 tonnes per hectare. Higher yields come from innovation in seed breeding, agronomic best practices, and the careful use of crop protection agents. Getting these elements right will contribute to a more environmentally and socially responsible operations upstream.

How we manage these issues

Our **Sustainable Agriculture and Products** Programme drives the adoption of sustainable practices in crop cultivation and the operation of refineries and mills. We are committed to the best industry sustainability practices and standards. Our **Smallholders** Programme, focusing on plasma farmers, also sets out to promote and certify production practices upstream, with benefits such as stronger yields and more engaged producers.

As of end December 2014, 332,000 tonnes or 35% of IndoAgri's total CPO production were certified to RSPO standards. The Group also achieved ISPO certification for 45,000 tonnes or 5% of the total CPO production. CMAA, our sugar operation in Brazil, has attained Bonsucro certification for 111,000 tonnes of sustainable sugar cane. This represents 3% of the total sugar cane production.

We are drawing from our experience with international standards such as RSPO and Bonsucro, and working with the PISAgro, to develop sustainable farming guidelines for our other crops. Our factories were assessed and rated at least 'blue' against the PROPER criteria, representing compliance with Indonesia's environmental regulation.

We appointed RSPO-accredited assessors to evaluate the HCV areas in our oil palm estates, and develop guidelines on managing and conserving the HCV areas. Our Group policy prohibits any new planting on peatlands and HCV areas.

Other key initiatives:

- Conducted annual audit for the Indonesian government's PROPER rating and ISO 14001.
- Performed energy audits for two mills.
- Upgraded the boilers in our mills to capture and reuse condensed water.
- Monitored GHG emissions from the RSPO mills, estates and refineries.
- Updated internal policies according to government regulations and the RSPO and ISPO principles.
- Implemented a policy prohibiting planting on peatland and HCV areas for all new development.

- Promoted the 3Rs of "reduce, reuse and recycle", including biomass optimisation.
- Replaced pesticide usage with biological controls as part of integrated pest management.
- Replaced the use of inorganic fertiliser with compost.
- Developed target and programme to phase out paraquat.
- Supported innovation in our seed breeding centres.
- Implemented fire and haze prevention measures.
- Conducted external Social Impact assessments.
- Collaborated with PISAgro to address yield improvements and farming efficiencies.
- Developed an annual fertilisation plan for each plantation by field.

Our **Growing Responsibly** Programme adds to this effort by nurturing the capacity and competencies of our employees and plasma smallholders and encouraging stakeholder engagement. It provides a policy framework for decision-making and good practices, and outlines key processes for improving corporate risk management, leadership and governance.

Other key initiatives:

- Conducted sustainability training programmes for employees.
- Communicated sustainability policy to internal and external stakeholders.
- Organised Sustainability Think Tank Meetings with senior management from subsidiaries.

SUSTAINABLE PRODUCTS

Product quality and safety [material issue H]

In the food industry, it is important to know precisely where ingredients come from and how they are produced in order to establish full traceability. We closely monitor the supply chains so that our objectives for product quality and safety can be achieved. Ensuring traceability provides quality assurance to our customers and deters counterfeit products from entering the market. We ensure that our product labels accurately describe the food quality, properties and brand claims.

How we manage this

Our **Safe and Traceable Products** Programme and the supporting quality assurance processes aim to ensure that all our products are safe for human consumption. See also the SUSTAINABLE PALM OIL SOURCING sub-section above.

Our products are fortified with minerals and vitamins as required by legislation. Nutritional value is enhanced for certain products as an added health benefit to customers, and for product differentiation.

Our cooking oils are bottled using packaging materials that are recyclable, in compliance with Indonesia's policy on Extended Producer Responsibility (EPR). Our parent, Indofood, is a member of the Coalition for Sustainable Packaging, which champions plastic waste management in Indonesia.

Other key initiatives:

- Implemented food safety management systems at Tanjung Priok refinery in compliance with Food Safety System Certification (FSSC) 22000:2010 standard.

OUR SUSTAINABILITY PROGRAMMES

- Implemented a quality management system (QMS) and achieved ISO 9001 certification for all refineries.
- Appointed Quality Assurance teams to enforce food safety standards and regularly assess the Group's quality control systems, including those of its suppliers.
- Achieved halal certification.

PEOPLE AND COMMUNITIES

As a responsible employer and plantation owner, we aim to provide a high standard of welfare, health, living conditions, civic services, and training to our employees and their families. We practice fair compensation, and are committed to strengthening labour relations and promoting human rights.

Occupational health and safety [material issue E]

Agriculture, refining and milling operations are potentially dangerous vocations with risk of injury or accidents relating to the plantation environment, machineries and equipment, chemicals, confined spaces as well as operator errors. Providing a safe and healthy working environment is a primary commitment to our employees.

Human rights [material issue J]

As an agribusiness, there is constant pressure to demonstrate how human rights are respected. IndoAgri is committed to dealing fairly and transparently with all employees and business partners. The management of risks relating to diversity, employee retention, labour conditions, freedom of association, child labour and forced labour is core to this effort. In the plantations, which are often remote, we provide a range of essential amenities and facilities to cater to the needs and comfort of our employees.

Land rights including scarce land resources [material issue D]

Land ownership is a deeply social, political, historical and religious issue in the agricultural industry. We uphold the principle of FPIC with regards to land purchases from local villages, and it is important to IndoAgri that the local villagers, in turn, have enough for their own livelihood and provisions.

How we manage these issues

An Occupational Health and Safety (OHS) management system, known as SMK3, in compliance with local regulation, is used in our estates and factories.

We pay at least minimum wage according to local regulations and ensure that our reward policies are competitive. All IndoAgri staff are enrolled under Badan Penyelenggara Jaminan Sosial or BPJS (formerly known as Jamsostek), a government pension plan to which the Group and the employee respectively contributes 3.7% and 2.0% of the monthly basic salary. Retiring employees enjoy a severance package and other benefits set out by BPJS.

The Group also supports the development of agronomy, agriculture and engineering skills through four training facilities. We invest in the training of professional skills suited to specific roles and job requirements. To identify and groom future leaders, we have a Learning and Development Programme implemented in collaboration with the First Pacific Leadership Academy.

The Group complies with Indonesian labour laws and ensures that all employees and casual labourers are of legal age. All forms of child or forced labour are strictly prohibited. As an equal opportunity employer, our recruitment policy is based on

merit. We support our female employees by providing child care centres and keeping the job positions of new mothers who go on maternity leave.

The Indonesian Labour Union represents the interests of our employees. Across the regions, 58% of our operational employees are unionised, and 93% of them are protected by a Collective Labour Agreement (CLA) that includes an OHS clause.

Our **Work and Estate Living** Programme covers aspects relating to safety, health and wellbeing of our workers and their families, and to human rights. We aim to provide safe, hygienic and healthy work and living conditions for our employees, workers and their families living on the estates. To support field employees who are parents, we provide day care centres so that their children can be properly supervised.

Other key initiatives:

- Provided essential services and basic amenities, including clean water, electricity, free education and proper medical care, to all estate residents.
- Built community facilities and infrastructure, including housing, places of worship, sports venues, kindergartens, schools, clinics, aid posts and posyandus.

Our **Smallholders** Programme sets out practical guidelines on building good relations and engaging with our local communities. To alleviate conflicts relating to land rights and to cultivate strong social relationships, we actively engage with local landowners and community leaders. The benefits have been manifold, including the mitigation of theft, protests, roadblocks and other business disruptions.

The **Solidarity** Programme seeks to empower those in our estates through capacity building, education and financial support. Local activities and grassroots projects are prioritised and planned based on the findings from our Social Impact assessments.

Key initiatives:

- Implemented local community development programmes such as:
 - Lip cleft and cataract operations
 - IndoAgri Sehati: revitalised posyandu to promote maternal and infant health
 - Rumah Pintar handicraft programmes to stimulate micro-enterprise
 - Donations and humanitarian aid following natural disasters
 - BISMA scholarship
 - Sponsorship of local activities
 - Infrastructure development such as schools and community facilities
- Conducted Social Impact assessments.
- Developed a grievance mechanism for community complaints.
- Implemented a procedure to obtain FPIC from local communities before the release of land rights.

The relationship between the material issues, our supporting programmes and performance indicators is presented on page 23.



Our Material Issues, Supporting Programmes and Performance Indicators

Programme	Objective	Principles	Material Issues	GRI Performance
PROGRAMME 1: GROWING RESPONSIBLY	Encourage and promote sustainability as core to our operations.	 	Governance including transparency, business integrity and anti-corruption, risk management	<ul style="list-style-type: none"> Covered in GRI's standard disclosures, not KPIs
PROGRAMME 2: SUSTAINABLE AGRICULTURE AND PRODUCTS	Achieve sustainable agriculture practices in our crop cultivation.	  	<ul style="list-style-type: none"> Carbon management including deforestation Environmental footprint including PROPER, ISO 14001 Yield maximisation including innovation 	<ul style="list-style-type: none"> GHG Emissions: EN18, EN15 Initiatives to reduce GHG emissions: EN19 Energy use: EN3 Energy conservation: EN6 Pesticides use: EN1 (materials used) Water usage: EN8, (EN22 water discharge, EN24 spills) Waste Generation – EN23, Recycling EN2 Biodiversity – EN14 EN28 (packaging), EN29 (compliance) and EN30 (transportation of products)
PROGRAMME 3: SAFE AND TRACEABLE PRODUCTS	Ensure all products from refineries and mills are traceable, safe and beneficial for human consumption.	 	<ul style="list-style-type: none"> Product traceability/ Sustainable sourcing including RSPO/ISPO Product quality and safety 	<ul style="list-style-type: none"> FP1, FP2, EN32, LA14, HR10, SO9 PR1, PR2 and PR5, FP5, FP6, FP7 and FP8
PROGRAMME 4: SMALLHOLDERS	Support the nucleus-plasma scheme by developing an inclusive supply chain.	    	<ul style="list-style-type: none"> Smallholders including PLASMA, social conflict resolution Land rights including scarce land resources 	<ul style="list-style-type: none"> Sector specific Not covered by GRI or KPI Covered by RSPO and ISPO
PROGRAMME 5: WORK AND ESTATE LIVING	Improve the safety, hygiene and living conditions for our employees, workers and their families living on the estates.	  	<ul style="list-style-type: none"> Occupational health and safety Human rights 	<p>LA5, LA6, LA8</p> <p>Human rights: Freedom of association HR3 Diversity LA12</p>
PROGRAMME 6: SOLIDARITY	Support the development of local communities in and around our estates and factories by improving their existing conditions and quality of life.	 	<ul style="list-style-type: none"> Human rights 	HR4, HR5, HR6, HR7

SUSTAINABILITY GOVERNANCE

Over the years, IndoAgri has implemented various initiatives to strengthen its governance practices and educate its operational units on the importance of good corporate governance.

BOARD AND SENIOR MANAGEMENT

The Board and senior management of IndoAgri are responsible for enforcing the Group's high standards of corporate governance. This is achieved by enhancing business management and processes in order to drive organisational performance, accountability and transparency.

As of 31 December 2014, the Board comprises an independent non-executive director who serves as the Chairman, three independent directors, three executive directors, and two non-executive directors, represented by five Indonesians, three Singaporeans and one British. The Board is assisted in its duties by the Executive Committee, Audit and Risk Management Committee, Nominating Committee and Remuneration Committee.

The detailed terms of reference of each committee, disclosures on directors' remuneration and significant policies can be found in the Corporate Governance section of our Annual Report available at www.indofoodagri.com/ir.html

ENTERPRISE RISK MANAGEMENT UNIT

IndoAgri has a comprehensive Enterprise Risk Management (ERM) framework that enables the Group to maintain vigilance and oversight of all its operating and functional units. 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 senior management of IndoAgri, the ERM Unit ensures the timely and accurate identification, assessment, mitigation, reporting and monitoring of risks that can adversely impact IndoAgri's ability to achieve its business objectives. Additionally, we have implemented a Code of Conduct along with policies and mechanisms for whistle blowing.

As there are various risk issues common to ERM and sustainability management, the Head of the ERM Unit also reports 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 material issues are integrated under the ERM framework.

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. Mitigating environmental pollution through measures for fire and haze prevention is a new area being championed by the ERM Unit in 2014. Details on our policies and monitoring mechanisms can be found on page 47.

SUSTAINABILITY TEAM STRUCTURE

IndoAgri's sustainability initiatives are championed by the Sustainability Team. The Sustainability Team works with the

R&D team to improve agronomic practices and HCV area development. The ERM Unit supports the team in matters relating to policy development, strategy formulation and issues resolution.

The Sustainability Team reports to the CEO and Sustainability Think Tank, comprising the Board members of the Group and its principal subsidiaries. The Sustainability Think Tank meets regularly 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 Board and senior management based on the Group's sustainability commitments. They are guided by the Sustainability Team on the implementation of activities to gain and maintain the Group's certification status by RSPO, ISPO, ISO and PROPER.

To lend greater focus to the different geographic areas, the Sustainability Team is sub-divided into regional teams, who report directly to the Group's Sustainability Coordinator in Jakarta. The regional teams consist of people with expertise in HCV, environment, and health and safety. Community and smallholder programmes are implemented by Solidarity and Community Development Officers in close coordination with operational teams.

In the refineries, a Sustainability Coordinator works closely with the factory managers to support and monitor the implementation of sustainability, environment and OHS compliance, policies and systems.

