



MAKING A  
*Positive*  
IMPACT

*IndoAgri*

SUSTAINABILITY REPORT 2017

# Welcome

## “Committed to Meeting the World’s Food Needs Sustainably”

### ABOUT INDOAGRI, OUR VISION, MISSION AND VALUES

Indofood Agri Resources Ltd (IndoAgri) operates plantation and processing facilities to produce palm oil, rubber, sugar, timber, cocoa and tea. IndoAgri also operates research & development (R&D), seed breeding, manufacturing and marketing of award-winning edible oils brands. We are listed on the Singapore Stock Exchange with headquarters in Singapore and Jakarta.

Our vision is to become a leading integrated agribusiness and a world-class agricultural research and seed breeding company. Our mission: to be a high-yield, low-cost producer that continuously improves its people, processes and technology to deliver at the highest standards of quality. Our values drive how we work: 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.

### OUR POLICY

Our Sustainable Palm Oil Policy 2017 (Policy) applies to all our palm oil operations, our plasma smallholders and other third parties from whom we purchase crude palm oil for our refineries.

Key Policy commitments to deliver traceable and sustainably-produced palm oil products are:

- No deforestation, conservation of High Conservation Value (HCV) and High Carbon Stock (HCS) areas
- No planting on peat regardless of depth
- No burning
- Respect for Human Rights including Free Prior and Informed Consent (FPIC).



Sustainable Palm Oil Policy is available online at  
<http://www.indofoodagri.com/managing-sustainability.html>

### OUR SIXTH SUSTAINABILITY REPORT

This report communicates our progress against Policy commitments and targets on material topics. Please see page 52 for details on scope and reporting framework. This report provides all relevant information for stakeholders but we encourage the reader to use it alongside the online sustainability sections. Relevant links are provided in the report.



Visit our Sustainability Home Page at  
<http://www.indofoodagri.com/sustainability-home.html>

## Contents

CEO'S STATEMENT	01	RESPONSIBLE SOURCING	28
AT A GLANCE	02	PRODUCT INTEGRITY	36
SUSTAINABILITY IN PALM OIL: OUR APPROACH	06	PEOPLE AND COMMUNITY	42
BUSINESS OVERVIEW	12	ABOUT THIS REPORT & GRI INDEX	52
ENVIRONMENTAL PERFORMANCE	16	GLOSSARY	

# CEO's Statement

## RESOLUTE IN OUR DELIVERY

As IndoAgri celebrates its 10<sup>th</sup> anniversary as a listed Company on the Singapore Stock Exchange, I am pleased to present our 6<sup>th</sup> Sustainability Report. We have taken the opportunity since 2012 to update all stakeholders annually on our sustainability progress.

Sustainability is not a destination, it is a journey of continuous improvement. As exposure to sustainability risk has evolved and expanded, IndoAgri has responded, by continuously reviewing our approach and updating our policies, improving year by year. Our long-term aim is to be a leading, integrated agribusiness that satisfies customers through low costs, high yields, efficient operations and strong teams. Over the medium and long term, we aim to deliver policy commitments to ensure the preservation of financial, environmental and social value. IndoAgri's new Sustainable Palm Oil Policy 2017 directs our operations and suppliers on managing risk and delivering shared value, and applies to our entire supply chain.

In 2017, we made important progress in managing sustainability risks and opportunities. I would like to highlight some of them here; please read the report for further details.

Safety at work and at home is a business priority, our management system is embedded across all operations and we are encouraging near-miss awareness and reporting. Our work on safety is recognised by the Indonesian Ministry of Labour with a number of awards, including zero accident awards at some of our plantations and mills. No fatalities occurred in oil palm operations, but we endured one in our rubber business. All of us on the Board uphold our commitment to eliminate such events.

Related to safety, health and the environment is fire and haze. We continue to invest in prevention: 2017 saw 72 new fire towers constructed, totalling 183 across our plantations. For IndoAgri, a core element of fire control is engagement: awareness-raising work with employees, villages and provincial government is a critical part of our sustainability journey, and key to reduce and ultimately eliminate fires.

Other community investment also represents a beacon of success as we move forward. I am proud of our flagship cleft lip programme: a vital contribution to society in Indonesia. The team delivered 117 operations in 2017, for 102 people, principally children: literally bringing a smile back to their faces. Our team actively facilitates this programme, from searching for cases, counselling, commissioning surgery, post-operative care and speech therapy.

Another important stakeholder group in our sector includes smallholder plantations, a significant contributor to the Indonesian and rural economy. IndoAgri plasma growers are supported by our Smallholders Programme

mainly to improve yields, and their income. We intend that they also achieve Roundtable on Sustainable Palm Oil (RSPO) certification which can help drive higher yields. I congratulate the team on our first RSPO smallholders certification in 2017, covering 1,902 hectares and 749 farmers as well as excellent progress on the group certification project with our partner, The Sustainable Trade Initiative (IDH). The benefits for smallholders from working with IndoAgri can also be seen in our new video available in our website.

We manage 389,828 hectares of planted areas (of which 89,441 hectares are plasma land), and when performance on the ground does not match our expectations or align with our policies, we actively engage with a commitment to identify root causes and resolve the issue; examples of such processes are covered in this report. We have strong policies in place relating to labour practices and human rights. We comply with the labour laws and regulations of the Indonesian Government and we have no dispute or outstanding issues with any of our 10 labour unions or the Indonesian Ministry of Labour.

Such risks and opportunities I describe above are in scope of third-party certification. We aim to have all palm plantation and milling assets certified by the end of 2019. At the end of 2017, 53% and 46% of our CPO production was certified under RSPO and Indonesian Sustainable Palm Oil (ISPO) respectively. We have around 24,000 hectares currently awaiting RSPO audit stage 2.

Where the significance of a risk fluctuates, our governance arrangements account for it. Our entire Board is involved at least quarterly, other subgroups and individuals contribute to impact identification and responses day-to-day. Our Board has overall responsibility for sustainability issues, validates material environment, social and governance (ESG) factors and oversees their management and monitoring.

Our work on sustainability unofficially began from the ground up 25 years ago. We first commercialised seed innovation in 1983 and began natural pest control in 1997. Our subsidiaries were RSPO members by 2007, and based on over 30 years of seed breeding, we continue to produce higher-yielding oil palm seeds, to optimise land use. Sustainability has become core to our operations and we aim to continue with resolute steps to deliver against our commitments through continuous improvement.

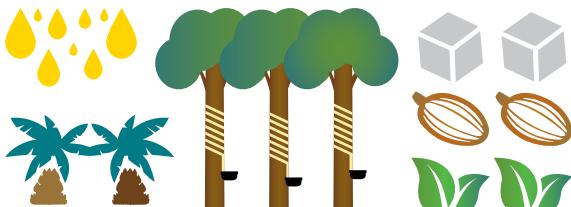


**Mark Wakeford**  
Chief Executive Officer

# At a Glance

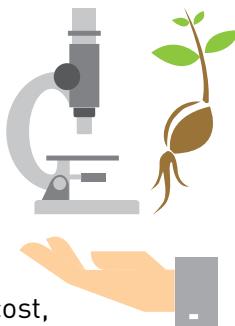
## IndoAgri

A vertically integrated agribusiness model to produce palm oil, rubber, sugar, timber, cocoa and tea.



## Vision

To be a world-class agribusiness leading in research, seed breeding and processing.



## Our Mission

Meeting the world's food needs sustainably as a low-cost, high yield operator delivering highest quality products.

## 300,387 hectares nucleus planted area

At the end of 2017: 82% oil palm

247,630 hectares nucleus  
86,182 hectares plasma



## 26 Palm oil mills

Fresh fruit bunch (FFB) processing capacity – 6.6M tonnes

## 5 Refineries

CPO processing capacity – 1.4M tonnes



## Sustainable Palm Oil Policy 2017, Responsible Supplier Guidelines 2017

Our Policy embraces our CPO suppliers too. The Supplier Guidelines have been enhanced to clarify expectations of all CPO suppliers.



## Targets

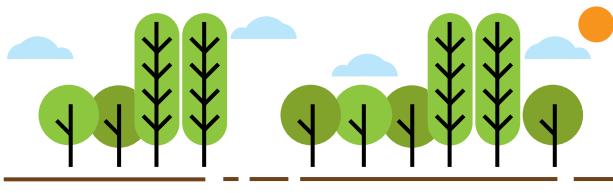
We have 19 targets in place across key issue areas, interim indications show we are on track to meet them.



## Deforestation

is a priority issue.  
Another year of zero clearance of primary forest  
100% of sites have HCV Management Plans and Rehabilitation Plans in place

No new planting on peat regardless of depth since September 2013



## At a Glance



### RSPO-certified production

447,000 tonnes, or 53% of total CPO produced in 2017

### ISPO-certified production

389,000 tonnes, or 46% of total CPO produced in 2017



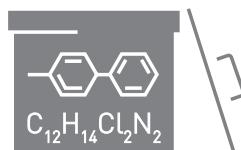
### Safety

Accident Severity Rate (including casual labour) down by 70% at 71.7

Palm Oil: Zero fatalities (one fatality in rubber operations)

Zero accident award in seven units

93% of our sites are now set up for SMK3



### Paraquat-free

100% of estates Paraquat-free by end of March 2018

### Organic fertiliser

89% of total volume of fertiliser used is organic



### Energy and water

2% reduction in energy consumption at palm oil mills (2016 baseline)

0.2% reduction in water consumption per FFB processed in palm oil mills (2016 baseline)

### Food Safety Management

Our Tanjung Priok refinery has Food Safety Management Standard (FSMS) certification for FSSC 22000



### People

72,023 total workforce

22% of our workforce is female

69% of our employees are registered with a union, the remainder are covered by a company regulation



### Child labour

No registered worker is under 18

More assets becoming RSPO/ISPO-certified to help strengthen delivery of Policy on zero tolerance



## At a Glance

### Community impact

Our cleft lip programme continues to deliver: 117 operations, 102 beneficiaries in 2017, 50 volunteers



### Indonesian rural climate change mitigation and adaptation

All units in Riau now have PROKLIM projects in place

National awards for 3 villages in Riau estates



### Education facilities

145 Day care centres  
182 Schools  
988 Teachers  
21,474 Students  
20 Rumah Pintar

### Health facilities

192 Clinics  
52 Doctors  
206 Posyandus  
269 Midwives/Nurses

### SMALLHOLDERS CERTIFICATION: THE CHALLENGES, THE BENEFITS

As part of IndoAgri's Smallholders Programme (page 34), 3,144 independent smallholders (our ex-plasma) covering 6,141 hectares in South Sumatra are working to achieve RSPO certification, guided by us and partner IDH.