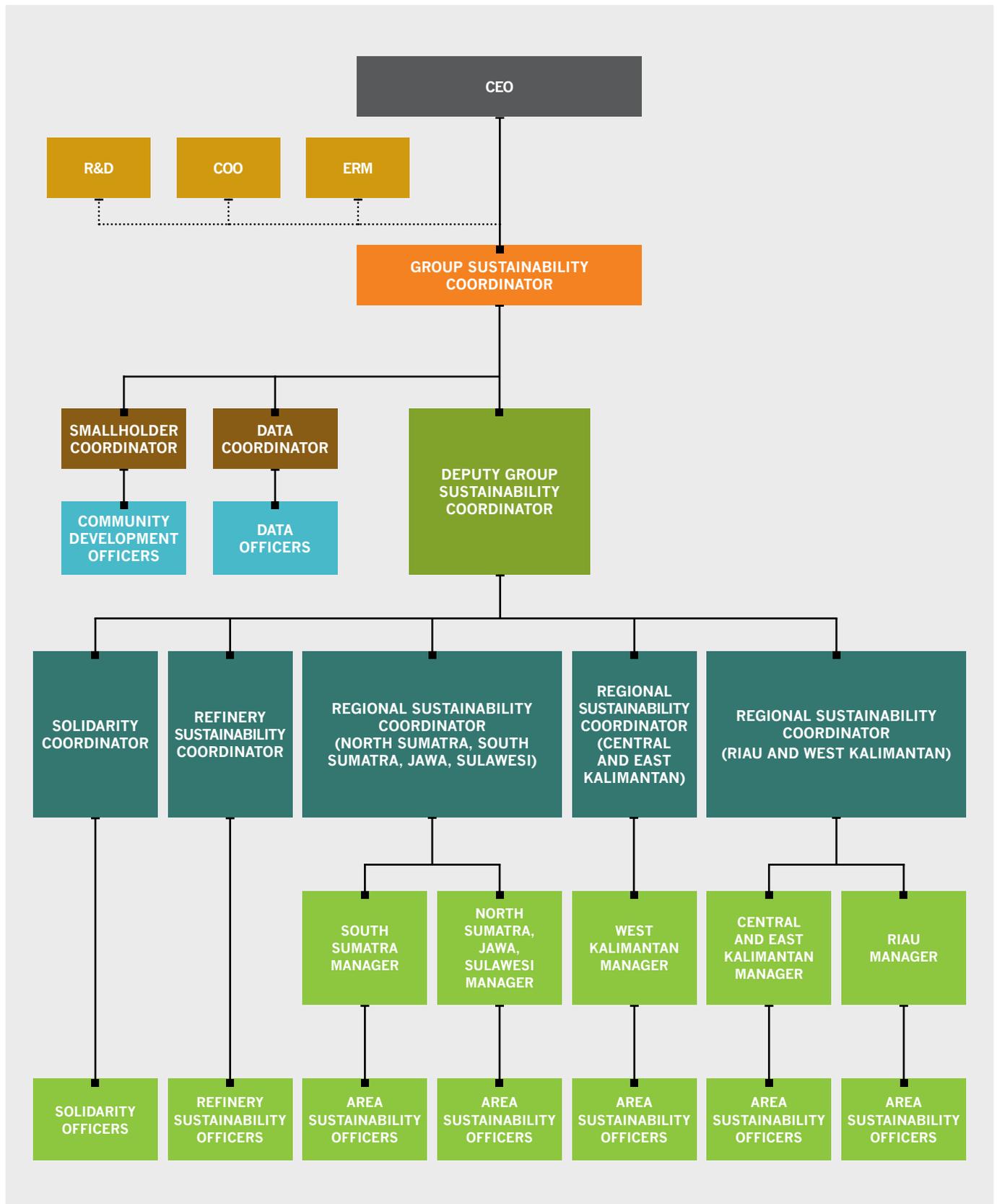
MONITORING AND EVALUATION

In 2014, IndoAgri invested in an SMIS, which utilises real-time data primarily from our SAP system. The SMIS allows us to track the Group's progress against its sustainability targets.

The data coordinator is responsible for the management of the system and the generation of reports. Through a dashboard application on the SMIS, the Group's sustainability progress and performance can now be viewed online. Complementing this effort, the Group has introduced a scorecard to measure the level of RSPO, ISPO, and PROPER readiness at our operations. Monthly results and process refinements are tabled for discussion during the operational meetings in Jakarta, and solutions are approved by the Board members of the Group and its main subsidiaries.



SUSTAINABILITY STRUCTURE



STAKEHOLDER ENGAGEMENT AND PARTNERSHIPS

(G4-24, G4-25, G4-26, G4-27)

IDENTIFYING OUR STAKEHOLDERS

Part of our corporate mission is to increase stakeholder value. While meeting the growing demand for responsibly produced, high quality palm oil, we endeavour to create employment opportunities and drive economic and social developments in communities where we operate. Multi-stakeholder collaboration is crucial to sustainable palm oil production.

Our key stakeholder groups are employees, customers, investors, government and civil organisations, and local communities. We connect, engage and collaborate with them to strengthen our mutual interests and establish common goals.

Each operational site maps its key stakeholders in order to understand and improve the relationships with its local community.

Our stakeholder engagement occurs via different channels and at different levels of our organisation. We conduct Social Impact assessment to define our stakeholders. We engage the stakeholders individually and in groups, depending on the relevance and complexity of the issue at hand. Some specific examples are provided below.

CUSTOMER ENGAGEMENT

We engage with our customers to communicate our commitment to safe and high quality products. Every year, we conduct outreach programmes to educate consumers about our cooking oil and margarine products. Events include cooking roadshows and food bazaars held in several provinces. We also connect with consumers through social media and websites such as www.bimoli.com. For industrial customers, we organise product demonstrations and provide a Bakery Test Centre where they can experiment with new recipes and consult with our in-house bakers.

In 2014, a factory visit to our Tanjung Priok refinery was organised to educate our customers on the production and proper use of cooking oil and margarine. We also responded to consumer feedback and questions via our dedicated customer service email and hotline.

COMMUNITY ENGAGEMENT

In assessing new development areas, Indonesia's AMDAL (Analisis Dampak Lingkungan – an environmental assessment protocol) guides our process of community engagement. AMDAL is used to evaluate the positive and negative environmental consequences of a plan, policy, programme or project prior to its implementation. We also conduct Social Impact assessments at our estates on RSPO's new plantation development procedures.

We engage with local communities and governments to discuss land ownership and new developments based on the FPIC principle. In line with this principle, IndoAgri has established a land conflict resolution mechanism. Claims are investigated through this mechanism by involving the local government, village administrative team and community elders to re-assess the areas of dispute. The local district government makes the final decision.

A community development forum is held annually to discuss important issues affecting the community and provides advice to address their needs.

STRATEGIC PARTNERSHIPS AND MEMBERSHIPS

The United Nations has set eight Millennium Development Goals (MDGs) to reduce poverty. IndoAgri supports the MDG targets by providing healthcare and education facilities to families living on its estates, and contributing to rural development through its smallholder programme.

Our parent company, Indofood, has a partnership with the Office of MDG to reduce mother and child mortality. We support Indofood's effort through our Work and Estate Living, and Solidarity programmes.

Indofood is also one of the founding members of PISAgro, whose objectives are based on World Economic Forum's 20-20-20 vision to reduce poverty by 20%, increase yield by 20% and reduce CO₂ emission by 20% for every decade. Since February 2014, IndoAgri has been involved in the palm oil working group to share experiences with the industry on RSPO certification for smallholders.



IndoAgri is a member of the RSPO, the CSP, as well as the rubber, sugar, vegetable oil and palm oil associations in Indonesia. Through CMAA's achievement of Bonsucro standards in 2015, the Group is now a member of Bonsucro, a multi-stakeholder, non-profit organisation for sustainable sugar production.

To help our independent smallholder farmers attain sustainable agriculture and certify their plantations to RSPO standards, we entered

into a partnership with IDH in 2014. The IDH is an international organisation that develops public-private partnerships to promote sustainable agriculture, zero deforestation, increasing palm oil yields and providing better market access for the smallholders.

The key issues for each of our stakeholders groups, and how we engage with them, are tabulated below.

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 Upon request
CPO Suppliers	Product traceability	Surveys, audits, one-to-one meetings	Sustainable and traceable palm oil	Annual Socialisation and audit meetings
Local Suppliers	Local business opportunities, lack of project management skills	Technical assistance to local businesses on construction of civil projects	Develop local community projects, e.g. mosques	By project
Governments and Regulators	ISPO certification, local laws and regulations	Public forums and regular meetings	Comply with local and international regulations, taxes and levies	Upon 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	Upon request
Employees	Employee development, working conditions and OHS	Dialogue with trade unions, grievance procedure, whistle-blowing processes	Invest in employee capability development and OHS programmes	Biennial new CLA
Smallholders (FFB Supplier)	Sustainable agricultural practices	Development of platforms for cooperation and socialisation	Provide possible technical support in terms of training	Upon request
Local Community	Native customary rights	Regular feedback and awareness meetings, stakeholder forums for complaints, grievance resolution, and other ad hoc engagements	Contribution on education, medical facilities and infrastructure and donations	Annual Community development Forum Per request subject to internal management evaluation

SUSTAINABLE PALM OIL SOURCING



IndoAgri is committed to a fully traceable value chain in ensuring the production of safe and high quality products. We have established sourcing policies, guidelines and systems to extend our sustainability efforts to our palm oil supply chain.



THE IMPORTANCE OF SUSTAINABLE SOURCING

From a food safety perspective, it is crucial for food and agricultural companies to be able to demonstrate the sustainability and traceability of their products and raw materials. To establish full traceability, companies are increasingly extending their sustainability strategies and practices across their full supply chain.

Sustainable sourcing is a core focus in IndoAgri's supply chain management. We aim to trace all of the FFB, rubber, sugar cane, cocoa and tea processed in our factories to how they were cultivated and farmed in our nucleus or plasma plantations – down to precise fields where they were harvested. To achieve this mission, we are building inclusive supply chains by proactively engaging our smallholders and third-party suppliers.

MANAGING TRACEABILITY ACROSS OUR EDIBLE OILS SUPPLY CHAIN

Tracing the origins of the CPO, the primary raw material used in our edible oil refineries is an important priority. Today, we are able to trace all FFB that arrive at our oil palm mills to the nucleus and managed plasma plantation and field where it had been planted. As part of our Smallholder Programme, we have introduced a barcode tracking system so that we can trace the FFB shipments from our plasma farmers, and identify the Koperasi Unit Desa (KUD) or farming organisations to which individual farmers belong.

In 2014, our plantations supplied approximately 70% of the CPO requirements of our refineries, all of which can be traced to individual mills and the plantations that supplied to them. In Medan, our refinery is supplied 100% by RSPO-certified CPO from our estates.

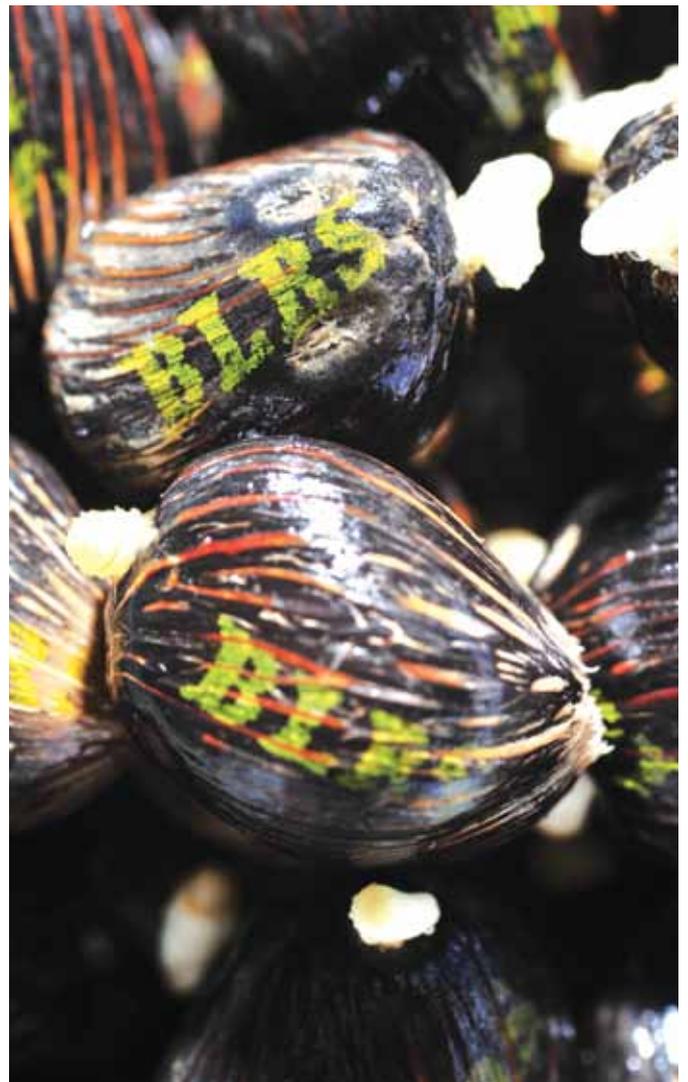
Each consumer product that leaves our refineries bears a batch number, which can be traced back to the production line, place of manufacture, CPO source and when it was produced.

We will continue to focus on and improve our product traceability along the whole supply chain, not just for CPO, but also for all other major raw materials.

BARCODING OF THE BLRS SEEDS

To help plantation owners verify the source of our seed material, each oil palm seed that is produced at SumBio, our research and development centre in Bah Lias, North Sumatra, and Pekanbaru, Riau, is marked "BLRS" as a stamp of authentication.

We also barcode each batch of germinated seeds to improve the data management and traceability of the oil palm seeds. The barcode allows the buyer to check with IndoAgri to confirm the origin and other details of each batch of germinated seeds. This provides assurance to the buyer on the authenticity and quality of the seeds purchased, enhancing their confidence in our brand.



PALM OIL SOURCING POLICY AND RESPONSIBLE SUPPLIER GUIDELINES

In 2014, we developed and implemented a Palm Oil Sourcing Policy and the Responsible Supplier Guidelines to help manage the procurement and traceability of all CPO used at our refineries. Both documents are in line with ISPO requirements, prevailing Indonesian regulations, and the conditions for HCV areas as described under RSPO principles and criteria.

The policy and guidelines were discussed at a briefing in our Jakarta HQ attended by all our CPO suppliers. They were invited to complete a questionnaire about environmental, labour and human rights and declare their understanding of the new requirements. The aim of this questionnaire is to assess the current compliance and readiness level of our CPO suppliers with respect to the audit assessment starting in 2015. As of end-2014, CPO suppliers that supply 97%

of our CPO requirement have acknowledged our policy and guidelines. Seventy percent of this supply come from internal sources that are subject to the policy and guidelines.

This initiative has enabled us to systematically communicate the Group's sustainability standards across our palm oil supply chain. We aim to have 100% sustainable CPO supply by 2020. Over the next four years, we will be working with our suppliers to help them fully comply to our policy, after which an audit will be conducted to quantify the preliminary volumes purchased from suppliers who comply with our sourcing policies. Please also see the outcomes of our food safety audit on page 50.



View our Palm Oil Sourcing Policy at
www.indofoodagri.com/sustainability.html

TOWARDS AN INCLUSIVE SUPPLY CHAIN AND SUPPORTING THE SMALLHOLDERS

IndoAgri fully supports the Indonesian government's Nucleus-Plasma Scheme that requires oil palm plantation companies (nucleus) to develop oil palm plots next to their plantations for smallholders (plasma).

These plasma plots for oil palms are typically two hectares. In 2014, we manage 86,890 hectares of plasma plots, half of which were managed by smallholders, and the other half

by IndoAgri directly. By the end of 2014, 73% of our plasma farmers had repaid their original loans and become independent farmers.

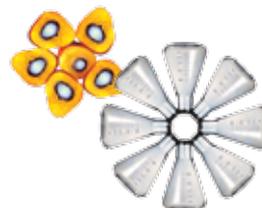
In order to establish a sustainable source of CPO from our mills, we want to include all our plasma and former plasma smallholders in our supply chain management, and to help them achieve RSPO-certification standards by 2019.

AUDITING THE SUPPLY CHAIN

To help ensure the CPO suppliers comply with our Palm Oil Sourcing Policy and Responsible Supplier Guidelines in 2015, we will engage an accredited auditor to inspect the suppliers' operations for improvement opportunities. The CPO suppliers are required to rectify all the discrepancies within the agreed time frame in order remain a supplier to IndoAgri.

Supplier audits cover the following areas:

- Compliance and integrity
- Human rights and work force



- Safe, traceable and quality products
- Local communities and rural development
- Environmental protection
- Continuous improvement
- Sanitation
- Good manufacturing practices
- Production process monitoring
- Product quality control and analysis
- Allergen identification
- Food security

SOUTH SUMATRA'S SMALLHOLDER PROJECT

In the quest to establish full traceability by 2019, IndoAgri has established a strategic partnership with IDH, an international development organisation in 2014. The aim of the collaboration is to build capacity in local farmer organisations, known as Koperasi Unit Desa (KUD). In turn, the KUDs will reach out to their members and provide assistance and training on good agricultural practices, productivity, profitability, land management and RSPO certification to individual smallholders.

In South Sumatra, our subsidiary Lonsum has selected 3,144 smallholders, who are responsible for a total of 6,141 hectares of plantation, to join the first group of smallholders to be RSPO-certified. The FFBs from these plots are purchased at government-set pricing and processed by Lonsum before being supplied as CPO to SIMP's refineries in Jakarta and Surabaya.

South Sumatra was chosen for this pilot as most of the farmers have repaid their loans and are farming independently. We assembled a team to be trained by IDH. Thereafter, the team will impart their knowledge to the KUD staff and work together with them to train the rest of the smallholders who have enrolled for this project.

The project is expected to enable the participating smallholders:

- To achieve RSPO standards;
- To enhance their farming skills for better quality yields and improved livelihoods; and
- To appreciate responsible farming, HCV management practices, and the negative impact of deforestation and GHG emissions due to land change.

We have started the project with 159 smallholders from the Teratai Biru KUD in the Muba Region, and aim to achieve the following:

- Initiate formal RSPO training for smallholders;
- Assist RSPO smallholders in the implementation of Good Agricultural Practices to accelerate RSPO certification;
- Maximise yield, control fertiliser dosage, and reduce N₂O emissions;
- Improve HCV management and the monitoring of estates and smallholdings;
- Attain RSPO certification for all 159 smallholders (318 hectares of plasma plots) by 2015;
- Attain RSPO certification for the 3,144 smallholders and 6 KUDs (6,141 hectares) in South Sumatra by 2016;
- Establish a database using the IFC³ diagnostic tools to monitor agronomic performance;
- Secure funding and loans from financial institutions for the replanting of trees, fertilisers, road improvement and equipment;
- Strengthen KUD's capacity to manage its smallholders;
- Strengthen the relationships between IndoAgri and the local communities; and
- Achieve baseline mapping of current practices with Aidenvironment, an independent sustainability consultant.



³ International Financial Corporation is a member of the World Bank and the largest global development institution focusing on the private sector in developing nations.

A SMALLHOLDER FARMER AT RSPO ROUNDTABLE MEETING



The RSPO holds annual Roundtable Meetings on Sustainable Palm Oil that is well attended by smallholders, environmental scientists, NGOs, government agencies and palm oil companies. The stakeholders will meet to discuss trends and share solutions to common challenges.

In 2014, RSPO held its 12th roundtable meeting, or RT12, in Kuala Lumpur. Pak Ajusman, an IndoAgri plasma farmer from KUD Teratai Biru, was invited by RSPO and IndoAgri to attend the event as a member of its delegation, and to contribute his perspective and experience as a smallholder.

Pak Ajusman described his experience at the event as a rare opportunity to meet oil palm farmers from other countries. He was reminded about safety on the farm, the importance of using Personal Protective Equipment and harvesting with the correct equipment.

“I now know a lot more about my plantation than before – the economic benefits as well as the potential impact on the environment, such as greenhouse gas emissions, reduction in carbon sequestration, and the loss of biodiversity. I understand that sustainable palm oil development is the way to go if we want to increase production and still protect the environment and the welfare of society,” Pak Ajusman said.

He planned to use his new knowledge and experience to develop a sustainable plantation. “I will apply the eight RSPO Smallholders principles and 39 criteria in my plantation and share my experience with other farmers and KUDs. I believe that the adoption of RSPO principles and criteria will increase our productivity and income.”

There were other practices, like the use of organic fertilisers, which needed to be improved upon. For instance, the smallholders used to conduct leaf analysis to ensure the organic compost was suitable for the oil palm and soil. However, subsequent budget consideration had removed this requirement. “We have to bring back these best practices and find other ways that will improve crop yield and productivity of our plantations,” he emphasised.

Pak Ajusman hoped that more opportunities could be provided to other plasma farmers to learn from events like RT12, adding that “IndoAgri and Lonsum are already assisting smallholders like myself to get our plasma plots RSPO certified. It will be good to extend the programme to the independent farmers so that everyone can be on board to create sustainable oil palm farming in Indonesia.”

I will apply the eight RSPO Smallholders principles and 39 criteria in my plantation and share my experience with other farmers and KUDs. I believe that the adoption of RSPO principles and criteria will increase our productivity and income.



ENVIRONMENTAL PERFORMANCE



IndoAgri recognises the environmental impact of palm oil production. Each year, we challenge ourselves to improve environmental performance, expand certified production and adopt environmental best practice.



ENVIRONMENTAL STEWARDSHIP

Palm oil is an important, basic food product in today's society. As palm oil producers, we understand the environmental challenges of business expansion, and acknowledge our duty to produce palm oil in a responsible manner.

At the core of our sustainability commitment is a robust approach to environmental management and compliance that

delivers cost savings through eco-efficiency, and accountability through strong stakeholder relationships.

We are investing to save energy and water and promote a low carbon industry in the long term.

GHG EMISSIONS, CARBON FOOTPRINT AND ENERGY MANAGEMENT

We acknowledge that emissions of man-made GHG may contribute to climate change and affect weather patterns. This, in turn, can have great impact on the agri-businesses in various ways. Changes in rainfall pattern and volume, for instance, have a direct effect on the productivity, performance and security of our supply chain.

The principal sources of GHG emissions in our operations are:

- Carbon dioxide emissions arising from changes in carbon stock during the development of new plantations
- Carbon dioxide emissions arising from the use of fuels by the palm oil mills, transportation and machinery
- Methane emissions from Palm Oil Mill Effluent (POME) ponds
- Nitrous oxide emissions from fertilisers

MEASURING OUR EMISSIONS

We joined the RSPO Palm GHG Calculator pilot project to set a GHG emission baseline for our palm oil mills and estates. In 2014, we measured the GHG emissions at eight RSPO mills and 22 estates covering 79,137 hectares, with a production of 358,000 tonnes of CPO and 92,000 tonnes of PK. Based on these numbers, the total net emissions from the mills and estates were estimated to be 2.64 tonnes of CO₂e per tonne of CPO and 2.64 tonnes of CO₂e per tonne of PK. We have also estimated the total emissions from the sea and land transportation of CPO between the bulking stations and refineries to be 0.02 tonnes of CO₂e per tonne of CPO.

Currently, we are only using the carbon credits for the carbon sequestration from planting oil palms and other trees on our estates. We have yet to determine the procedures for calculating carbon credits for the designated HCV areas.

GHG REDUCTION STRATEGIES

We are using the learning points from the pilot project to help develop our GHG reduction strategies.

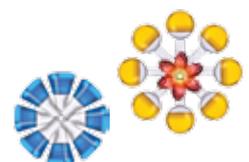
Since 2013, we have committed to no new planting on peatland. Peatlands contain rich carbon stocks, which are a significant source of GHG emissions if disturbed. In line with the RSPO principles, we are committed to a no-planting policy on primary forests and HCV areas for new plantings. To reduce the emissions from POME, we are doing a detailed study on the reduction of methane in our Aerated Bunker Composting system which has been installed in two mills.

As part of the government's energy efficiency drive, we have completed energy audits and set a baseline for energy consumption at two mills. We plan to further assess our energy consumption, and develop an effective energy reduction target.

We encourage our employees to conserve electricity in the plantation accommodation. We communicate the benefits of energy efficiency at the plantations, mills and in living areas.

RENEWABLE ENERGY

All the machines, equipment, lighting and vehicles on our estates require energy to operate. Increasingly, our mills are switching to renewable energy sources. Currently, 99% of the fuel for the mill boiler come from oil palm by-products, such as palm kernel shells and fibres. The active use of renewable energy has allowed us to avoid the equivalent of 9,644,886 litres of non-renewable diesel at the RSPO-certified plantations and PROPER-audited mills.



GHG Emissions 2014

Emission Sources	Ref No *	Description	Emission (tonne CO ₂ e/tonne of CPO)
Direct Emission Estate	1	Land conversion	1.36
Direct Emission Estate	2	Peat emissions	0.88
Direct Emission Estate	3	N ₂ O from fertiliser	0.24
Direct Emission Mill	4	Methane from POME	0.69
Direct Emission Mill	5	Fuel usage in the mill	0.01
Indirect Emission	6	Fuel usage in shipment of fertilisers	0.07
Scope 3/Transportation Emission	7	Fuel usage in the field	0.04
Scope 3/Transportation Emission	8	Fuel usage in transportation of CPO	0.02
Direct Emission Estate	9	Outgrower	0.15
Total Emissions from Mills and Estates Operations		A	3.46
Carbon Sinks	10	B Crop sequestration	(0.81)
Carbon Credits	11 – 12	C Sale of palm kernel shells and export of excess electricity to housing grid	(0.01)
Net Emissions from Operations		A+B+C	2.64

2014 GHG Emission Sources



39.3%	Land Conversion
25.5%	Peat Emissions
6.9%	N ₂ O From Fertilisers
19.9%	Methane from POME
0.4%	Mill Fuel Use
1.9%	Fertiliser and Shipment
1.3%	Field Fuel Use
0.5%	Transport CPO Fuel Use
4.3%	Outgrower

* References number refer to GHG flow in page 38 - 39.

Note 1: GHG reduction is from crop sequestration only. Currently, there is no RSPO GHG guidance on the assignment of carbon credits to HCV area.

Note 2: Gases included in the calculations are carbon dioxide, nitrous oxide(s) and methane. Calculations are based on site-specific data and published defaults (emissions factors and GWPs) using the RSPO's PalmGHG Calculator V2.1.1. The calculation relates only to plantations and mills sites under our operational and financial control.