KUD Teratai Biru was the first of the four cooperatives to achieve RSPO certification. We report here on the experience on the ground, through the words of Pairan, its Group Manager.

Pairan states that RSPO certification is good for smallholders, "*RSPO aims for environmental and social sustainability on the ground, and we want to use it so we can be more widely recognised for our efforts*". He acknowledges that the process involves change and improvements, for example in harvesting, upkeep, fertilising, spraying and other activities.

Pairan then notes that the adaptation process for some can be slow, simply due to a lack of awareness about the practice of sustainable palm oil cultivation. But, as Pairan observes, "*The hard work and challenges are surmountable over time.*" The KUDs believe in the benefits, "*In the future, smallholders will be more advanced, so buyers of RSPO products can be more confident in us, this will encourage further certification, stronger markets and greater production capacity.*" said Pairan.



Pairan, a Group Manager of KUD Teratai Biru that received RSPO smallholders certification in 2017

# The Most Beautiful Smiles

## A spotlight on those who deliver

*"Thank you IndoAgri, now Yohanen plays cheerfully with his friends and smiles beautifully"*



Yane, mother of Yohanen, a one year old patient



Part of IndoAgri's Solidarity Programme, our Cleft Lip Surgery programme expresses the spirit of human compassion in action. It boldly begins with the noble surgeon, Dr. Arend K. Ponggawa SpB, SpB-RE, that inspired IndoAgri to run the programme. He treats cleft lip sufferers too impoverished to afford the operation. But, by extension, he also helps their families, for it is an act of care that creates ripples of improvement and opportunity for them all.

What happens in the Programme? We facilitate all stages, from searching for cases, pre-operation family counselling, pre-operative examination, surgery, and then to post-operative care or speech therapy. Close links with families and communities follow, and partners, doctors, medical teams, volunteers, patients and families all, in some way, become part of the wider IndoAgri family.

Who is eligible? The support is aimed at children with a cleft lip or cleft palate, usually aged three months to two years; this is the age at which facial aesthetics and speech recovery are optimised. In 2017, the collaborative team delivered 117 operations on 102 patients: another successful year. IndoAgri has targeted to fully sponsor the medical intervention of at least 1,000 children in Indonesia. Since 2014, 254 successful treatments have been delivered to 230 children and 50 people have volunteered in the programme. Our partners include the following, to whom, along with countless others,

we extend our gratitude:

- Sumber Waras Hospital
- Columbia Asia Hospital
- Doris Sylvanus Hospital – Palangkaraya
- Awal Bros Hospital – Batam
- Prof. Dr Kandou Central General Hospital – Manado
- Siloam Hospital – Manado
- Royal Taruma Hospital – Jakarta
- Indonesian Midwives Association
- Indonesia Association of Plastic Surgeon (PERAPI)
- The Indonesian Army
- DAAI TV
- Buddha Tzu Chi Foundation
- PT Indomarco Prismatama

The Cleft Lip programme represents a vital contribution to society in Indonesia. It is our flagship community programme and we are proud of it. We look forward to deepen the relationships with our partners and offering new hope and strength for families across the country.

*"Every time I see a parent of a patient's face, I see complete hope in their eyes. And there will always be new patients, so I hope IndoAgri's cleft lip surgery project grows ever greater, and that it brings together ever more partners and doctors. We can ill-afford to ignore a programme that offers such significant, life-long benefits to patients."* Dr Arend K. Ponggawa SpB, SpB-RE.

Since 1990, Dr. Arend has been called on to help underprivileged children with physical defects of cleft lip and cleft palate. Starting from cooperation with a foundation, he has been involved in volunteering cleft lip surgery for over 26 years in various social activities. His friendly smile and gentleness became the spirit and strength for the patients and their families. Dr. Arend believes that his interventions as a doctor are guided not solely by technical skill but also helped by a divine hand nurturing the patient's quality of life. He is an inseparable part of the programme so far and we hope he will honour us by being an indispensable part of its future.



Dr. Arend K. Ponggawa SpB, SpB-RE

# Sustainability in Palm Oil: Our Approach

Our business helps meet a growing global demand for palm oil. When grown responsibly, palm oil is an efficient use of scarce land resources and an important contribution to the national and rural economy. Efficiency and innovation contribute to sustainable agriculture, resilient communities and safer workplaces.

**We continue to make progress in achieving responsible and traceable supplies by integrating sustainable practices in our business and supply base.**

**Sustainable management practices aim to respond to risks and opportunities related to the environment, communities and other stakeholders. Delivery of policy commitments depends on well-trained personnel, formal processes, an accountable culture, and partnership with stakeholders.**

**We set sustainability goals and targets to improve our performance. We focus on material topics as a way to achieve our long-term goals.**

## KEY INDUSTRY TRENDS

Palm oil demand continues to grow, it represents around 65% of global export trade in vegetable oils. It is a versatile crop: half of all consumables in supermarkets contain palm oil. It is a significant driver of economic growth in Southeast Asia as Indonesian production increased from just over 19M tonnes in 2008 to 32M tonnes in 2016<sup>1</sup>. Indonesia is now the largest producer of palm oil.

It is estimated that the industry employs four million workers in Southeast Asia, and has been part of a huge rural economic transformation<sup>2</sup>. Smallholders produce around 40% of it despite being hampered by lower yields. Plantation growers, regardless of size, need to meet the growing demand with more effective use of land resources which will minimise the threat to forests, biodiversity and land tenure stability. Globally, oil palm is the most efficient use of land to produce vegetable oils. One hectare of palm is equivalent to at least eight hectares of soya bean oil, clearly demonstrating palm's efficient use of land.

However this efficient use of land must also be sustainable. The 2016 New York Declaration on Forests assessment report states that 415 companies active in one or more of

the four key commodities have made at least one relevant commitment to help eliminate deforestation from the production of these commodities. In the palm oil supply chain, 59% of the companies have committed to commodity-specific policies<sup>3</sup>. IndoAgri is one of them.

Certification continues as a vital part of achieving a sustainable palm oil supply. Demand for certified sustainable palm oil products is increasing. RSPO reports that, "As at 30 June 2017, plantations covering a total of 3.2 million hectares across 16 countries are RSPO-certified, an increase of 14% since the last reporting period with Indonesia accounting for 53%"<sup>4</sup>.

## A SYSTEMATIC APPROACH

Guided by our mission and values, our team comprises professionals with the requisite competences to manage material topics and impacts in order to preserve value over the long-term. The image on page 7 illustrates our approach. The highlights are:

- Actions and targets (pages 10-11)
- Our partnership with stakeholders (page 7 and online)
- R&D continued focus on innovations in sustainable agriculture (page 23, and Annual Report page 29)

## Commitment

Our Vision is to become a leading integrated agribusiness. Our Mission is to be a high-yield, low-cost producer that continuously improves its people, processes and technology to deliver at the highest standards of quality. The way we work is guided by a set of Values that features discipline, integrity and respect. Our revised Policy (see welcome page and online) commits us to responsible business practices with targets to measure progress.

## Planning

As our Annual Report senior management statements show, the business accounts for wider macro-trends and risk using an Enterprise Risk Management system.

1 <https://www.indonesia-investments.com/business/commodities/palm-oil/item166>?

2 <http://theconversation.com/palm-oil-politics-impede-sustainability-in-southeast-asia-57647>

3 World Economic Forum, 2017 "The Role of the Financial Sector in Deforestation-Free Supply Chains" page 3 prepared by the Tropical Forest Alliance 2020, Vivid Economics, and World Economic Forum.

4 RSPO Impact Report 2017 page 8

## Sustainability in Palm Oil: Our Approach



For more detail on our Programmes, certifications, management systems, R&D innovation and team organisation please see  
<http://www.indofoodagri.com>

This is supported by solid governance arrangements, accountability and transparency. We apply innovation and R&D to invigorate assets, we improve integration and diversity, and we apply these ultimately to drive growth in domestic and international markets.

We run six Programmes that set out to deliver improvement across a range of key issues, details are available on our sustainability web pages and page 8.

### Action

Policies, commitments and programmes are redundant without people taking action on the ground. We innovate at various points from seed to shelf. Our R&D team develops new ways to improve yields. We use management systems and standard operating procedures (SOPs) to maintain quality and drive improvements in personal safety, food safety, environmental management, and information control, for example. Achieving certifications such as RSPO, ISPO and Programme for Pollution Control, Evaluation and Rating (PROPER) is coordinated by our sustainability team.

We engage with various stakeholders including customers, communities, suppliers and civil society organisations. We generate a response to support how we manage risk, opportunity and impact. We apply the precautionary principle: the duty to prevent undesirable impacts and analyse alternatives in an accountable manner.

Our teams work together to deliver action on the ground, and we use training – from PPE practice on the ground to Board level competence – to enhance technical skills and contribute to career management (see page 47). Our previous Sustainability Reports also provide further information on specific examples.

### Assess and report

Our SAP enterprise data system and our sustainability information system collate the data required to understand progress towards targets (pages 10-11) using IFAR metrics and GRI indicators (page 53). Performance outcomes for material topics are evaluated using progress towards targets (see below). The targets for the certain material topics are inherently a function of the expansion of RSPO/ISPO certification of estates and processing sites. This applies to: (i) Governance & integrity; (ii) Land rights; (iii) Smallholders engagement and livelihoods; (iv) Yield maximisation. Evaluation of our approach depends on audit (internal and external), performance trends and stakeholder feedback. Each review of our report materiality assessment will account for changes recorded (see page 8).



For detail on our reporting see  
<http://www.indofoodagri.com/our-reporting.html>

## Sustainability in Palm Oil: Our Approach

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### FOCUS ON KEY ISSUES

Each key material issue, or topic, is managed by teams on the ground under a set of six Sustainability Programmes.

In this report, we explain the relevance of a given topic, where its impacts occur and how we manage them. The management approach (MA) has a specific purpose: it intends to establish processes towards measurable improvement guided by targets. The MA includes certain components such as a Programme, policies and certifications such as

RSPO and PROPER. A management system, for instance, will frame tasks to deliver performance against certain standards or frameworks. The components provide the basis for monitoring, evaluating and improving performance on each material issue. This entire set of activities must comply with our Policy, in scope and in timeline therein. See table below.

For specific descriptions of what we are doing, please refer to individual performance chapters.

### At a Glance: How We Manage Each Material Topic

Topic	Management approach					Programme					
	Sustain-able Palm Oil Policy 2017	Certification RSPO/ISPO	PROPER/ ISO/SMK3	FSSC	Other – ERM Framework, Whistle-blowing Policy	Growing Responsibly	Sustainable Agriculture and Products	Safe and Traceable Products	Small-holders	Work and Estate Living	Solidarity
A. Deforestation and land management (including peatland, fire control)	✓	✓	✓		✓		000			0	0
B. Environment impacts and compliance	✓	✓	✓		✓	00	000		0	0	0
C. Governance (transparency, integrity, anti-corruption, risk)	✓	✓	✓		✓	000					
D. Land rights including scarce land resources	✓	✓			✓				00	00	0
E. Occupational health and safety	✓	✓	✓	✓	✓		000		0	00	0
F. Smallholder engagement and livelihoods	✓	✓			✓				000		00
G. Product traceability and sustainable sourcing	✓	✓		✓	✓			000			
H. Product quality and safety	✓	✓	✓	✓	✓	000		000			
I. Yield maximisation including innovation	✓	✓			✓		000	00	0	00	0
J. Human rights	✓	✓			✓				000		0

000 Programme sets strategy, governance, compliance and policy framework; delivery of performance improvement & monitoring

00 Programme contributes indirectly to performance outcomes

0 Programme relates to topic, knowledge sharing occurs, relevant teams may interact "on the ground"

## Sustainability in Palm Oil: Our Approach

### RSPO CERTIFICATION UPDATE

# 53%

Our RSPO-certified production in 2017 was 447,000 tonnes, representing 53% of our 2017 CPO production. A further 24,000 hectares of plantation are awaiting RSPO stage 2 audits. By 2019 we aim to have all of our palm oil production mills and plantations certified to RSPO standards. We have 389,000 tonnes certified under ISPO, representing 46% of our 2017 CPO production.



A briefing after harvesting

### GOVERNANCE ARRANGEMENTS FOR SUSTAINABILITY

IndoAgri corporate governance safeguards shareholders' interests and complies with relevant laws and regulation.

The Board recognises a high standard of corporate governance and transparency as a hallmark of a sustainable business. Such governance embraces an analysis of sustainability risk, the exposure to which is of key interest to executive management. Our Board actively considers sustainability issues, validates material ESG factors and oversees their management and monitoring. In addition, a detailed discussion and deliberation over specific ESG issues takes place at Board level. In July 2017, we invited external sustainability consultants to engage with our Board on key sustainability matters such as regulatory requirements and developments, progress status on projects and key targets.

Overall guidance on sustainability is led by the CEO in a think tank that meets regularly and which comprises Executive Directors of the Group and principal subsidiaries. It is supported by Chief Operating Officers, the ERM unit, R&D team and sustainability representatives from all business units on management of ESG issues.

Our Audit & Risk Management Committee is updated on a quarterly basis on matters relating to material sustainability risks and concerns. The CEO also updates the Board on sustainability performance, engagement and the Group's response to issues arising. The CEO personally takes part in discussions and correspondence relating to ongoing impacts in the field. Senior leaders of the sustainability team in Jakarta regularly report internally at SIMP's Board level on issues such as process safety and efficiency, community investment and supply chain certification.

Headline performance indicators are discussed, changes of direction are decided as appropriate, and often in consultation with other executives in the Indofood Group. In July 2017 our CEO won the Best CEO (Mid Cap) Award at the Singapore Corporate Governance Awards; sustainability is a relevant component of the judges' decision.



See online for more on programmes, materiality assessment, stakeholder engagement, governance, etc)  
<http://www.indofoodagri.com/managing-sustainability.html>

### ENGAGEMENT FROM HQ TO GRASS ROOTS

At each Board meeting a presentation of sustainability performance is made. It represents one channel of engagement amongst many for the Board on the company's management approach on sustainability. Sharp focus was given to safety at Board level during the year to support the efforts to maintain the strong performance evident at the time. The insistence on zero accidents comes from the top as well as from the shop-floor. It is a central part of the revised sustainability Policy. The engagement of people is core to success: instruments of governance and management systems won't deliver themselves.

# Sustainability in Palm Oil: Our Approach

## TRACKING PERFORMANCE, EVALUATING PROGRESS

### Certification achievement and Policy delivery

Goal/target	Status	Progress (see pages 28-35)
1 By end 2019: RSPO certification for all nucleus plantations	■	Achieved 53% of targeted hectarage* (24,000 hectares awaiting RSPO stage 2 audit)
2 By end 2019: RSPO certification for all plasma smallholders estates	■	Extend target to 2020. See page 34
3 By end 2019: RSPO certification for all mills	■	On track; achieved 14 out of 26 mills*
4 By end 2019: ISPO certification for all estates	■	Achieved 80% of targeted hectarage*
5 By end 2019: ISPO certification for all mills	■	On track; achieved 23 out of 26 mills*
6 By end 2018: RSPO Supply Chain certification for three refineries	■	On track; achieved two refineries
7 By 2020: 100% of CPO we refine is sourced in accordance with Policy	■	On track; Supplier Guidelines enhanced

\* Figures cover hectarage or number of mills already certified or that have completed RSPO second stage audit and ISPO first stage audit. The certificate release date is subject to the accreditation period of the certifying body. Hectarage data are based on planted areas on 31 December 2017.

### Reducing environmental impacts

Goal/target	Status	Progress (see pages 16-27)
1 By 2018: Reduce energy consumption in palm oil mills and refineries by 5% and 3% respectively (2016 baseline)	■	2% reduction in RSPO/PROPER mills; remains stable for refineries
2 By 2018: Reduce water consumption per tonne FFB processed in palm oil mills by 3% (2016 baseline)	■	0.2% reduction in RSPO/PROPER mills compared to 2016
3 By end 2017: Implement HCV rehabilitation plan for each plantation site	■	Achieved 100%
4 By 2018: Phase out the use of Paraquat	■	100% of all estates Paraquat-free by end of March 2018
5 By end 2018: all of our factories and refineries are ready for PROPER certification*	■	One mill received Green rating. PROPER blue rating achieved by 10 mills, four refineries (and three other crops factories)

\* Participation in PROPER certification is subject to appointment by the Indonesian Ministry of Environment and Forestry.

### Zero harm, productive workforce

Goal/target	Status	Progress (see pages 42-45)
1 Zero fatalities (across total workforce)	■	No fatalities in palm oil, one fatality in rubber
2 By end 2017: For all sites, implement the Occupational Health and Safety programme and complete the baseline assessment	■	93% complete, remaining sites for completion in March 2018
3 Reduce Group accident frequency rate by 10% between 2018-2020	■	New target

### Safe products, healthy food

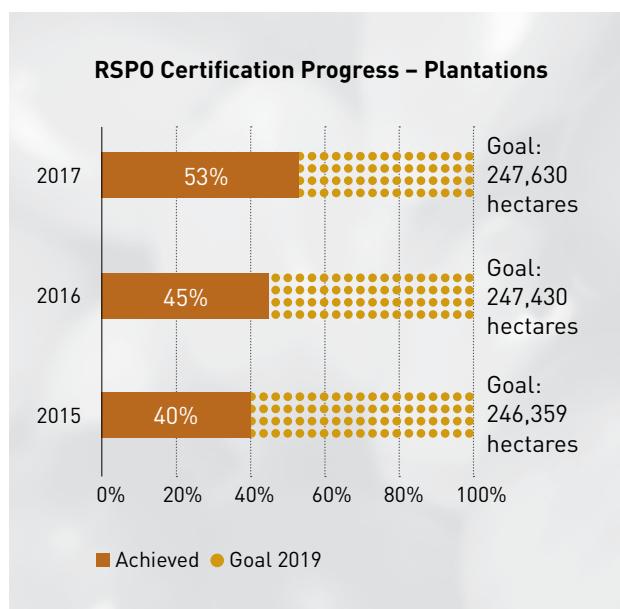
Goal/target	Status	Progress (see pages 36-41)
1 Quality & safety: comply with FSSC 22000 Food safety standard	■	No incidents of non-compliance with regulations
2 Quality & safety: Comply with Halal certification system recognised by the World Halal Council	■	All products are Halal certified
3 Quality: complete annual audit on quality assurance at refineries	■	Audit completed for all refineries
4 Quality: complete annual food safety audits for suppliers of raw materials (including CPO) to our refineries	■	Completed; 72% of supply tonnage to our refineries comes from sources that are audited annually on food safety.

■ Achieved ■ Not yet achieved ■ In progress ■ New target

## Sustainability in Palm Oil: Our Approach

### CERTIFICATION PROGRESS

#### PLANTATIONS



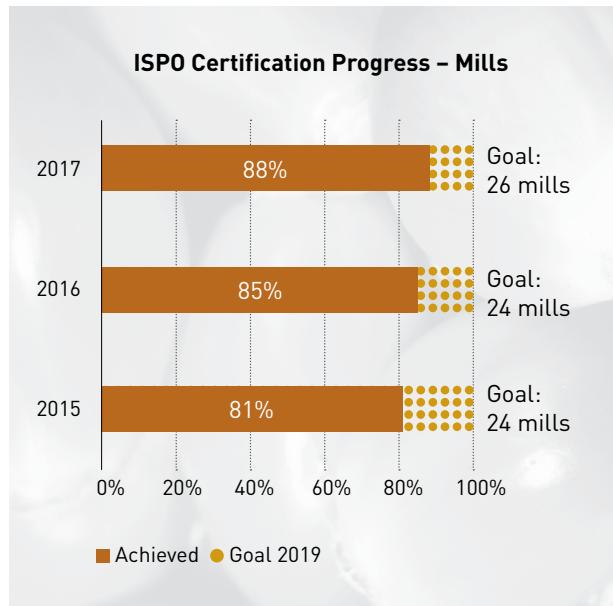
#### MILLS



#### ISPO Certification Progress – Plantations

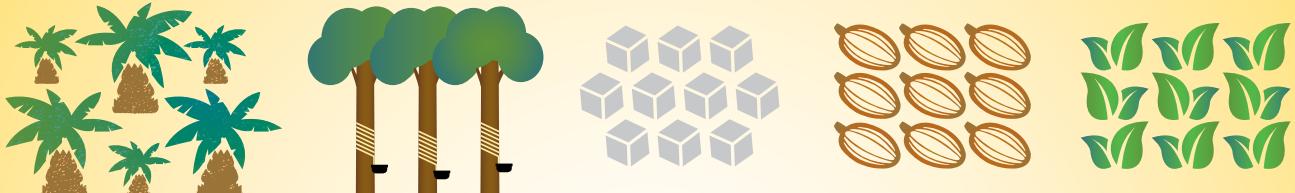


#### ISPO Certification Progress – Mills



# Business Overview

At IndoAgri, we operate plantation and processing facilities to produce palm oil, rubber, sugar, timber, cocoa and tea.



Our operations span the entire supply chain, from plantation management and crop production, through to refining, branding and marketing of edible oil products.