Energy Consumption Mills 2014

Energy Consumption	2012		2013		2014	
	Giga Joule	%	Giga Joule	%	Giga Joule	%
Palm Shell	492,390	73	445,336	73	490,364	73
Fibre	173,250	26	156,984	26	176,650	26
Total from Renewable Energy	665,640	99	602,320	99	667,013	99
Diesel	7,027	1	7,355	1	7,694	1
Total from Non Renewable Energy	7,027	1	7,355	1	7,694	1
Total Energy Consumption	672,667	100	609,675	100	674,708	100

Note: Data from RSPO and/or PROPER audited and certified mills (77%). Data are not currently available on the breakdown of electrical, heating, cooling and steam energy consumed. We are reviewing the data for these and will report in future reports. No energy is sold off site.

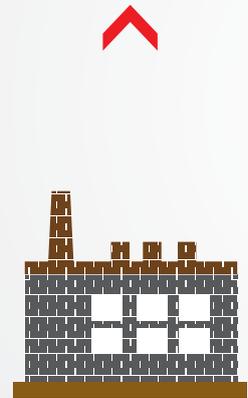
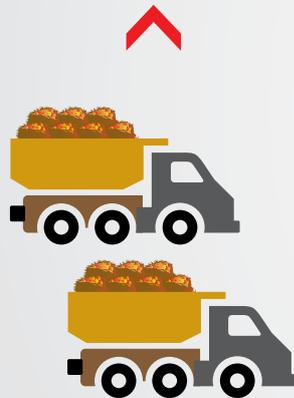
GHG EMISSIONS, CARBON FOOTPRINT AND ENERGY MANAGEMENT

GHG FLOW

- 1 Land Conversion
- 2 Peat Emission
- 3 N₂O from Fertiliser
- 6 Fertiliser and Shipment
- 9 Outgrower

- 7 FFB Transport Fuel Use

- 4 Methane from POME
- 5 Mill Fuel Use



LEGEND

- GHG Emission
- Sequestration
- Not included in GHG Calculation 2014

Oil Palm Plantation

Transport

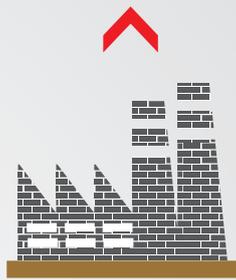
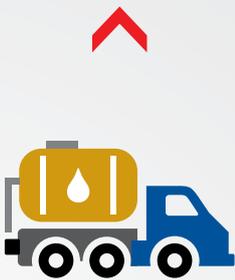
CPO Mill

- 10 Crop Sequestration
- Sequestration in Conservation Area

- 11 Export of Excess Electricity to Housing Grid
- 12 Sale of Palm Kernel Shells

8 Refinery CPO Transport Fuel Use

+ Refinery Fuel Use



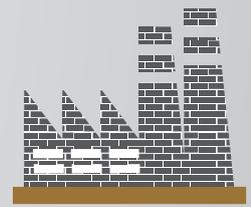
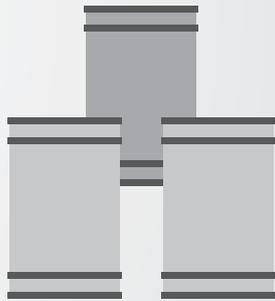
Transport

Refinery

8 CPO Transport Fuel Use (Road)

8 CPO Transport Fuel Use (Ship) + Refinery Fuel Use

+ Bulking Station CPO Transport Fuel Use



Transport

Bulking Station

Transport/
Shipping

Refinery

GHG EMISSIONS, CARBON FOOTPRINT AND ENERGY MANAGEMENT

WORKING TOWARDS STATE-OF-THE-ART FACTORIES

Our palm oil refinery in Tanjung Priok, Jakarta, has incorporated modern technology to lower energy and water consumption. For example, we have achieved significant energy and water savings by reusing the condensed water from the steam released during the CPO boiling process.

The boilers in our palm oil mills were designed to run on biomass, which reduced our dependency on non-renewable fuels. Since 2012, we have been saving water by using

sterilised condensate water in our oil palm screw press stations. This has enabled our mills to reduce fresh water use by approximately 11%.





MEASURING PROGRESS

Programme for Pollution Control, Evaluation and Rating (PROPER)

PROPER is an Indonesian government programme to control pollution, mandate clean technology and encourage better environmental management.

A five-colour rating of gold, green, blue, red and black is used to grade the level of pollution control of a facility, and serves to inform stakeholders of the environmental performance of the company's operations. In 2014, 12 oil palm mills, two rubber factories, one tea factory, and four refineries have each achieved a "blue" rating for their compliance with the PROPER standards.

Going beyond regulatory compliance, our oil palm mills in Ampanas and Pahu Makmur were rated "green" by the provincial government of East Kalimantan. These newly built mills were designed to meet the highest environmental standards, with emissions that are consistently below the regulatory limits of 50%.



More details on PROPER ratings criteria and our PROPER achievement at www.indofoodagri.com/sustainability.html



REDUCE OUR CHEMICAL FOOTPRINT

In Indonesia, the pressure for environmental protection is heightened by limited land banks for agricultural expansion. We have to constantly explore ways to use our land more productively and to maximise crop yields..

It is common practice among agricultural companies to use agrochemicals such as fertilisers and pesticides to improve crop performance. IndoAgri only uses pesticides that are approved by the Indonesian Department of Agriculture. Our foremen and sprayers are trained by Komisi Pestisida, the government agency overseeing the use of fertilisers and pesticides, on the safe handling, administration and storage of chemicals. They are also trained on the correct spraying techniques and proper equipping of the Personal Protective Equipment (PPE).

IndoAgri uses paraquat to control weed growth. As the World Health Organisation (WHO) has listed paraquat as a Class 1 pesticide, we intend to phase out the use of paraquat by 2018.



PEST AND DISEASE CONTROL

Integrated Pest Management (IPM) is a broad-based approach that integrates practices for economic control of pests while reducing risks to human health and the environment. It emphasises the growth of a healthy crop with the least possible disruption to the agro-ecosystems and encourages natural pest control mechanisms. IPM requires the regular monitoring of pest population to prevent pest infestations.

Biological controls, with the minimal use of pesticides, are the preferred method of pest management. Certain species of flowering plants have been planted along the main roads in the estates to provide natural habitats for predators of leaf-eating insects. Entomopathogenic viruses are used to control caterpillar infestation.

Barn owls are used to keep the rat population in check on the estates. We have been particularly successful in breeding barn owls as a rodent control measure since 1997. No rodenticide has been used in SIMP's 57,000 hectares of Riau plantations for more than 10 years. Each year, we breed about 10,000 new birds via some 2,600 nest boxes scattered throughout the Riau estates. In South Sumatra, around 2,100 new birds were bred in 2014. We plan to replicate the barn owl breeding programme in our Kalimantan estates, and to progressively reduce the use of rodenticides in all our plantations across Indonesia.

PRECISION AGRONOMY

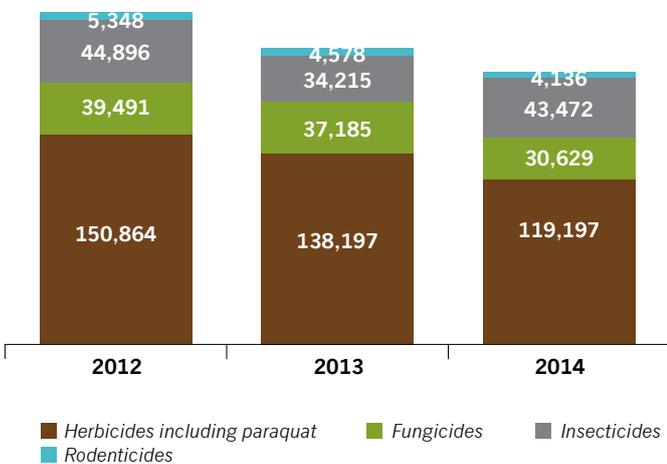
Precision agronomy entails observing, measuring and responding to the variability in crops while optimising returns on inputs such as pesticides and fertilisers. To realise the full advantage of precision agronomy, we have developed Vision 30:30:25.

Each plantation is divided into smaller 30-hectare plots, and we strive to achieve 30 tonnes of FFB per hectare and a palm extraction rate of 25% during the peak production phase of the plantation. This practice of block-by-block analysis provides very detailed recommendations on crop management, such as planting densities, fertiliser and herbicide usage, yield forecast and oil extraction rate.

Global positioning system, mobile tracking systems, sensors and aerial surveillance photos are used to map the yields and crop conditions for each plot. We have implemented a SAP system that enabled us to monitor the progress with real-time data support. The combination of technologies provides a visual overview of the plantation and allows our R&D teams to quickly analyse factors affecting the crop performance. It allows them to advise the operational teams on the appropriate measures to achieve optimal yield for each plot of land.

We also enhance land productivity by closing the gap between potential and actual yield of the oil palm trees. Field trials have proven that the seeds from Sumbio and PT SAIN are able to attain the target results.

Pesticide Consumption
(Litre)



The data is based on the RSPO certified/audited estates, which cover 34% of the total oil palm estate.



FERTILISERS AND LEGUMINOUS COVER CROPS

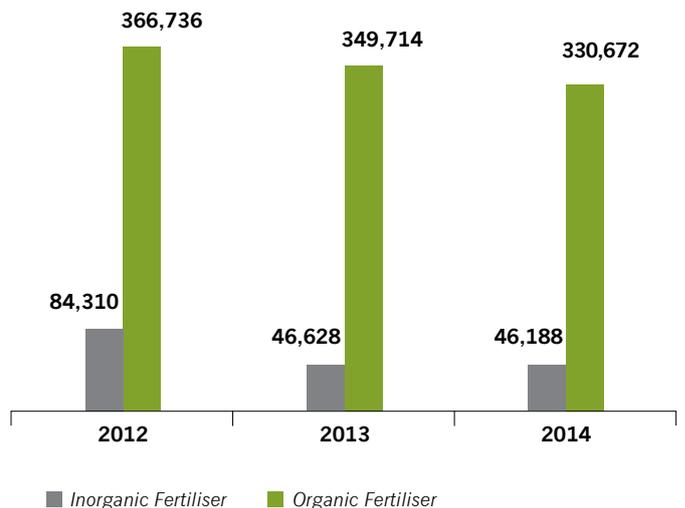
Prior to planting new oil palms on our estates, the land is planted with Leguminous Cover Crops (LCC), which work symbiotically with Rhizobium to fix atmospheric nitrogen to improve soil fertility. Some species of LCC, like *Mucuna bracteata*, grow very fast and can suppress other weeds. This allows us to reduce the use of fertilisers and pesticides, and subsequently, our chemical footprint.

The LCC species currently planted on our estates are *Calopogonium caeruleum*, *Calopogonium mucunoides*, *Centrosema pubescens*, *Pueraria javanica*, and *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 (EFBs) as soil mulch since the mid 90's. By using EFBs together with 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 EFBs and POME, which can potentially replace up to 30% of inorganic fertilisers used.

Through LCC and the use of oil palm by-products as organic fertilisers, we are able to gradually reduce inorganic fertiliser usage in our plantations. This is illustrated in the graph, which shows the reduction in inorganic fertiliser usage by 45% in 2013 and 2014 as compared with 2012. In the same period, usage of organic fertiliser, which comprises EFB, compost and decanter solids, has also dropped by about 5% each year. This was because of the 50% increase in compost production from 2012 to 2014, which could cover more areas of application.

Fertiliser Consumption
(Tonnes)



Note 1: The data is based on the RSPO certified/audited estates, which cover 34% of the total oil palm estate.

Note 2: The organic fertilisers consist of EFB, compost and wet decanter solids.

Note 3: The inorganic fertilisers consist of urea, potash or MOP, rock phosphate, dolomite, kieserite, borate and NPK.

An annual fertilisation scheme is also developed for each plantation to provide balanced nutrition for the crops based on the yield target, field inspection, leaf analysis, soil data, terrain and climatic characteristics of each site.

MANAGEMENT OF HIGH CONSERVATION VALUE AREAS



Since 2008, we have demarcated HCV areas in our plantations in accordance with RSPO's guidelines. The HCV areas include riparian areas, reservoirs, bamboo gardens, swamps, graveyards, and important heritage and cultural sites.

In 2014, we engaged RSPO-accredited assessors to evaluate the HCV areas in all the oil palm estates. The HCV acreage in Sumatra and Kalimantan are 4,225 hectares and 19,054 hectares respectively.

Following the identification of the HCV areas, we organised a stakeholder meeting with delegates from both the government and local community to validate the designated areas, and to mark out these locations clearly on a map.

We restore the HCV areas by planting trees beneficial to the local wildlife. All oil palm trees within 50 meters from the large 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. The HCV areas in existing estates are constantly monitored and assessed. For new plantations, the HCV identification will be done before the land is cleared for farming.

HCV MONITORING AND PARTNERSHIPS

We communicate regularly with employees and local communities living around our estates on the importance of the HCV areas and the restriction of activities at these locations. The protection of endangered species is one of the topics covered during our discussions.

We have been training our estate teams to monitor the HCV areas for biodiversity, river water quality and level of disturbance caused by local villagers. Guidebooks for the

identification of local wildlife are provided to the estate teams. The HCV areas on our estates are regularly monitored and audited by our internal sustainability team.

We encourage the participation of the local communities in protecting the wildlife in our estates and the HCV areas. We record every wildlife species found on our estates, taking special notice of those classified vulnerable and above on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species, and the list of protected species under Indonesian Regulation No. 7 of 1999 on the Preservation of Flora and Fauna.