**300,387**  
hectares  
Nucleus planted area in Indonesia, covering all crops

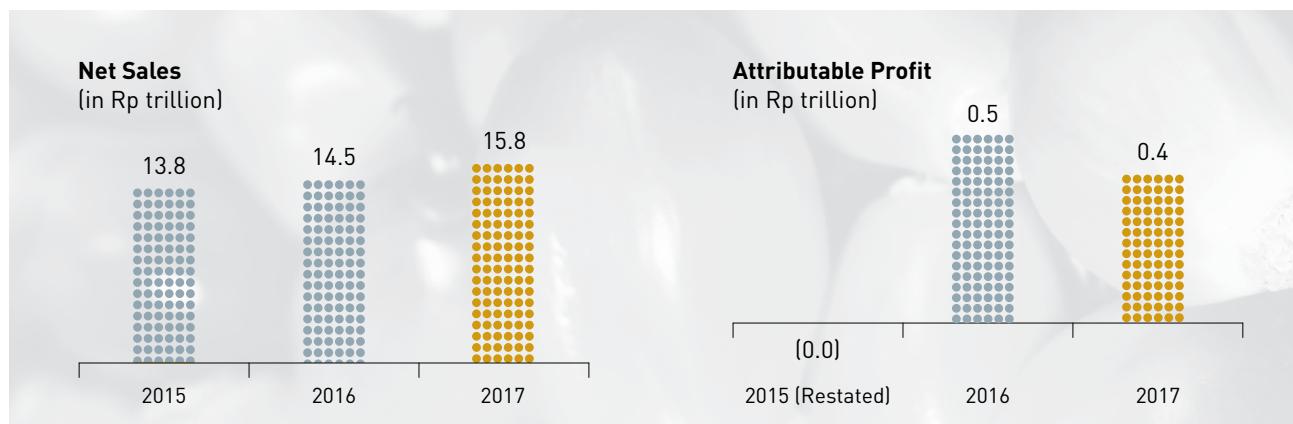
**89,441**  
hectares  
Plasma planted area in Indonesia, oil palm and rubber

**26**  
Palm Oil Mills  
FFB processing – 6.6M tonnes

**2**  
Sugar Mills/ Refineries  
Cane crushing – 2.2M tonnes

**5**  
Refineries  
CPO processing – 1.4M tonnes

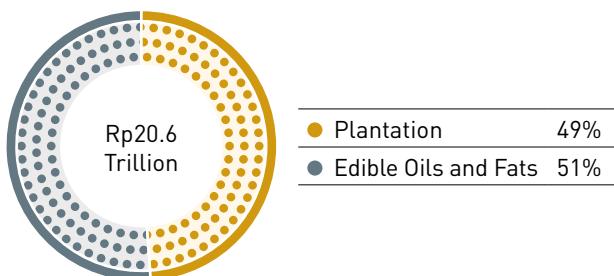
## Key highlights



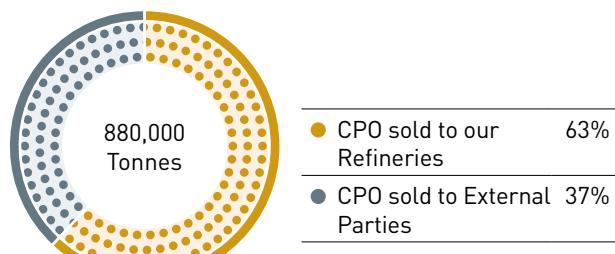
## Business Overview

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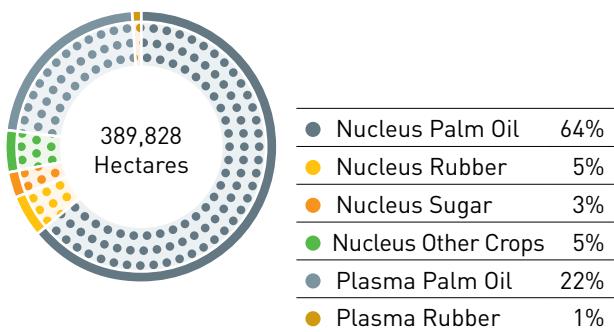
**Revenue (Internal and External) by Division 2017**



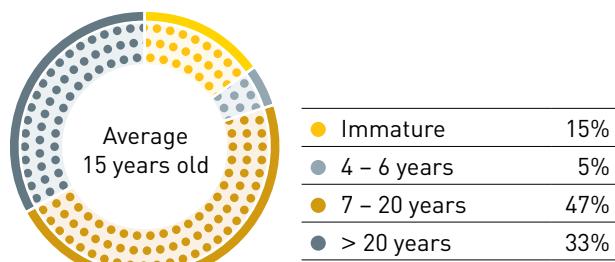
**CPO Sales Volume 2017**



**Planted Area (Nucleus and Plasma) 2017**



**Age of Our Oil Palm Trees**

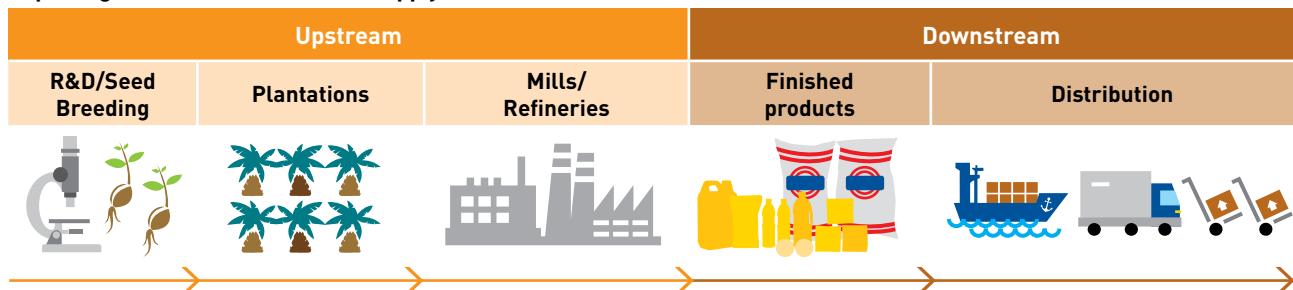


New Palm oil mill at South Sumatra

## Business Overview

### Value Chain - From seed to sales

#### Capturing Value Across The Entire Supply Chain



#### OIL PALM: OUR PRINCIPAL CROP

We develop and innovate seeds and planting materials. We engage in plantation operations. We harvest, mill, refine and process CPO into cooking oil, margarine and shortening. Since 64% of our CPO processed in refineries comes from our own plantations, we have greater control of 'value drivers' relating to how we manage sustainability risks and opportunities.

Our oil palm seeds are produced using world-renowned breeding populations from Southeast Asia and Africa. We have two advanced seed breeding R&D centres: Sumbio, in North Sumatra and PT SAIN in Pekanbaru. They produce high-yielding seed material, free of Genetically Modified Organisms which attract a premium on the open market.

As of 31 December 2017, our total planted oil palm estates were 247,630 hectares, of which 15% were immature estates. The average age of our oil palms is 15 years, which is a key factor affecting the volume of CPO we can produce.

We process FFB into CPO in our mills. CPO is refined into cooking oil, margarine and shortening. In 2017, our total FFB production from our nucleus estates, plasma and third parties was 4,043,000 tonnes. These FFB were processed into 842,000 tonnes of CPO.

#### OTHER CROPS

In 2017, we produced 11,000 tonnes of sheet or cup lump rubber from operations in North and South Sumatra, East Kalimantan and Sulawesi. Around half of it is exported to countries such as Singapore, the US and UK.

Our sugar operations are found in Indonesia, Brazil and the Philippines, partly managed through joint venture and other investments. In 2017, we produced 870,000 tonnes of sugar, and 224,000 m<sup>3</sup> of ethanol for export and domestic markets. Our sugar joint venture, CMAA, achieved Bonsucro certification for 893,000 tonnes of sugar cane harvested from 12,345 hectares, representing just under a quarter of total production. The target is to achieve 100% Bonsucro certification by 2021. Similarly to palm oil, we run a sugar smallholders programme, supporting the purchase of seed cane and fertilisers.

#### OUR EDIBLE OIL PRODUCTS

Nearly 90% of our branded edible oil and fats are sold in the domestic market, the remainder is exported.

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



Our finished products – cooking oil and margarine

## Business Overview

### Regional Presence



#### OUR PLANTATIONS AND REFINERIES

##### Indonesia

IndoAgri owns strategically located estates and production facilities across Indonesia. The Group's planted area occupies 300,387 hectares. Oil palm dominates our plantation operations. Estates are largely located in Sumatra and Kalimantan, while our refineries are mainly found in Jakarta, Medan, Surabaya and Bitung.

##### Brazil

IndoAgri has a 50% interest in CMAA, which operates 49,204 hectares of planted sugar cane, of which 45% is company owned and 55% belongs to third parties.