See the overview of Red List or other national conservation list species found on our estates, online content at www.indofoodagri.com/sustainability.html

PEATLAND MANAGEMENT

While the Indonesian regulation still allows for planting on peatlands that are less than three metres deep, we have proactively prohibited all new planting on peatlands within the Group regardless of peat depth since September 2013. For existing developments that were planted on the peat before this date, we have created water canals and ensured the water level is maintained between 60 and 80 cm daily.

REDUCING AND RECYCLING WASTE

NON-HAZARDOUS WASTE

We are committed to reducing waste in all our operations. All the milling by-products, such as EFB, fibres, shells and POME are re-used as compost or feedstock for boilers. We have designed collapsible pouch packaging for our popular edible oils products as a measure to reduce landfill requirement by the disposed packaging. IndoAgri does not currently reclaim packaging materials.

Colour-coded bins are provided throughout the estates, mills and refineries to separate organic, non-organic and hazardous waste for proper handling and disposal. As there is a low volume of general waste in the corporate offices, we currently do not record the quantity of non-hazardous waste collected in these locations.

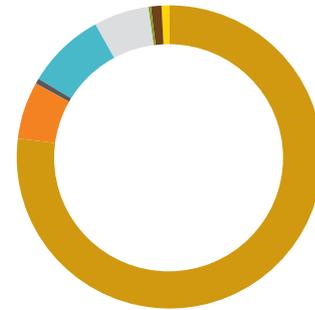
HAZARDOUS WASTE

All hazardous waste generated from our operation is collected and stored in transfer stations on our estates, mills and refineries, as required by Indonesian regulations. Hazardous waste is stored for not more than 90 days before they are collected and recycled by licensed disposal companies. Medical waste, such as used needles and expired drugs, from our clinics are collected separately and sent to licensed disposal companies for incineration.

On average, each mill produces around 1.94 tonnes of hazardous waste annually, of which more than 70% are from used lubricants. Each refinery produces an average of 6,947 tonnes of hazardous waste annually. More than 70% of our hazardous waste is spent earth, a solid waste material from the bleaching process in refineries. The spent earth is re-used as raw material in the production of cement and bleaching-earth.



Hazardous Waste from Our Mills 2014

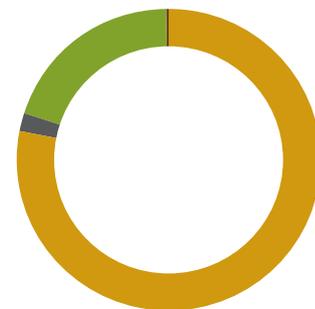


● 77.1%	Lubricants	● 0.2%	Paint Can
● 6.2%	Battery	● 1.1%	Rags
● 0.7%	Electric Lamp	● 0.6%	Others
● 8.2%	Oil Filter		
● 5.9%	Chemical Pail		

Note 1: Data from RSPO and/or PROPER audited, certified mills (77%).

Note 2: Others consist of clinical waste, contaminated gloves and used cartridge.

Hazardous Waste from Our Refineries 2014



● 78.3%	Spent Earth	● 19.8%	Fly Bottom Ash
● 1.7%	Sludge Waste	● 0.2%	Others

Note 1: Data from 4 refineries (80%).

Note 2: Others consist of lubricant, used nickel catalyst, battery, laboratory waste, and carbon waste.

WATER, EFFLUENTS AND SPILLS

WATER

Water is crucial to the healthy growth of crops in our plantations, as well as the daily operations of our estates, mills and refineries. Clean drinking water is also required to sustain the well being of every person in our estates, mills and refineries.

Our plantations are generally watered by the seasonal rainfalls. The mills receive 95% of their water supply from nearby rivers, and the rest from groundwater. Water for domestic use in plantation offices and living facilities is drawn mainly from rainwater as well. To facilitate access to water sources, we have constructed dams and wells to ensure a steady supply of water. The refineries obtain 78% of their water requirement from municipal water and the rest from groundwater.

Before a plantation is developed, it is compulsory to perform an Environmental Impact Assessment, known as AMDAL. The assessment will determine the impact of the water usage to rivers and groundwater levels. All our plantation sites have passed the AMDAL assessment. Water sources that are important for the local wildlife and surrounding communities will be identified under the HCV assessment, and assigned as an HCV area.

The water consumption for processing our products in our refineries and mills is tabulated above. The data excludes insignificant amount of water drawn from municipal sources, such as ground water for domestic usage. Calculations are based on metered volumes.

Table of Water Consumption in Mills and Refineries

Water Consumption	Consumption (m ³)	Ratio (m ³ /tonne)
Palm Oil Mills		
2012	3,469,080	0.96
2013	3,183,974	0.98
2014	3,488,902	0.98

Note 1: Data recorded from RSPO and PROPER audited or certified oil palm mills (77%). Water consumption ratio covers industrial usage per mill.

Note 2: Ratio is calculated based on average consumption in m³ per tonne of FFB processed.

Refineries		
2012	723,373	0.52
2013	737,645	0.50
2014	709,893	0.42

Note: Data recorded from four refineries (80%) based on water consumption ratio per tonne material processed and product in four process stations (refining CPO, fractionation, margarine, cooking oil filling).

MILL EFFLUENTS

POME, a by-product from the milling process, is recycled as organic fertilisers for the plantations. The POME is collected and treated in open anaerobic ponds on the estates. Plantation teams will check and adjust the conditions of the ponds every month to maintain the Biological Oxygen Demand (BOD) level within the legal limit of 5,000 mg/L for effluent land application. Careful

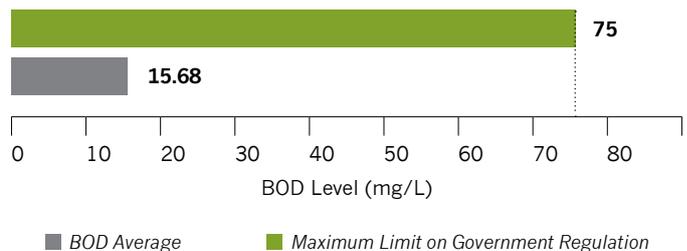
and diligent supervision also ensures that no effluent enters the riparian areas as surface run-off.

We have enhanced the handling of POME in three mills using the open-window Aerated Bunker Composting System. For more information, please read our fertiliser section on page 43.

REFINERY EFFLUENTS

All refinery effluent is properly treated by wastewater treatment plants to ensure the effluent BOD level and other indicators are within the legal limits before being discharged into the river, sea or sewer. In 2014, the volume of discharged water was 256,806 m³ and the average BOD level of the discharged wastewater in four refineries was 15.68 mg/L, which was below the regulatory limit of 75 mg/L.

Average BOD Level of Refinery Effluents



Note: Data from four refineries (80%).

OIL SPILLS

We have established stringent procedures on the transport of CPO from the factories to the storage tanks to prevent CPO spillage. The same procedures also apply to the transport and storage of diesel fuel by the operations teams.

During the year, one CPO spillage incident was reported. The incident occurred during a bad weather on the Java Sea when the CPO was transported from our storage tank to the refinery by a third-party logistics supplier. 70 tonnes of CPO were lost at sea with no associated negative environmental impacts. We have communicated with the logistics supplier concerned to handle the spillage properly and responsibly.

We are currently reviewing our policies to address any gaps in the area of oil spill management, including services that are to be performed by third-party suppliers. We are also developing measures to avoid similar incidents, and to provide guidelines on the proper transportation of palm oil by sea vessels.

No fines or sanctions related to environmental regulations were imposed on IndoAgri in 2014.

FIRE AND HAZE PREVENTION

Forests are routinely cleared by local farmers using the traditional method of open burning during the dry season. This practice is still prevalent in many rural parts of Southeast Asia, including Indonesia, according to the Washington Post (2009).

As more land is cleared for commercial agricultural production, collective burning of large forested areas, often illegally, has resulted in severe air pollution. The haze has drastically affected the air quality of the local communities, as well as neighbouring cities and countries as the southwest monsoon winds spread the ashes and pollutants far and wide.



Fire prevention training conducted together with Riau Local Government Agency.

ZERO OPEN BURNING POLICY

IndoAgri strictly prohibits open burning for land clearance in its sustainability policy, this has been practised for many years and was formalised in policies in Lonsum and SIMP since 2007 and 2011 respectively. Land clearance is performed by heavy machines and in accordance with local regulations.

We do not endorse slash either burn practices amongst all our smallholders and suppliers. This will be effectively enforced through the RSPO certification of the plasma plots, as well as IndoAgri's Palm Oil Sourcing Policy and Responsible Supplier Guidelines for its CPO suppliers, who are audited against our guidelines.

In the estates, we have put in place fire prevention measures and fire response teams to handle any fire outbreak. Additional steps were taken in 2014 to protect the plantations from encroaching fires near the perimeters of our estates.

FIRE SAFETY AND PREVENTION

The Group has always practised fire safety and prevention as part of the safety management on the estates. Some of the proactive fire prevention activities carried out on the plantations are as follows:

- Monitoring of fire risk, hazards and incidents by the fire

safety team, who patrols the estate during the dry seasons

- Fire prevention training and drills, with the local government and the Ministry of Forestry
- Maintaining an inventory of proper firefighting equipment on each estate
- Mapping accessible water sources for firefighting use
- Building of canals for water supply and firebreaks on estates
- Daily reporting of fire status to Head Office, with all fire incidents reported immediately to the management team
- Regular communication with the employees, workers and local communities on fire safety, and updates on weather patterns and fire hotspots

HAZE PREVENTION

In 2014, Singapore has passed the Transboundary Haze Pollution Act. Under this new law, it would be an offence if a Singapore-registered company were found to have contributed to the haze when the Pollutant Standards Index (PSI) in any part of Singapore hits above 101 for more than 24 hours.

IndoAgri fully supports the new regulation and has stepped up its fire safety management system to include the immediate areas beyond the perimeters of the estates. A dual-ringed fire monitoring mechanism (see box) was implemented in all our estates in 2014 to quickly alert the estate team and the local authority of fires.

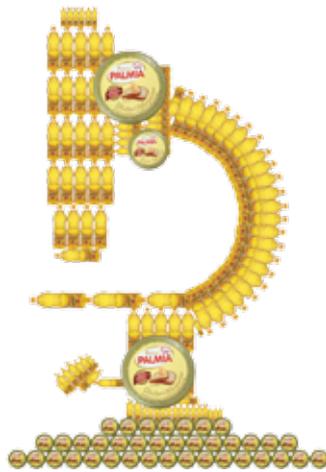
INDOAGRI'S FIRE RINGS

It is not a fire bell but works just like one. We have designated two fire emergency zones, or rings, around each estate. The inner ring is 100 metres from the plantation border, and the outer ring is 500 metres from our perimeter.

When a fire is spotted near or within the outer ring, the fire safety team will immediately report the incident to the local authority and fire department, and render assistance to put out the fire. If a fire occurs within the inner ring, the fire safety team will act first to put it out so as to prevent the fire from spreading into the plantation, while the incident is being reported to the local authority.

During a dry spell, the fire safety teams will take extra precaution by patrolling the inner rings and conducting daily site inspection of fire-prone areas. IndoAgri also identifies the hot spots around the plantations from the daily satellite feed published by the Singapore Government. The information is disseminated to the estates so that greater attention can be put on these hot spots as well as other fire-prone areas known to the estates.

SUSTAINABLE PRODUCTS



IndoAgri's reputable brands and products have been trusted by generations in Indonesia. We have a duty to our customers to produce nutritious and traceable food products that comply with rigorous local and international food safety standards.



Bimoli®

SAFETY AND TRACEABILITY FROM FARM TO FORK

IndoAgri is fully committed to product safety and quality. All our products are nutritious, tasty and safe for human consumption. We achieve this by complying with international and local food safety standards and certifications. The same level of food safety commitment is expected of our suppliers through our Palm Oil Sourcing Policy and Responsible Supplier Guidelines.

FOOD SAFETY

We comply with the following Indonesian food safety regulations and law:

- 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 raw materials, ingredients and compounds acquired from our suppliers can be traced directly to their sources to ensure food safety. Consumers are further assured of our end products by the batch numbers found on all product packaging.

Our Quality Assurance team regularly assesses our quality control system and processes, as well as those of the suppliers to ensure uncompromising food safety performance, particularly in the selection of ingredients, production, packaging, storage and delivery of the products.

Food safety audits are conducted regularly (for the top five raw materials, packaging, and ingredients suppliers) and cover sanitation, pest control, facility conditions, operational procedures, good manufacturing practices, packaging, production monitoring, food security, and occupational health and safety. In 2014, we audited 46 suppliers who are supplying 80% of the total volume of purchases. All of them met the required food safety standards.

In 2014, the Tanjung Priok refinery, which covers about 29% of IndoAgri's total refining capacity, successfully completed the Food Safety Management Standard (FSMS) audit for FSSC 22000:2010. The FSMS is based on the Hazard Analysis Critical Control Points guidelines, which adopts a preventative management approach to remove hazards from production processes that may cause the finished food products to be unsafe.

The packaging for our food products is made from approved food-grade materials. All finished food products are required to be tested in batches according to the Indonesian National Standards⁴. In 2014, all our finished food products passed the food testing.

NATURAL BENEFITS OF PALM OIL

Palm oil contains fat and carotenoid, a rich source of vitamins A and E that are essential for healthy growth and wellbeing of the human body.

Vitamin A maintains the immune system and eyesight, and is required for gene transcription, embryonic development and healthy skin. Vitamin E is a fat-soluble antioxidant that is able to remove free radicals from our body, and regulate enzymes essential for gene expression and a healthy nervous system. Palm oil has the highest amount of vitamin E among all the vegetable oils.

Fat is one of the three basic macronutrients that our bodies need for healthy growth and supple skin. It is a rich source of energy and essential fatty acids for our bodies. Palm oil is composed mainly of triglycerides of fatty acid in both saturated and unsaturated forms, and is free of cholesterol and trans fat.

There was no incident of non-compliance with food safety regulations and no food product recall in 2014.



NUTRITIONAL VALUE OF INDOAGRI'S PALM OIL PRODUCTS

IndoAgri's table margarines are 100% fortified with eight vitamins. Vitamins A and D are mandated by the Indonesian National Standard SNI No. 01-3541-2002. We have added vitamins E, B1, B2, B3, B9 and B12 into the margarines as diet supplements for our Indonesian consumers. This comes from our understanding that many of our consumers are consuming processed foods made from flour and rice as staple food. These starchy foods have low level of B vitamins. By adding the extra vitamins in IndoAgri's margarines, we are able to increase the amount of essential nutrients in the diet of our consumers, particularly the children, for healthy growth and development.

IndoAgri's cooking oils that are exported to the Philippines are enriched with vitamin A, in accordance with the Philippines' Department of Health Regulation RA 8976. By 2015, all our consumer cooking oils for the domestic market will be fortified with vitamin A, as required by the Indonesian National Standard SNI 7709-2012. As of 2014, 1.5% of our consumer cooking oils are fortified with vitamin A.

⁴ SNI No. 01-3541-2002 for margarine, SNI No. 01-3718-1995 for shortening and SNI No. 7709-2012 for cooking oil.



No sugar is added to any of our palm oil food products. The level of trans fats and sodium in all IndoAgri's food products is kept below the limits stipulated by the national food standard of Indonesia and our export countries.

PRODUCT TRACEABILITY

We are able to trace our products through the product cycle, from finished products on the tables back to the crops from the farms. For more information on traceability, please refer to page 30.

PRODUCT INNOVATION

Customers are able to recognise the innovation in our cooking oil and margarine products. Our R&D, marketing and sales teams work in collaboration to develop products that fulfil the high level of quality and cost-effectiveness expected by the discerning customers. The new products created by the R&D team are evaluated by an independent consumer-testing panel. Rigorous market testing is conducted thereafter, and only the products that meet the quality requirement and customer satisfaction will go to market.

PRODUCT LABELLING

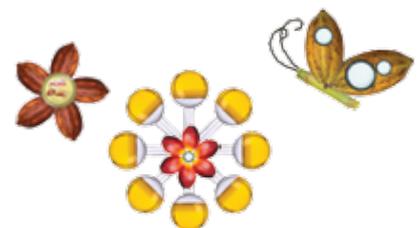
Information on the ingredients and nutritional values of each of our branded products is provided on the food label printed on the side of the packaging. The labels also remind consumers to dispose the used packaging properly. An additional recycling logo is found on the packaging for the cooking oil.

HALAL CERTIFICATION

All our refineries are halal certified by L PPOM MUI, the Research Institute for Food, Drugs and Cosmetics of the Indonesian Ulema Council. LPPOM is recognised internationally by the World Halal Council.

RECOGNITION AND AWARDS

Over the years, IndoAgri has received various national and industry awards that acknowledge its service excellence, brand performance and customer satisfaction. In 2014, the Bimoli brand received the Double Platinum Indonesia Best Brand award for the twelfth consecutive year and the Customer Satisfaction Award for the fourteenth consecutive year under the cooking oil category.



OUR PEOPLE AND COMMUNITIES



IndoAgri recognises the contributions and support of its employees and local communities. We develop and take good care of our employees, and champion rural development programmes to improve the living conditions of the local communities.



OUR PEOPLE

People are our most valued assets. We strive for every employee, contractor and visitor to return home safely after work every day. No one should compromise their health and safety at work. We ensure a healthy and safe environment in our estates, mills and refineries by looking at the legal, moral and financial aspects of workplace health and safety.

Talent attraction and retention are critical to the success of IndoAgri. To retain talents, it is important to listen to the

employees and support them in their work so that they have ample opportunities to develop themselves to the fullest of their abilities. The outcome is improved performance, higher productivity and better products for the Company.

In 2014, IndoAgri employed 38,946 people in permanent full-time positions, and 2,298 people on short-term contracts in Indonesia. We also employed 48,625 casual labour, who made up 54% of our total workforce.

Employee Composition by Level and Employment Status

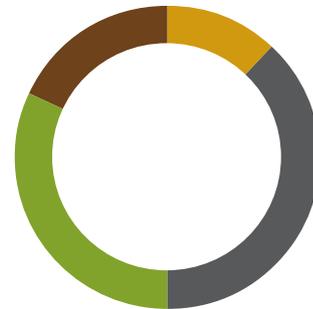
	Male	Female	Total
Level			
Manager and Senior Manager	477	48	525
Supervisor	824	176	1,000
Staff	1,782	321	2,103
Administrative/Operational	31,993	5,623	37,616

Employment Status

Permanent Employee	32,930	6,016	38,946
Non Permanent Employee	2,146	152	2,298

Note: Please see page 44 - 47 of the Annual Report 2014 on the diversity of our governance bodies.

Age Group of Permanent Employees



● 12%	18 – 25 Years	● 32%	36 – 45 Years
● 38%	26 – 35 Years	● 18%	46 – 55 Years

HOW WE MANAGE OUR PEOPLE

Our employment policies and practices comply with national legislations and the RSPO guidelines. The values, behaviours and performance standards expected of all our employees are stated in our Code of Conduct and employee manual.

Representatives of the labour unions will meet with IndoAgri's local management at the factory or estate level at least once a year to discuss the salaries, benefits and other employee issues. All labour unions have a formal Labour Agreement with the company. Employees from staff-level and above are required to undergo annual performance reviews.

Lonsum and SIMP have additional procedures for the implementation of OHS system based on the SMK3 and OHSAS 18000 requirements.



HEALTH AND SAFETY



IndoAgri is fully committed to provide a healthy and safe work environment for the employees.

In 2014, the Group's Accident Rate (including casual labour) was 2.6 work accidents per 1,000,000 man-hours. The Lost-Time Accident Rate (LTAR) (including casual labour) was 348 man-hours per 1,000,000 man-hours.

Regretably, during the year, five fatalities occurred in our facilities, two of which involved casual labours. All the incidents were thoroughly investigated, and measures taken to prevent recurrence. Immediate assistance was provided to the family members. A member of local senior management also visited the household to understand their situations and to support their needs. The families were compensated through Jamsostek. Workers who are not directly employed by IndoAgri are covered under a separate social insurance scheme. (See table on the right.)

36% of our accidents involved foot injuries, 10% hand injuries, and 10% finger injuries.

We have implemented the Sistem Manajemen Keselamatan dan Kesehatan Kerja (SMK3), the Indonesian OHS management system. The SMK3 is comparable with the OHSAS 18001:2007 performance standard. SMK3 implementation involves hazard identification and prevention, risk management, medical examination and programme evaluation.

The estate and mill managers are trained in SMK3 workplace safety and operational techniques. Safety messages are regularly communicated to the employees, and reinforced through our OHS pledge and policy, SMK3 manuals and procedures, work instructions, emergency and first aid procedures, and other health and safety processes.

Accident Frequency Rate in 2014

	Male	Female
By Gender	2.1	0.2
By Region		
Sumatra	1.6	0.3
Kalimantan	3.6	0.4
Others	2.4	–

Accident Severity Rate in 2014

	Male	Female
By Gender	617	18
By Region		
Sumatra	699	27
Kalimantan	101	5
Others	986	–

Note 1: Data for all IndoAgri units. Casual labour is excluded because gender-specific accident data are not yet available. We will provide the figures in future reporting.

Note 2: All rates are per 1,000,000 man-hours. LTAR measures the productivity loss due to accidents and is calculated as follows: Accident Rate x 1,000,000 man-hours divided by Total Working Hours (number of employees x 40 hours x 50 weeks). An LTAR is recorded when an employee is referred to a clinic due to a workplace accident, and given leave of absence.

As a responsible employer, IndoAgri aims to reduce workplace accidents and injuries, and to achieve zero work-related fatalities. Most of the accidents were caused by distraction and avoidable. Every work-related accident is recorded, evaluated, and the lessons shared with all the SMK3 teams to prevent recurrence.

ENFORCING WORKPLACE HEALTH AND SAFETY

A Health and Safety Committee, known as Panitia Pembina Keselamatan dan Kesehatan Kerja (P2K3), is set up in every estate, mill and refinery. The P2K3 comprises both management and operational representatives. The committee monitors the SMK3 compliance against IndoAgri's OHS framework, and provides inputs on effective OHS implementation.

The CLA with the workers' union has included OHS with provisions such as the proper equipping of all field workers with PPE, setting up of an OHS Trustee Committee, providing basic education and training to all employees, and putting in place a grievance mechanism. Periodic workplace inspection, SMK3 audit, and evaluation of work accidents are also performed together with the employee representatives.

EMPLOYEE WELFARE

MINIMUM WAGES

The structure and salary scale of our employees are computed based on their experience level, position and competency. We ensure that all employees are adequately compensated for their work, and we comply with the minimum wage regulations set by the local governments.

LIVING ON THE ESTATES

Currently, basic amenities such as accommodation, proper sanitation, clean water supply, waste collection, and electricity are provided on all our estates. We also develop common facilities for the employees and their families as follows:

- Clinics and integrated health posts
- Recreational and worship facilities
- Schools for employees' children
- Service roads connecting to the main roads
- Designated plots in the estates for employees to plant their own vegetables and fruits

WATER TREATMENT

We have installed 109 water treatment facilities at our sites in Riau, South Sumatra, North Sumatra, Java, Sulawesi and Kalimantan to improve the water quality before it enters into our production processes and domestic supplies.

MEDICAL SERVICES AND EMERGENCIES ON THE ESTATES

Employees and their dependents enjoy free medical services at the estate clinics, which are attended by qualified doctors. In newly developed and small estates, we have first aid posts located at convenient locations so that minor injuries may be treated on-site. All the medical facilities are fully sponsored and managed by the company.

We have also established contact with 45 hospitals near our estates. During an emergency, the patient will be sent directly to the nearest hospital.

BASIC EDUCATION FOR CHILDREN ON THE ESTATES

IndoAgri provides free education for all employees' children living on the estates. We have set up day care centres, kindergartens and primary schools as well as secondary and high schools in some of our estates. The day care centres and kindergartens are run by IndoAgri. For estates that are new or located at remote sites, we will work with the local government to develop school facilities in these areas. We also provide free transportation for the children if they are attending schools located outside the estates.



Medical Facilities Provided by IndoAgri

	Sumatra	Kalimantan	Others	Total
Division Clinics	88	12	3	103
Central Clinics	42	14	4	60
Ambulances	8	3	0	11
Doctors	6	1	0	7
Visiting Doctors	26	10	2	38
Midwife/Nurses	195	32	6	233
Posyandu	139	48	19	206

Education Facilities Provided by IndoAgri

	Sumatra	Kalimantan	Others	Total
Day care centres	93	50	1	144
Kindergarten	75	2	9	86
Primary Schools	57	1	8	66
Secondary Schools	9	0	0	9
High Schools	10	0	0	10
Teachers	926	11	38	975
Rumah Pintar	14	5	1	20

HUMAN RIGHTS AND EMPLOYEE DIVERSITY

RESPECT FOR HUMAN RIGHTS

Beyond complying with our Code of Conduct, Sustainable Palm Oil Policy and the RSPO principles, we respect the rights of all employees and communities, and committed to fair and transparent dealing with staff and business partners. We fully comply with the Indonesian labour laws on human rights issues, such as the elimination of child and forced labour, equal employment opportunity, and freedom of association.

Our labour practices are subject to external audits during the RSPO and ISPO certification process. Regular stakeholder meetings are held with labour unions and community forums to discuss any issues relating to worker and human rights.

To meet RSPO's increasingly stringent certification standards, we are continuously tracking and communicating our management approach and performance in the area of human rights at all our estates, mills, and refineries. Respect for Human Rights is a clause in both our Code of Conduct and Sustainable Palm Oil Policy and these are communicated at each site.

SECURITY AND HUMAN RIGHTS

Security guards are hired to protect our employees and assets on the plantations. We recognise that the guards may have to rely on force in order to fulfil their security objectives and responsibilities. Our security guards have undergone basic training with the police. They are trained in the basic principles of human rights and familiar with techniques that will allow them to perform their duties professionally without violating these rights. At this moment, we do not extend such training to third party security vendors

CHILD AND FORCED LABOUR

IndoAgri's human resource policy strictly prohibits the hiring of employees and casual labours who are below the minimum employment age of 18 years old. The details of all workers, including their age, period of employment, photocopies of identification papers, are recorded in the Human Resources information system. Similar policy is established to prohibit all forms of forced labour. All employees working for IndoAgri do so on their free will and without coercion.