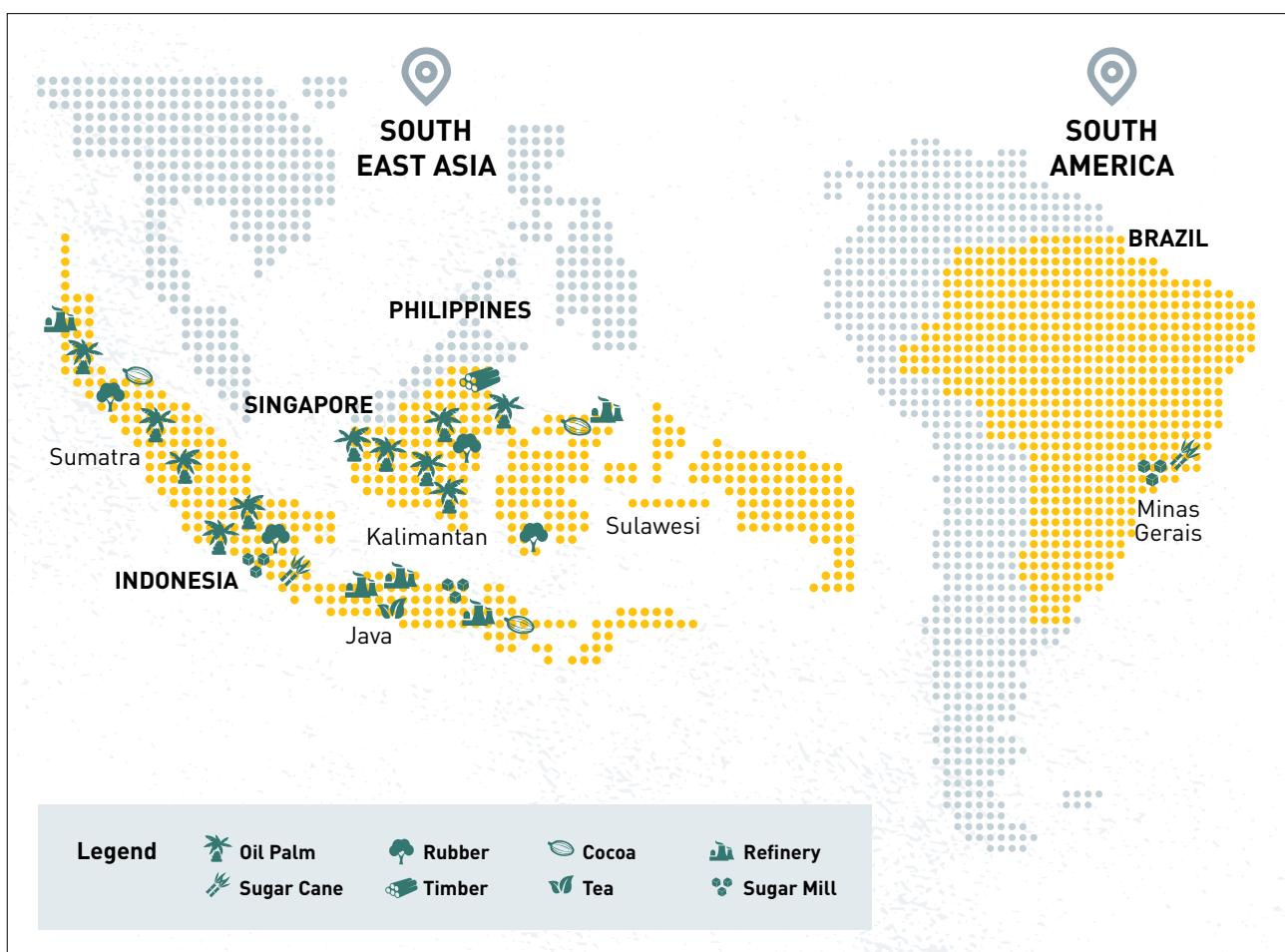
##### Philippines

IndoAgri has a 30% interest in FP Natural Resources Limited, which owns a 62.9% shareholding in RHI, the largest integrated sugar business in the Philippines.



See also detail on our mill and plantation locations, on pages 152-153 of our Annual Report 2017.

### Where we operate



## Environmental Performance

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*Turnera subulata helps control pests naturally and reduces reliance on pesticides*

We protect eco-systems and use resources efficiently so that we can meet the expectations of our stakeholders and preserve the environment.

### In this section

We explain how we are doing on delivering our commitments to zero deforestation, no peatland planting, fire control and resource efficiency.

### Progress headlines

FIGHTING DEFORESTATION	FIRE CONTROL, HAZE REDUCTION	PEATLAND MANAGEMENT	RESOURCE EFFICIENCY
<ul style="list-style-type: none"><li>• No primary forest clearance on our sites.</li><li>• No degradation of HCV areas</li><li>• HCS study completed at 11 estates</li></ul>	<ul style="list-style-type: none"><li>• Improved fire risk control</li><li>• IndoAgri invested in a further 72 fire towers, bringing our total to 183</li></ul>	<ul style="list-style-type: none"><li>• Another year of no new planting on peatlands under our control</li><li>• Water levels maintained in peatlands under our control</li></ul>	<ul style="list-style-type: none"><li>• 99% of milling fuel is renewable</li><li>• 14% reduction in greenhouse gas emission (GHG) per tonne CPO since 2016</li><li>• 24 Energy Managers trained on ISO 50001</li><li>• 20 years of breeding Barn Owls for rodent control</li></ul>

### Issue boundaries



Environmental impacts principally occur in the origination and manufacturing stages of our business. Stakeholders affected by, and who may influence, such impacts:

- Employees
- Smallholders
- Communities
- Investors
- Customers
- Civil society organisations

## Environmental Performance

### THE ISSUES

We have a social, environmental and commercial responsibility to use resources efficiently to minimise negative impacts. We formally evaluate environmental risks for their impacts on the business and on the value represented by eco-systems, riparian areas and local communities.

Land use is a major factor influencing the health of ecosystems and climate change. Careful land management and tenure agreements will help to lower harmful emissions and preserve biodiversity value while respecting human rights and families' livelihoods. In addition, peatland drainage and fire create significant negative environmental impacts, such as methane emissions and transboundary haze. Industrial sites and transportation should be operated efficiently within resource constraints, alongside waste minimisation and pollution control as part of the transition towards a lower carbon economy.

### OUR RESPONSE

Targets drive performance and track progress.

Our Policy sets environmental commitments on material issues for us and our supply chain, using Responsible Supplier Guidelines (see Responsible Sourcing chapter page 28).

Environmental improvements are guided by the six Programmes (page 8), an important focus of which is improving use of land and smallholders environmental practices.

We have put in place an Enterprise Risk Management framework and Whistle-blowing mechanism to ensure compliance with relevant environmental requirements. Working towards our target, Environmental Management Systems, due for ISO certification by end 2019, have been implemented in 65% of our mills, refineries, estates compared to 61% in 2016.

### Reducing environmental impacts

Goal/target	Status	Progress
1 By 2018: Reduce energy consumption in palm oil mills and refineries by 5% and 3% respectively (2016 baseline)	■	2% reduction in RSPO/PROPER mills; remains stable for refineries
2 By 2018: Reduce water consumption per tonne FFB processed in palm oil mills by 3% (2016 baseline)	■	0.2% reduction in RSPO/PROPER mills compared to 2016
3 By end 2017: Implement HCV rehabilitation plan for each plantation site	■	Achieved 100%
4 By 2018: Phase out the use of Paraquat	■	100% of all estates Paraquat-free by end of March 2018
5 By end 2018: all of our factories and refineries are ready for PROPER certification*	■	One mill received Green rating. PROPER blue rating achieved by 10 mills, four refineries (and three other crops factories)

\* Participation in PROPER certification is subject to appointment by the Indonesian Ministry of Environment and Forestry.

■ Achieved ■ In progress

### SCOPE OF DATA

 Our data relate to all RSPO/PROPER certified and audited palm oil operations, unless otherwise stated. Partial year data are included for one mill that ceased operation in April 2017.

## Environmental Performance

### FORESTS

By 2017, it is estimated that around 60% of the palm oil industry operators and traders had a 'no deforestation' commitment – see ours in our Policy on our Sustainability Home web page. There is an increased awareness of reputational and social risks of deforestation in the food and agriculture sectors.

Responsible agribusinesses have agreed to eliminate deforestation, and IndoAgri has included policies which preserve areas of HCV and HCS within our operations. Prior to any new planting we use the HCS Approach Toolkit which allows estates to quantify carbon stocks of assets and gauge FPIC in the community.

#### In 2017, we recorded no primary forest clearance and no degradation of HCV areas

IndoAgri has under its control some areas of HCV. Consequently, we have HCV Management Plans at all of our plantations including RSPO-certified and non-certified sites. Such Plans are based on an assessment by an accredited third-party. Additionally, we have been conducting a HCS study at 11 estates in South Sumatra. We have also conducted HCV training for independent smallholders there – please see page 34 for details.



*In 2017, we recorded:*  
*- No primary forest clearance*  
*- No degradation of HCV areas.*

### ENGAGE TO PROTECT

Community relations are part of HCV management at the core of building trust and consent. Each HCV team has a formal dialogue process with relevant stakeholders about HCV land management, including monitoring, wildlife, signage, borders, and any disturbances. During planting we aim to clarify land ownership and land rights. Our land acquisition process complies with the Indonesian law and regulations, and applies the FPIC principle under our Policy. It makes good business sense to ensure that our process does not threaten supply resilience and where we have RSPO certification, we can be confident that engagement, land rights and ownership rights are respected.

Going further, to help deliver what our Management Plan sets out, 100% of our sites have HCV Rehabilitation Plans up and running. They aim to deliver enriched biodiversity and/or afforestation in existing HCV areas, especially riparian area.

### PEATLAND

Our Policy commits us to no planting on peat regardless of depth. **In 2017 our records show that new planting was avoided and water levels were maintained in all peatlands under our control.** For established plantations, we ensure the implementation of Best Management Practices for peat to manage and improve the ecological functions of peatland within and adjacent to our concessions. Peatlands are a major source of carbon emissions when drained or burned, and Indonesia has introduced legislation banning planting on peat soils. External monitoring of the sector is intensifying: for example, the Intergovernmental Panel on Climate Change and Global Forest Watch Climate have published guidance and mapping of CO<sub>2</sub> emissions from drained peatlands across Indonesia and Malaysia.

### PEATLAND PROTECTION

IndoAgri complies with Indonesia's Government Regulations including the recently-issued no. 71/2014, which prohibits:

- clearing new land relating to forthcoming protection/cultivation zones;
- cutting drainage channels that may dry out peat;
- intentionally burning peatlands and/or being negligent in extinguishing unintentional fires;
- performing other activities that result in damage exceeding standards stipulated under the law.

### PEAT FEATS

We continue to promote the benefits of canal engineering techniques that show farmers a rapid solution to stop peatlands drying out. This work stems from projects begun in 2015. We continue to monitor water levels on estates using peat subsidence measurement, GIS remote sensing, 3D flood risk modelling. Since early 2016 we installed additional drainage channels, water gates and service road overflows to ensure appropriate water distribution during dry seasons, depending on local requirements.

## Environmental Performance

Alongside our Policy commitments, it is important to note that where our assets are RSPO-certified, peatland is protected, explicitly under RSPO Principle 7. Our HCV management approach described above also embraces peatland (categories HCV3 and HCV4, note that they exclude carbon storage as an ecosystem service). Additionally, maintaining a minimum water table depth for our existing cultivated peatland is a top priority, and nucleus planting programmes have to be approved at Executive Board level. We also promote strict peatland management to plasma and independent smallholders.

### FIRE

Burning drained peatland or forest – accidentally or otherwise – will likely result in transboundary haze, the resultant economic costs and health hazards of which are significant.

Monitoring and engagement are crucial. Our fire experts work in landscapes with a complex mix of land types; manmade fires can occur, and spread, across most types. We recognise that 2016 saw a longer wet season resulting from La Niña that helped stem the threat. 2017 has seen a return to the heightened levels of risk, affecting areas where we operate such as West Kalimantan and South Sumatra. Figures from the Environment and Forestry Ministry and NOAA satellite sources suggest that hotspot numbers nationally were higher than in 2016. The Indonesian government, meanwhile, is aiming for stricter fire controls and declared emergency status in some areas in 2017.

In coordination with the local government and community in the field, we delivered 223 fire control training days during 2017 (2016: 124 days). The Environment Ministry uses joint fire patrols, and regional disaster mitigation agencies work with the military and the police on prevention; we aim to support them where possible.