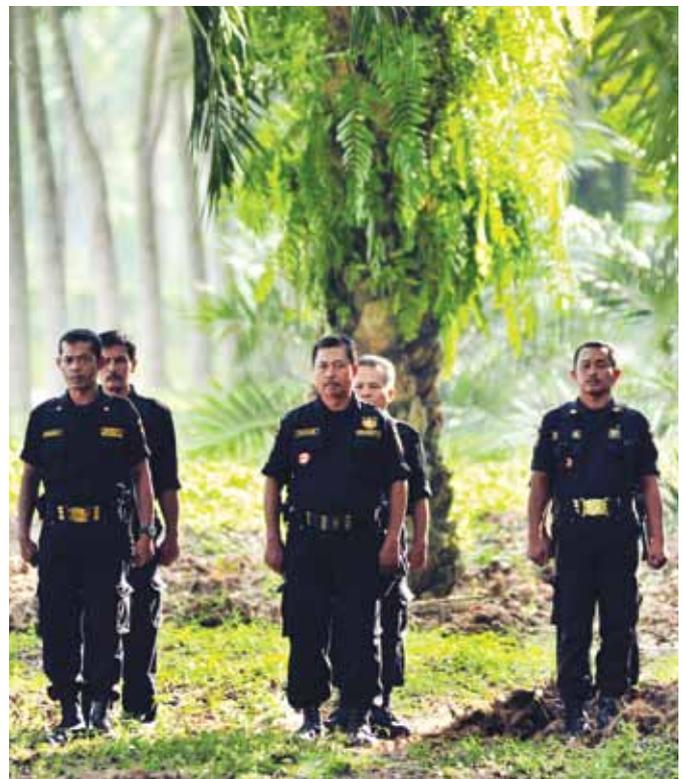
While we have not conducted any formal, site-based assessment to identify specific incidents relating to risks of child or forced labour, we understand that the sites where we are located can be exposed to the risks of child labour or forced labour. To support our employees and casual labours, we have provided free day care centres and schools for their children.

DIVERSITY AND EQUAL EMPLOYMENT OPPORTUNITY

IndoAgri recognises workforce diversity as an organisational strength. In accordance with our Code of Conduct, equal employment opportunity is given to every employee regardless of religion, ethnicity, gender and other discriminatory factors. There were no incidents of discrimination during the reporting period.

Agriculture is traditionally a male-dominated industry, with female employees making up just 15% of our workforce. To support our female employees and to encourage more females to join our team, we have provided day care centres in the estates and retain the positions of new mothers who went on maternity leave. In 2014, 1,004 new mothers took maternity leave. 35% have returned to the same job position, while the rest are either still on leave or have resigned from the company.

We also integrated the anti-sexual harassment policy into our HR procedures to protect the employees and to create a conducive workplace.



FREEDOM OF ASSOCIATION

Our workers are protected in their right to freedom of association and collective bargaining. So far, we have not conducted any formal, site-based assessment to identify the areas where the right to exercise freedom of association may be at risk.

Currently, 58% of our operational employees are reunionsed, and 93% of them are protected by a CLA that includes an OHS clause. We have taken additional steps to protect employees who are not union members or part of the CLA. These individuals are automatically covered under IndoAgri's OHS policy.

It is stated in our CLA and company regulation that any change in company policy must first be discussed with employee representatives from the labour union and endorsed by the government before they are announced to employees.

TALENT MANAGEMENT

Maintaining and improving a talented workforce, particularly through personal development training, is a key element of our organisational development.

TRAINING AND DEVELOPMENT

IndoAgri has developed various training programmes for employees' competency and personal development. These include courses on professional and management skills, and leadership development programmes. We operate four training facilities that conduct regular courses on agronomy, agriculture and engineering for the employees.

In 2013, we started a Learning and Development Programme (LDP) in collaboration with the First Pacific Leadership Academy, the corporate university of First Pacific Company Limited. A pioneer batch of 25 managers and 23 supervisors enrolled for the LDP, which covered 10 modules on subjects ranging from decision making to performance management and strategic planning.

In October 2014, an open dialogue on food security and sustainable agriculture was held at IndoAgri's Learning and Development Centre in the Kertasarie Tea Plantation. More than 70 participants, including Indofood directors, representatives from Indofood Research Nugraha and R&D, academicians in the fields of agriculture, climate, environment and food, and our BISMA scholars, came together to discuss important topics such as food security, nutrition, agricultural innovation and sustainable agricultural practices. In January 2015, we jointly conducted a leadership training and character development programme with the Indonesian Army for 175 managers from IndoAgri's estates and mills.



A leadership training for managers in collaboration with the Indonesian Army.

Training Man-days by Level and Gender

Level	Training Man-days	
	Male	Female
Manager and Senior Manager	4,894	942
Supervisor	1,353	401
Staff	23,351	3,728
Administrative/Operational	13,181	829
Total	42,779	5,900

Note: Data for all IndoAgri units.

SUCCESSION PLANNING AND EMPLOYEE TURNOVER

We have put in place succession planning to prepare and identify talented employees for higher appointments and responsibilities. The Group's average turnover was 6% in 2014.

Detail turn over per region and gender is tabulated below

By Region (Provinces)	Turnover	
	Male	Female
Sumatra	4%	5%
Kalimantan	12%	12%
Others	4%	7%

Note: Data for all IndoAgri units

At IndoAgri, we aim to implement inclusive recruitment practices based on age and gender, and the best use of available labour where we operate. We are reviewing the turnover data and will report the key issues. To date, our engagement with employees indicates no levels of dissatisfaction or uncertainty in the workplace. The new hire data shown in the table below are indicative of the recruitment pattern, in terms of gender balance, for our business.

	Male	Female
New Hires	4.192	647

Note: Data for all IndoAgri units.

SUPPORTING LOCAL COMMUNITIES



We contribute significantly to the economic livelihoods of the farmers and suppliers who work for us in the local communities, including their families. We pay the prevailing company taxes in the regions where we operate, and create employment opportunities for local and neighbouring communities. We support the local economy by working closely with local farmers and buying FFB from them. Plasma and former plasma farmers supply about 24% of the total FFB processed in our mills.

We have initiated many community development activities through our Solidarity Programme, which seeks to improve the quality of life in the estates through capacity building, education and financial support.

To tailor our community programmes to the needs of each community and estate, we have started conducting Social Impact assessments through an external party at each of our estates and factories. We consider factors such as the cultural background, literacy rate, living condition and economic situation of the local community before tailoring a programme that suits the developmental need. By 2015, all estates and factories will have a tailored programme based on the outcome of these assessments.

Over the years, we have provided support to our local communities in the following areas:

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, including scholarships for employees' children, incentives for teachers and renovation of school facilities
7. Environmental conservation initiatives outside the estates

COMMUNITY DEVELOPMENT AND SPONSORSHIPS

We have developed basic infrastructure for local communities in the areas where we operate. We constructed roads and bridges

SUPPORTING LOCAL COMMUNITIES

in Sumatra and Kalimantan to improve accessibility for the villages, and built sports, recreational and worship facilities for the local communities. From time to time, we sponsor sports tournaments, musical events and cultural performances to provide entertainment and to promote community bonding between our employees and the local community. IndoAgri employees are also encouraged to give back to the community during the “Indofood Service Day” organised by Indofood. Many of our employees responded and readily supported the activities, such as blood donation drives.

BUILDING HUMAN CAPITAL

We support Indofood’s Bisma scholarship programme for students who have achieved outstanding academic results. We also provide mentoring to guide these scholars in their soft skills development. In September 2014, we conducted capacity building sessions for Bisma scholars in Kertasari estates, West Java. In total, 130 students from selected public universities in several provinces in Indonesia were awarded the scholarship.



REDUCING INFANT MORTALITY

IndoAgri has contributed to the public health infrastructure by building medical clinics and emergency care units for the local communities.

We have developed maternity programmes to reduce infant mortality by providing expectant mothers with free prenatal checks, immunisation, essential vitamins and minerals, and other gynaecological attention at the estates’ integrated health posts, known locally as the posyandu.

In 2014, we supported 206 posyandu. Each one is operated by a qualified doctor from the estate’s clinic or Puskesmas (a community health centre run by the government), with support from trained volunteers (cadres) from the local community. We are constantly looking for ways to promote maternal and infant health by improving the effectiveness of the posyandu, such as the IndoAgri Sehati initiative.

We engaged the Faculty of Public Health, University of Indonesia to review the posyandu operation and the following recommendations were made to revitalise the integrated

health posts:

- Ensure full equipping of the posyandu, which includes equipment such as stethoscopes, electronic scales and gauges, educational toys and Maternal and Child Health Handbook.
- Locate the posyandu facility away from the clinic building to minimise transmission of disease from the clinic patients to the infants and pregnant women visiting the posyandu.
- Provide training to posyandu cadres on the correct infant feeding practices, and knowledge on nutrition and its importance to pregnant mothers and young infants, especially those in their first 1,000 days of life.
- Develop competency of existing posyandu volunteers to conduct training for new cadres.

“Training of trainers” programmes were subsequently organised for 173 posyandu cadres, so that they in turn, can impart their skills and knowledge to other volunteers.

SOLIDARITY FOR HUMANITY

IndoAgri responds readily to the call for assistance in emergency relief operations. We have rendered aid to victims of natural disasters and crises, such as floods, fires and volcanic eruptions.

CATARACT OPERATIONS

In Indonesia, cataract is a common ailment that is adversely affecting the vision of more than two million people across all age groups. To relieve the visual impairment for the local communities, we are working with doctors from the Indonesian Army to conduct on-site cataract operations for the locals living around our estates.

In 2014, 263 and 201 cataract patients in Kalimantan and South Sumatra respectively successfully restored their visions under this programme.



THE MOST BEAUTIFUL SMILE

CLEFT LIP SURGERIES

Cleft lip is a common medical condition affecting many children in Indonesia. A lot of families are too poor to pay for a simple operation that can transform their children's lives. As our children are the future of Indonesia, IndoAgri has decided to fully sponsor the cleft lip surgeries for at least 1,000 children in Indonesia. Parents or legal guardians of these children can approach the estate management or contact Reni (+6282111018729) or Dina (+6281219678831) for assistance. The public is encouraged to share the programme with the parents and legal guardians of children with cleft palates. Details of the programme are available at www.simp.co.id/CSR/CSR.aspx.

ENCOURAGING ENTERPRISE



IndoAgri operates 20 Rumah Pintar, or smart houses, in our oil palm plantations in North Sumatra, Riau, South Sumatra, West Kalimantan, East Kalimantan and South Sulawesi. Each smart house has a craft centre that also serves as a community centre for the locals. It is a place where the locals can come together to sell their homemade products and learn new skills.

One of the crafts taught at the Rumah Pintar is the weaving of palm sticks into useful household items, like baskets, plates, lamp shades and brooms, which are popular with the locals. To improve the quality of the handicrafts, the centre engaged craft artisans to teach the students new techniques and popular designs.

In 2014, we received the Adicipta Lokatara Madya Award from the United Indonesian Cabinet Wives Solidarity (SIKIB) in recognition of our efforts to empower the local community at the smart houses.



Dara was born on 24 December 2013, just an hour shy of becoming a Christmas baby. She was welcomed into this world by midwife Neneh Kuswati.

The experienced midwife, who had delivered countless babies over 35 years, immediately noticed that Dara was special. The baby was born with a cleft lip. When the newborn was subsequently abandoned by her parents, Neneh decided to care for Dara and raise the baby as her own legally adopted daughter.

Neneh's selfless act inspired IndoAgri to step forward to help out the family. We approached the Sumber Waras Hospital in Jakarta to perform a cleft lip surgery on Dara so that she could grow up into a confident and healthy young girl.

A two-stage operation was performed on Dara. The first step was to repair the cleft lip, and later at one-and-a-half years old, she will undergo the second stage to correct the oral cavity. The two-hour surgery was successful and brought a bright smile to both Dara and her new mother's faces as they eagerly await the second operation in 2015.

Dara's surgery was part of the IndoAgri Sehati Cleft Lip Programme that was established in mid 2014. The operation was performed by Dr Arend Ponggawa, Sp.B, Sp.BP-RE, an aesthetic plastic surgeon and our consulting doctor for this programme.

APPENDICES





GLOBAL REPORTING INITIATIVE, GRI 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

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
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	CEO's Statement (p2)	No	Full
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation	At a Glance (p1)	No	Full
G4-4	Primary brands, products, and/or services	CEO's Statement (p3) > Responsible Sources, Traceable Products; Corporate Profile (p12); Our Products (p14) (Annual Report 2014 > Business Overview, p14)	No	Full
G4-5	Location of organisation's headquarters	Corporate Profile (p12)	No	Full
G4-6	Number and names of countries where the organisation operates	Geographical Presence (p4 – 5)	No	Full
G4-7	Nature of ownership and legal form	Our Plantations and Refineries (p4)	No	Full
G4-8	Markets served	An Integrated Business (p13)	No	Full
G4-9	Scale of the organisation	Corporate Profile (p12)	No	Full
G4-10	Workforce statistics	Our People (p54)	No	Full
G4-11	Percentage of total employees covered by collective bargaining agreements	How We Manage Our People (p54), Freedom of Association (p57)	No	Full
G4-12	Description of organisation's supply chain	Value Chain (p13)	No	Full
G4-13	Significant changes during the reporting period	There were no significant changes during the reporting period	No	Full
G4-14	Application of precautionary approach or principle	Defining Our Key Material Issues (p19)	No	Full

General Standard Disclosures

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
ORGANISATIONAL PROFILE				
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	Managing Sustainability (p6)	No	Full
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	Stakeholder Engagement and Partnerships (p26)	No	Full
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Coverage of entities in relation to organisation's consolidated financial statements or equivalent documents	At a Glance (p1) and Annual Report 2014 (p15 – 17)	No	Full
G4-18	Process for defining report content and Aspect Boundaries	Defining Our Key Material Issues (p19)	No	Full
G4-19	Material Aspects identified	Defining Our Key Material Issues (p19)	No	Full
G4-20	Aspect Boundaries within the organisation for each material Aspect	Defining Our Key Material Issues (p19)	No	Full
G4-21	Aspect Boundaries outside the organisation for each material Aspect	Defining Our Key Material Issues (p19)	No	Full
G4-22	Restatements	There have been no restatements	No	Full
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Defining Our Key Material Issues (p19)	No	Full
STAKEHOLDER ENGAGEMENT				
G4-24	–	Stakeholder Engagement and Partnerships (p26)	No	Full
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement and Partnerships (p26)	No	Full
G4-26	Organisation's approach to stakeholder engagement	Stakeholder Engagement and Partnerships (p26)	No	Full
G4-27	Key topics and concerns raised through stakeholder engagement	Stakeholder Engagement and Partnerships (p27)	No	Full
REPORT PROFILE				
G4-28	Reporting period	About This Report (p1)	No	Full
G4-29	Date of most recent previous report	About This Report (p1)	No	Full
G4-30	Reporting cycle	About This Report (p1)	No	Full
G4-31	Contact point for questions regarding the report or its contents	About This Report (p1)	No	Full

GLOBAL REPORTING INITIATIVE,
GRI G4 INDEX**General Standard Disclosures**

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
REPORT PROFILE				
G4-32	In accordance' option	About This Report (p1)	No	Full
G4-33	Policy and current practice with regard to seeking external assurance of the report	About This Report (p1)	No	Full
GOVERNANCE				
G4-34	Governance structure of the organisation	Sustainability Governance (p24); Annual Report 2014 (p49)	No	Full
ETHICS AND INTEGRITY				
G4-56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Our Values (p1)	No	Full
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	Annual Report 2014 (p60)	No	Full

Specific Standard Disclosures

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: ENVIRONMENTAL				
ASPECT: MATERIALS				
G4-DMA	Generic Disclosures on Management Approach	Reduce Our Chemical Footprint (p42 – 43)	No	Full
G4-EN1	Materials used by weight or volume	Reduce Our Chemical Footprint (p42 – 43); Our main material use relates to pesticides and fertilisers	No	Full
G4-EN2	Percentage of materials used that are recycled input materials	Reduce Our Chemical Footprint > Fertilizers and Leguminous Cover Crops (p43)	No	Partial
ASPECT: ENERGY				
G4-DMA	Generic Disclosures on Management Approach	Renewable Energy (p36)	No	Partial
G4-EN3	Energy consumption within the organisation	GHG Emissions, Carbon Footprint and Energy Management (p36)	No	Full

Specific Standard Disclosures

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: ENVIRONMENTAL				
ASPECT: ENERGY				
G4-EN6	Reduction of energy consumption	GHG Emissions, Carbon Footprint and Energy Management > Working Towards State-of-the-art Factories (p40)	No	Partial
ASPECT: WATER				
G4-DMA	Generic Disclosures on Management Approach	We have certified EMS systems in place and those systems inform other sites which are not yet certified (p8) and Water, Effluents, and Spills > Water (p46)	No	–
G4-EN8	Total water withdrawal by source	Water, Effluents, and Spills > Water (p46)	No	Full
ASPECT: BIODIVERSITY				
G4-DMA	Generic Disclosures on Management Approach	Management of High Conservation Value Areas (p43 – 44); The Importance of Sustainable Sourcing (p30)	No	Full
G4-EN13	Habitats protected or restored	Management of High Conservation Value Areas (p44)	No	Partial
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	Management of High Conservation Value Areas (p44)	No	Full
ASPECT: EMISSIONS				
G4-DMA	Generic Disclosures on Management Approach	GHG Emissions, Carbon Footprint, and Energy Management (p37)	No	Full
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	GHG Emissions, Carbon Footprint, and Energy Management (p36)	No	Partial
G4-EN18	Greenhouse gas (GHG) emissions intensity	GHG Emissions, Carbon Footprint, and Energy Management (p36)	No	Full
G4-EN19	Reduction of greenhouse gas (GHG) emissions	GHG Emissions, Carbon Footprint, and Energy Management > GHG Reduction Strategies (p36)	No	Full
ASPECT: EFFLUENTS AND WASTE				
G4-DMA	Generic Disclosures on Management Approach	Water, Effluents, and Spills (p46)	No	Full

GLOBAL REPORTING INITIATIVE,
GRI G4 INDEX**Specific Standard Disclosures**

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: ENVIRONMENTAL				
ASPECT: EFFLUENTS AND WASTE				
G4-EN22	Total water discharge by quality and destination	Water, Effluents, and Spills > Refinery Effluents (p46)	No	Full
G4-EN23	Total weight of waste by type and disposal method	Reducing and Recycling Waste (p45)	No	Full
G4-EN24	Total number and volume of significant spills	Water, Effluents, and Spills > Oil Spills (p46)	No	Full
ASPECT: PRODUCTS AND SERVICES				
G4-DMA	Generic Disclosures on Management Approach	Reducing and Recycling Waste > Non-Hazardous Waste (p45), Safety and Traceability from Farm to Fork > Packaging (p50 – 51)	No	Partial
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	The Importance of Sustainable Sourcing (p30)	No	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Reducing and Recycling Waste > Non-Hazardous Waste (p45)	No	Full
ASPECT: COMPLIANCE				
G4-DMA	Generic Disclosures on Management Approach	Environmental Stewardship (p36)	No	Full
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Water, Effluents and Spills > Oil Spills (p46)	No	Full
ASPECT: TRANSPORT				
G4-DMA	Generic Disclosures on Management Approach	Water, Effluents and Spills > Oil Spills (p46)	No	Full
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	Water, Effluents and Spills > Oil Spills (p46)	No	Partial
CATEGORY: SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-DMA	Generic Disclosures on Management Approach	Our Sustainability Programmes > Sustainable Palm Oil Sourcing (p20)	No	Full
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	No new suppliers have yet been screened, this is work in progress. See Our Sustainability Programmes > Sustainable Palm Oil Sourcing (p20), Auditing the Supply Chain (p31)	No	Full

Specific Standard Disclosures

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
ASPECT: EMPLOYMENT				
G4-DMA	Generic Disclosures on Management Approach	People (p54)	No	Full
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Talent Management > Succession Planning and Employee Turnover (p58)	No	Full
G4-LA3	Return to work and retention rates after parental leave, by gender	Human Rights and Employee Diversity (p57)	No	Partial
ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	Generic Disclosures on Management Approach	Health and Safety (p55)		Full
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	Health and Safety > Enforcing Workplace Health and Safety (p55)	No	Partial
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	Health and Safety > Enforcing Workplace Health and Safety (p55)	No	Partial
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Health and Safety > Enforcing Workplace Health and Safety (p55)	No	Full
ASPECT: TRAINING				
DMA	–	Talent Management (p58)		Full
LA9	Average hours of training per year per employee by gender, and by employee category	Talent Management > Training and Development (p58)		Partial
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Talent Management > Succession Planning and Employee Turnover (p58)		Partial
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	Generic Disclosures on Management Approach	Human Rights and Employee Diversity (p57)	No	Full
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	Human Rights and Employee Diversity > Diversity and Equal Employment Opportunity (p57); Annual Report 2014 (p44 – 47)	No	Full

GLOBAL REPORTING INITIATIVE,
GRI G4 INDEX**Specific Standard Disclosures**

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES				
G4-DMA	Generic Disclosures on Management Approach	Auditing the Supply Chain (p31)	No	Full
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	No new suppliers have yet been screened, this is work in progress. Auditing the Supply Chain (p31)	No	Full
SUB-CATEGORY: HUMAN RIGHTS				
ASPECT: NON-DISCRIMINATION				
G4-DMA	–	Human Rights and Employee Diversity > Diversity and Equal Employment Opportunity (p57)	No	Partial
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Human Rights and Employee Diversity > Diversity and Equal Employment Opportunity (p57)	No	Full
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA	–	Human Rights and Employee Diversity > Freedom of Association (p57)	No	Full
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Human Rights and Employee Diversity > Freedom of Association (p57)	No	Full
ASPECT: CHILD LABOR				
G4-DMA	–	Human Rights and Employee Diversity > Child and Forced Labour (p57)	No	Full
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Human Rights and Employee Diversity > Child and Forced Labour (p57)	No	Full

Specific Standard Disclosures

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: SOCIAL				
SUB-CATEGORY: HUMAN RIGHTS				
ASPECT: FORCED OR COMPULSORY LABOR				
G4-DMA	–	Human Rights and Employee Diversity > Security and Human Rights (p57)	No	Full
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Human Rights and Employee Diversity > Child and Forced Labour (p57)	No	Full
ASPECT: SECURITY PRACTICES				
G4-DMA	–	Human Rights and Employee Diversity > Security and Human Rights (p57)	No	Full
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	Human Rights and Employee Diversity > Security and Human Rights (p57)	No	Full
ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA	–	Auditing the Supply Chain (p31)	No	Full
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	No new suppliers have yet been screened, this is work in progress. See Auditing the Supply Chain (p31)	No	Full
ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
G4-DMA	–	Human Rights and Employee Diversity (p57)	No	Partial
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Regular stakeholder meetings are held with labour unions and community forums to discuss any issues relating to worker and human rights.	No	Partial

GLOBAL REPORTING INITIATIVE,
GRI G4 INDEX**Specific Standard Disclosures**

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: SOCIAL				
SUB-CATEGORY: SOCIETY				
ASPECT: ACROSS ALL ASPECTS OF SOURCING				
G4-DMA	Generic Disclosures on Management Approach	Palm Oil Sourcing and Responsible Supplier Guidelines (p31)	No	–
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Palm Oil Sourcing and Responsible Supplier Guidelines (p31)	No	Not yet reported, our reason for omission: over the next four years, we will be working with our suppliers to help them fully comply to our policy, after which an audit will be conducted to quantify the preliminary volumes purchased from suppliers who comply with our sourcing policies
FP2	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognised responsible production standards, broken down by standard	Palm Oil Sourcing and Responsible Supplier Guidelines (p31)	No	Not yet reported, our reason for omission: over the next four years, we will be working with our suppliers to help them fully comply to our policy, after which an audit will be conducted to quantify the preliminary volumes purchased from suppliers who comply with our sourcing policies

Specific Standard Disclosures

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: SOCIAL				
SUB-CATEGORY: SOCIETY				
ASPECT: LOCAL COMMUNITIES				
G4-DMA	Generic Disclosures on Management Approach	Our Sustainability Programmes > People and Communities (p23), Stakeholder Engagement and Partnerships > Community Engagement (pg 26)	No	Full
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Stakeholder Engagement and Partnerships > Community Engagement (p26)	No	Partial
ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
G4-DMA	Generic Disclosures on Management Approach	Auditing the Supply Chain (p31)	No	Full
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	No new suppliers have yet been screened, this is work in progress. Auditing the Supply Chain (p31)	No	Full
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA	Generic Disclosures on Management Approach	Safety and Traceability from Farm to Fork (p50)	No	Full
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Safety and Traceability from Farm to Fork (p50)	No	Partial
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	Safety and Traceability from Farm to Farm > Food Safety (p50)	No	Full
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards	Safety and Traceability from Farm to Farm > Food Safety (p50)	No	Full
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	Safety and Traceability from Farm to Farm > Nutritional Value of IndoAgri's Palm Oil Products (p50 – 51)	No	Full
FP7	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	Safety and Traceability from Farm to Farm > Nutritional Value of IndoAgri's Palm Oil Products (p50 – 51)	No	Partial

GLOBAL REPORTING INITIATIVE,
GRI G4 INDEX**Specific Standard Disclosures**

Standards Disclosure	Standard Disclosure Title	Page Number or Direct Response	External Assurance	Full/ Partial
CATEGORY: SOCIAL				
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	Generic Disclosures on Management Approach	Safety and Traceability from Farm to Farm > Product Labelling (p51)	No	Partial
[DMA] FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements	Safety and Traceability from Farm to Farm > Product Labelling (p51)	No	Full
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Safety and Traceability from Farm to Farm > Product Labelling (p51)	No	Partial

GLOSSARY AND REFERENCES

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.

CHILD LABOUR

A person under 18 years of age, according to Indonesian law, who is engaged in work that is mentally, physically, socially or morally dangerous and harmful, and that interferes with that person's schooling.

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.

FORCED LABOUR

A person who is coerced to work under the threat of violence, intimidation, or undue stress of penalty.

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.

FRESH FRUIT BUNCH

The fruit bunch harvested from the oil palm tree.

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 AND 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.

IMMATURE OIL PALM

See mature oil palm.

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 OIL PALM

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

GLOSSARY AND REFERENCES

PALM KERNEL (PK)

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

PANITIA PEMBINA KESELAMATAN DAN KESEHATAN KERJA (P2K3)

A Health and Safety Committee responsible for monitoring IndoAgri's compliance to the SMK3 in the estates, mills and refineries.

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.



This sustainability report is printed on Enviro Wove, an environmentally friendly paper made up of 100% recycled post-consumer waste. The paper's production and quality management system has also been accredited with ISO 9001 and ISO 14001 certifications.

IND@FOOD AGRI RESOURCES Ltd.

8 Eu Tong Sen Street,
#16-96/97 The Central, Singapore 059818
Tel : +65 65572389 Fax : +65 65572387
Company Reg. No. 200106551G

a subsidiary of:

Indofood
THE SYMBOL OF QUALITY FOODS