#### During 2017, our analysis indicated an improved level of fire risk control on assets we manage.

The way IndoAgri controls fires is systematic but it also depends on local engagement to achieve results. In 2017 we invested in an additional 72 fire towers and once again worked with local government, village chiefs, and local communities to build local capacity and knowledge to prevent fires. The key change is switching from traditional clearance using fire to modern approaches, supported by villages and businesses, such as the government-sponsored "Fire Aware Community" (Masyarakat Peduli Api) programme. We continue to help such communities in high-risk areas.

Our 72 new fire towers, new equipment and training are helping to deliver on the commitment to zero burning on all assets (IndoAgri and suppliers) in line with our Policy. IndoAgri's ERM team uses satellite data to gauge the risk,

while operational teams ensure that land preparation is done mechanically and that good practice is shared.



Our fire patrol team in Riau estate

### ENERGY AND GHG

Process efficiency leads to lower costs, fewer carbon emissions and a better shareholder return.

We continue to consolidate good management practices on site. Our sustainability team is focused on resource efficiency and works with colleagues from Indofood Group. Supported by energy studies in 2016, the goal is to identify energy savings and earmark more sites with energy efficiency opportunities.

#### WHAT A BENCHMARK SITE CAN BE LIKE

The Ministry of Environment and Forestry, along with other relevant partners, is developing GHG emission tools and a national default value for the palm oil sector. One of our Lonsum RSPO sites was selected as a benchmark site in this work. The data will help companies improve their GHG calculations and will help the government to understand environmental performance in the agribusiness sector.

## Environmental Performance

Energy consumption per tonne FFB processed (energy intensity) at our mills fell to 3.12 GJ/tonne in 2017. Again, 99% of milling fuel is renewable shell and fibre by-products.

Energy consumption per tonne of material produced in our refineries remain stable since 2015. 6% of fuel used in our refineries is from renewable biomass (6% in 2015).

### **ENERGY MANAGEMENT STANDARDS AT WORK**

The Energy Management System standard, ISO 50001, specifies the requirements for an organisation to implement, maintain and improve an energy management system, enabling continual improvement in energy performance and efficiency. Our energy managers received training on the standard in 2017.

Indonesia transitioned from a robust energy exporter in 2000 to become an importing nation faced with growing domestic demand and rising costs. The Ministry of Energy and Mineral Resources (MEMR) drafted a National Energy Conservation Plan and the Government's National Standardization Agency adopted ISO 50001 in 2012 as Indonesian national standard for energy management systems.

### **Mills: Energy consumption 2017**

Energy Consumption	2015		2016		2017	
	Gj ('000)	%	Gj ('000)	%	Gj ('000)	%
Fibre	8,589	73	7,292	74	6,979	73
Palm Shell	3,004	26	2,520	25	2,421	26
Total from renewable fuel	11,593	99	9,812	99	9,400	99
Diesel	94	1	110	1	109	1
Total from non renewable fuel	94	1	110	1	109	1
<b>Total Energy Consumption</b>	<b>11,687</b>	<b>100</b>	<b>9,922</b>	<b>100</b>	<b>9,509</b>	<b>100</b>
<b>GJ/Tonne FFB Processed</b>	<b>3.15</b>		<b>3.19</b>		<b>3.12</b>	

Note: Our intensity figures refer to the energy types listed for mills and refineries as shown and are based on energy consumed within the organisation. Data are not currently available on the overall breakdown of electrical, heating, cooling and steam energy consumed: we are reviewing the data on these. No energy is sold off site. Also, our Arta Kencana mill ceased operation in April 2017, therefore only partial year figures for that site are used.

### **Refineries: Energy consumption 2017**

Energy Consumption	2015		2016		2017	
	Gj ('000)	%	Gj ('000)	%	Gj ('000)	%
Palm Shell	89	5	96	6	111	6
Total from renewable fuel	89	5	96	6	111	6
Diesel*	101	6	198	11	119	6
Coal	515	30	501	28	489	27
Gas**	913	53	884	50	1,011	56
Electricity	98	6	90	5	90	5
Total from non renewable fuel	1,627	95	1,673	94	1,709	94
<b>Total Energy Consumption</b>	<b>1,716</b>	<b>100</b>	<b>1,769</b>	<b>100</b>	<b>1,820</b>	<b>100</b>
<b>GJ/Tonne material produced</b>	<b>0.25</b>		<b>0.24</b>		<b>0.25</b>	

\* Diesel including High Speed Diesel Oil and Marine Fuel Oil.

\*\* Gas including Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG)

Note: Data from four refineries (out of five) are based on consumption per tonne of material processed, in six processes: (i) tank yard (ii) refining CPO (iii) fractionation (iv) margarine (v) cooking oil filling and (vi) finished goods warehousing. Data are not currently available on the breakdown of electrical, heating, cooling and steam energy consumed.

Restatement of energy consumption data from previous years is due to improved calculation method. [GRI 102-48]

## Environmental Performance

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### GREENHOUSE GAS EMISSIONS

The primary GHG emission source at IndoAgri is land conversion: measurable changes in carbon stock during the development of plantations. We note that 24.9% of IndoAgri's GHG emissions are the result of low-level methane emissions from peat, rather than from its disturbance. Other sources are from burning fuels, POME emissions and nitrous oxide emissions from fertilisers.

Total net emissions in 2017 for each tonne of CPO and palm kernel (PK) were 1.54 tonnes CO<sub>2</sub>e (2016: 1.79 tonnes CO<sub>2</sub>e).

Emissions related to transport of CPO to four refineries were 0.07 tonnes CO<sub>2</sub>e per tonne CPO transported (2016: 0.05 tonnes CO<sub>2</sub>e/tonne CPO).

Our three aerated bunker composters (including one at our new Kencana Sari mill) continue to reduce methane emissions by 30%-70% compared with standard composting.

### GHG Emissions

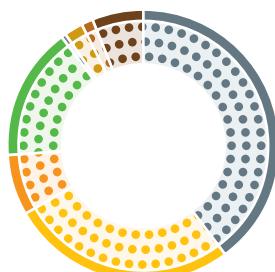
Emission Sources	Ref No*	Description	Emission (tonnes CO <sub>2</sub> e/tonne of CPO)		
			2015	2016	2017
Direct Emission Estate	1	Land conversion	0.98	1.16	0.95
Direct Emission Estate	2	Peat emissions	0.69	0.78	0.63
Direct Emission Estate	3	N <sub>2</sub> O from fertilisers	0.20	0.21	0.21
Direct Emission Mill	4	Methane from POME	0.47	0.46	0.46
Direct Emission Mill	5	Fuel usage in the mill	0.01	0.01	0.01
Indirect Emission	6	CO <sub>2</sub> emissions from fertiliser	0.07	0.06	0.09
Scope 3/Transportation Emission	7	Fuel usage in the field	0.04	0.05	0.04
Direct Emission Estate	9	Outgrower	0.28	0.17	0.12
<b>Total Emissions from Mills and Estate Operations</b>	<b>A</b>		<b>2.74</b>	<b>2.90</b>	<b>2.51</b>
Carbon Sinks	10	<b>B</b> Crop & HCV sequestration	(0.92)	(1.07)	(0.91)
Carbon Credits	11-12	<b>C</b> Sale of PK shells and export of excess electricity to housing grid	(0.03)	(0.04)	(0.06)
<b>Net Emissions from Operations</b>	<b>A+B+C</b>		<b>1.79</b>	<b>1.79</b>	<b>1.54</b>

\* Reference numbers refer to the diagram available on the environmental section of IndoAgri's sustainability web pages.

Note 1: Gases included in the calculations are carbon dioxide, nitrous oxide and methane. Calculations are based on site-specific data and published defaults (emissions factors and GWP's) using the RSPO Palm GHG Calculator V3.0.1. Transportation data are excluded in the new version. The calculation relates only to plantations and mill sites under our operational and financial control.

Note 2: The GHG emission data in 2015 and 2016 are based on 10 RSPO-certified mills and 28 estates. An additional one mill and two estates are included in the 2017 calculation.

### 2017 GHG Emission Sources



● Land Conversion	38.0%	● Mill Fuel Use	0.5%
● Peat Emissions	24.9%	● CO <sub>2</sub> from fertiliser	3.6%
● N <sub>2</sub> O from Fertilisers	8.4%	● Field Fuel Use	1.8%
● Methane from POME	18.1%	● Outgrower	4.7%

## Environmental Performance

### AGRICULTURAL INPUTS

In the field we adjust how we cultivate, in the laboratory we research improvements. Demand for palm oil in food and other products continues to grow globally, but whilst land is finite we are working with an efficient and high-yielding crop. We continue our efforts to maximise that yield at nucleus and plasma plantations and with independent smallholders. The main focus areas relevant to the environment are:

- Crop health: fighting pests and diseases for productivity and waste minimisation, using only government-approved crop protection agents.
- Yield: careful fertiliser dosages, precision agronomy.
- Physical protection: using hydrology and ecology to promote beneficial plants, insects, and soil micro-fauna.
- Handling and safety: all operatives are trained and qualified on safe handling, storage and spraying.

### RESEARCH AND INNOVATION ARE CRUCIAL TO EFFICIENT LAND USE

We collect data to analyse and improve yield on a block-by-block basis, with untapped yield potential if done tree by tree. We are also looking at expanding mechanised fertiliser application technologies, as well as crop resilience, and enhancing good estate management practices.

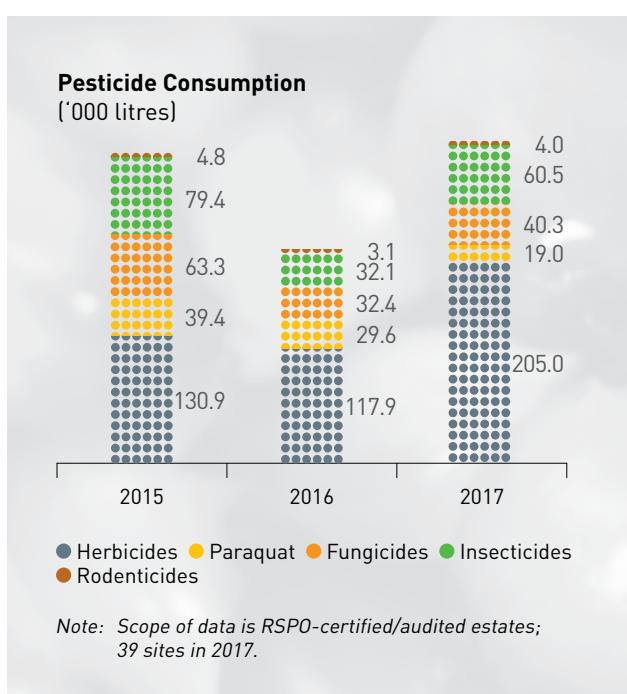
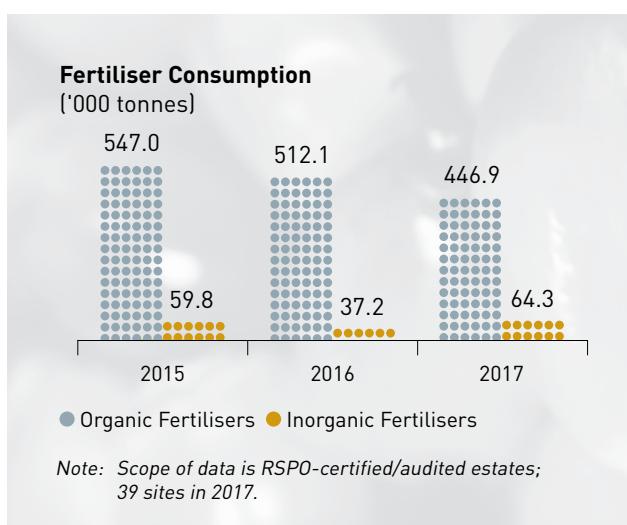
Our other R&D work recognises environmental risk too. As well as integrated pest and disease management (IPM) we research soil and water conservation, fertiliser management, recycling mill by-products, training and collaboration.



A mechanised fertiliser application in South Sumatra estate

### FERTILISER MANAGEMENT

In the field and in the laboratory we work to improve our soils and water quality using a blend of precise fertiliser dosage and natural improvements. It depends on soil productivity and the age of the trees in each plantation block. Whilst we administer fertiliser during planting and replanting we also use leguminous cover crops to manage atmospheric nitrogen and improve the soil. We also recycle empty fruit branches (EFB) and POME for use as a soil improver. 89% of total volume fertiliser used is organic. Inorganic fertiliser use increased because the nutrient status derived from our leaf analyses showed a requirement for higher dosages.



## Environmental Performance

### CROP HEALTH

Whilst pesticide use varies from year to year in all agribusinesses, we apply IPM to achieve a variety of benefits such as cost savings, lower risk to human health and richer biodiversity. On IndoAgri estates we suppress weeds using leguminous cover crops, we encourage natural habitats for predators of leaf-eating insects and we continue with our successful Barn Owl rodent control programme.

In 2017, we celebrated 20 years of Barn Owls breeding! Our annual brood of around 12,000 owlets takes place on our estates in Riau, South Sumatra and Kalimantan. Clear benefits result from lower use of rodenticides in our plantations.



**20 years!**

*In 2017, we celebrated  
20 years of breeding Barn  
Owls for natural, biological  
rodent control*

We have eliminated the use of Paraquat from our operations in North Sumatra a year earlier than targeted. From April 2017 IndoAgri ceased all purchasing of Paraquat from all estates. IndoAgri complies with government regulations (Komite Pestisida) on restricted pesticides.



Barn owls for rodent control, shown here in an estate in Riau

## Environmental Performance

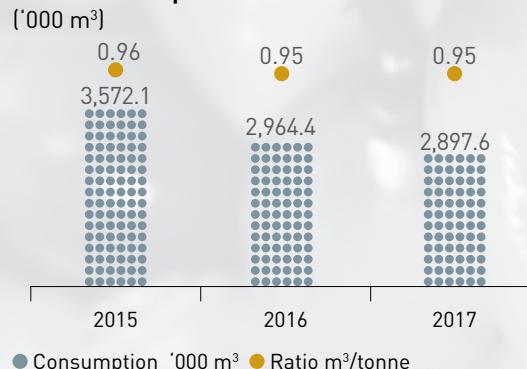
Whilst the chart shows an increase in herbicides due to replanting activity, our IPM, monitoring and biological control programmes are helping to reduce the use of inorganic and organic treatments overall.

### **WATER**

Water intensity at mills and refineries remains stable. Recognised as a globally important resource, water is managed carefully at our estates, mills and refineries. Our plantations are entirely watered by rainfall, 84% of mill water is from rivers; 75% of refinery water is from municipal sources; the proportions from groundwater and reverse osmosis are 23% and 2% respectively. Water used in offices and site accommodation is rain-fed. All plantation site water is subject to formal environmental controls (AMDAL) and is within the scope of HCV assessment (page 19).

- At our mills: we use 0.95 m<sup>3</sup> of water per tonne product milled (no change from 2016).
- At our refineries: we use 0.09 m<sup>3</sup> per tonne of produced refined, a reduction of 8% compared to 2016 levels.

### **Water Consumption in Mills ('000 m<sup>3</sup>)**

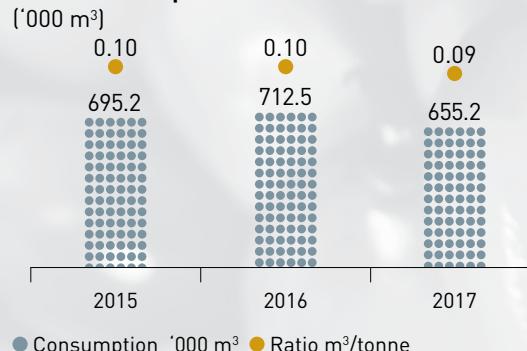


*Note: Data from RSPO- and PROPER certified/audited palm oil mills (17 out of 24 mills). Water consumption ratio covers industrial usage per mill. Ratio is based on average consumption in m<sup>3</sup> per tonne of FFB processed.*



Refinery at Tanjung Priok

### **Water Consumption in Refineries ('000 m<sup>3</sup>)**



*Note: Data from four refineries based on water consumption per tonne of material processed, in six processes: (i) tank yard (ii) refining CPO (iii) fractionation (iv) margarine (v) cooking oil filling and (vi) finished goods warehousing. Calculations are based on metered volumes. Water content of product is excluded. Restatement of water consumption data from previous years is due to improved calculation method. [GRI 102-48]*

## Environmental Performance

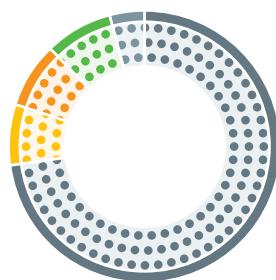
### **WASTE MANAGEMENT**

Symbolic of good environmental ‘housekeeping’, waste management is core to effective process efficiency and cost control. Our sites have waste management arrangements in compliance with Indonesian regulations and waste minimisation that is guided by PROPER and ISO14000 processes.

- At our mills: we produce an average of 2.3 tonnes of hazardous waste at our mills (2016: 1.95 tonnes).
- At our refineries: we produced a total of 30,032 tonnes of hazardous waste at our refineries, 72% of which is spent earth.

Most solid waste and effluent from milling becomes compost or feedstock for our boilers.

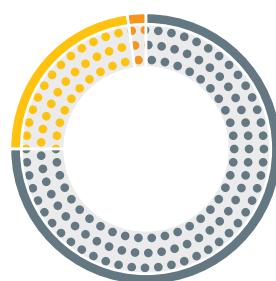
### **Hazardous Waste in Mills 2017**



● Lubricants	72.7%
● Battery	7.0%
● Oil Filter	8.3%
● Chemical Pail	7.6%
● Others	4.4%

Note: Data from RSPO and/or PROPER audited, certified mills. “Others” comprise rags, electric lamps, paint cans, clinical and laboratory waste, used cartridges, and contaminated goods.

### **Hazardous Waste in Refineries 2017**



● Spent Earth	72.6%
● Fly Bottom Ash	25.7%
● Others	1.7%

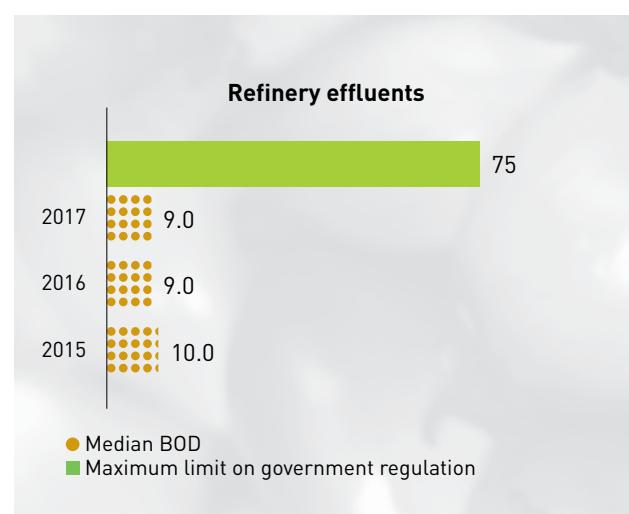
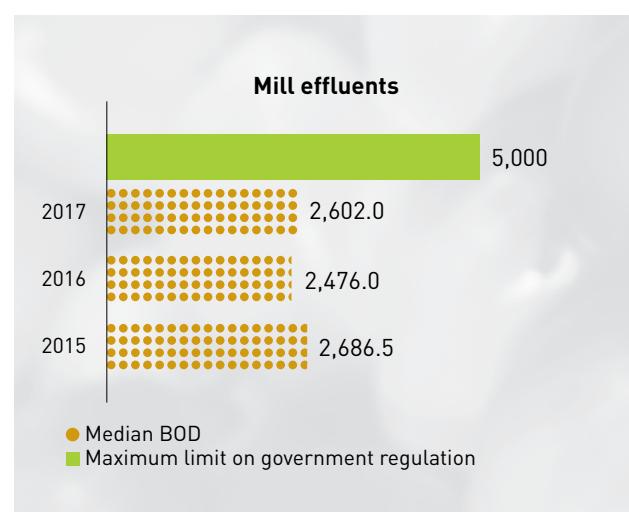
Note: Data from four refineries. “Others” consist of batteries, filter oil, lubricants, electric lamps, rags, clinical waste, carbon waste, sludge waste, used nickel catalysts, contaminated packaging and gloves, and used print cartridges.

Mill effluent discharge remains stable and in compliance with regulatory control; it is spread on land as a soil improver. Mill wastewater, such as POME, is treated on site; an aerated bunker composting system is in place at three mill sites.

- Mill effluent volume: in 2017, we discharged 1,710,126 m<sup>3</sup> of wastewater from our 17 certified/audited mills, down 1.5% (2016: 1,735,893 m<sup>3</sup>).
- Mill effluent quality: the median Biological Oxygen Demand (BOD) was 2,602 mg/l at 17 certified/audited sites (2016: 2,476).

Refinery effluent discharge remains stable and in compliance with regulatory controls; it is sent to wastewater treatment plants prior to release into water courses or municipal sewers.

- In 2017, we discharged 204,701 m<sup>3</sup> of refinery wastewater (2016: 288,239 m<sup>3</sup>).



## Environmental Performance

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No spills of effluent, CPO or diesel were recorded in 2017 during harvesting, processing or transportation. No fines or sanctions related to environmental regulations were imposed on IndoAgri in 2017.

We do not use recycling or take-back systems for packaging materials. Other waste, from offices and site accommodation for example, is not recorded.

### SCOPE OF DATA



*Our data and targets relate to RSPO/PROPER certified and audited sites, unless otherwise stated. Partial year data are included for one mill that ceased operation in April 2017.*

### PROPER – the Indonesian government's environmental management evaluation

Region	Type	Name	2015	2016	2017
Riau	Palm Oil Mills	Kayangan	●	●	●
Riau	Palm Oil Mills	Balam	●	●	●
Riau	Palm Oil Mills	Sungai Dua	●	●	●
Riau	Palm Oil Mills	Sungai Bangko	●	●	●
Riau	Palm Oil Mills	Napal	●	●	●
Riau	Palm Oil Mills	Lubuk Raja	●	●	●
North Sumatra	Palm Oil Mills	Turangie	●	●	●
South Sumatra	Palm Oil Mills	Arta Kencana	●	●	No PROPER assessment in 2017 as the mill ceased operation in April 2017
South Sumatra	Palm Oil Mills	Sei Lakitan	●	●	●
East Kalimantan	Palm Oil Mills	Pahu Makmur*	●	●	●
East Kalimantan	Palm Oil Mills	Ampanas*	●	●	●
West Kalimantan	Palm Oil Mills	Bengkayang	●	●	●
West Java	Tea Factory	Kertasarie	●	●	●
South Sulawesi	Rubber Factory	Palangisang	●	●	●
South Sumatra	Rubber Factory	Sei Rumbiya	●	●	●
Jakarta	Refinery		●	●	●
Surabaya	Refinery	Surabaya	●	●	●
North Sumatra	Refinery	Lubuk Pakam	●	●	●
North Sulawesi	Refinery	Bitung	●	●	●

\* The audit was performed by provincial government.

Note: The participation in the PROPER audit is subject to the approval by the Indonesian Ministry of Environment.

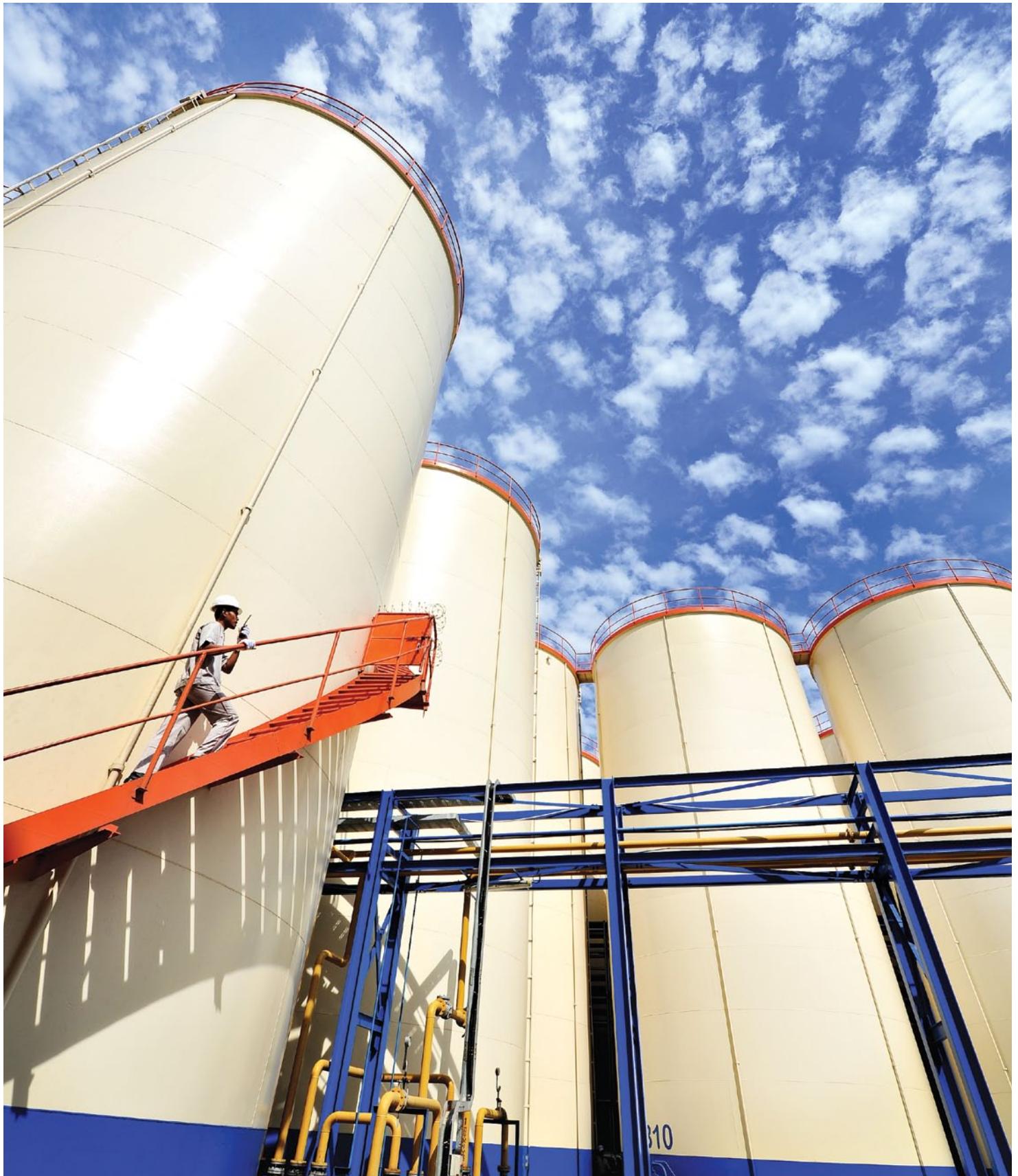
- Emissions in compliance with regulatory standard
- Emissions less than 50% of regulatory standard; proper disposal of wastes; good housekeeping; accurate emissions records; reasonable maintenance of a wastewater treatment system.

### RED LIST

For detail on Red List or other national conservation list species found on our estates, please see <http://www.indofoodagri.com/environmental-performance.html>

# Responsible Sourcing

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Storage tanks at Tanjung Priok Refinery

## Responsible Sourcing

Work is under way to meet the robust environmental and social standards required by our stakeholders and customers so they can be confident of a traceable, responsible supply chain.

### In this section

Aiming for a traceable, sustainable supply chain, we explain how we work with our own estates and independent suppliers to satisfy our Policy.

### Progress headlines

#### PRODUCT TRACEABILITY

- Around 64% of CPO is sourced from our own mills.
- All CPO we refine can be traced back to a supplier mill.
- 100% of FFB arriving at our mills is traceable to plantation (77% nucleus and 23% plasma).

#### SUSTAINABLE SOURCING

- Supplier verification: engagement process underway guided by revised Supplier Guidelines
- 53% of our CPO production was RSPO-certified in 2017
- Policy compliance: In 2017, all IndoAgri mills were audited against our Policy requirements.
- Innovation in seed breeding continues
- RSPO certification process is used to ensure no risk for human rights.
- RSPO group certification with four cooperatives (KUD).

### Issue boundaries



The impacts of concern here affect the origination and manufacturing stages of our business, and influence product quality. Stakeholders affected by, and who may influence, such impacts:

- Customers
- Plasma Smallholders
- Third party suppliers
- Communities
- Special interest groups

## Responsible Sourcing

### THE ISSUES

IndoAgri is one of 50 companies that collectively represent around half of all land under oil palm cultivation. We recognise the need to make sustainable palm oil the norm and we recognise the power of transparency. We share the view of the RSPO that certification is a significant tool to help achieve this.

Our markets demand clarity on **where palm oil comes from** and the **impacts upstream**. Commercial success depends on our customers having confidence in our palm oil and PK products. Their purchasing patterns are also under scrutiny, and good information can help improve transparency on food safety, seed quality, and cultivation practices.

Good working relations with growers mean we can improve supply traceability and monitoring of yields; doing this will help improve farmer profit and therefore livelihoods. Such engagement is part of generating economic wealth and making communities more resilient against social, political or economic hardship. At the same time we can help influence safer labour conditions and more environmentally sensitive agriculture.

Whilst palm oil supply chains are complex and challenging we are committed to collaboration with others to enable more responsible and profitable practices.

### OUR RESPONSE

Targets drive performance and track progress.

Our Policy sets commitments for us and our supply chain.

A key target is for our all mills and nucleus to become RSPO-certified by 2019 (mills and nucleus estates also targeting ISPO certification by that date).

- IndoAgri became a 'high scorer' in ZSL SPOTT's transparency assessment, which rates meaningful implementation of commitments (June 2017).
- We continue our IDH smallholders certification project.

We aim to audit formally all of our primary CPO suppliers at least every two years to check progress against our Responsible Supplier Guidelines which aim to establish traceability and encourage responsible sourcing.

### Certification achievement and Policy delivery

Goal/target	Status	Progress
1 By end 2019: RSPO certification for all nucleus plantations	■	Achieved 53% of targeted hectarage* (24,000 hectares awaiting RSPO stage 2 audit)
2 By end 2019: RSPO certification for all plasma smallholders estates	■	Extend target to 2020. See page 34
3 By end 2019: RSPO certification for all mills	■	On track; achieved 14 out of 26 mills*
4 By end 2019: ISPO certification for all estates	■	Achieved 80% of targeted hectarage*
5 By end 2019: ISPO certification for all mills	■	On track; achieved 23 out of 26 mills*
6 By end 2018: RSPO Supply Chain certification for three refineries	■	On track; achieved two refineries
7 By 2020: 100% of CPO we refine is sourced in accordance with Policy	■	On track; Supplier Guidelines enhanced

\* Figures cover hectarage or number of mills already certified or that have completed RSPO second stage audit and ISPO first stage audit. The certificate release date is subject to the accreditation period of the certifying body. Hectarage data are based on planted areas on 31 December 2017.

■ In progress

### CERTIFICATION UPDATE

The use of RSPO and ISPO certification is a key component of our approach to deliver on our Policy. By 2019 we aim to have all of our palm oil production certified to RSPO standards. Progress is being made, and we track performance towards that deadline.

Our RSPO-certified production in 2017 was 447,000 tonnes, representing 53% of our CPO production. A further 24,000 hectares of plantation are awaiting RSPO Phase 2 audits. We have 389,000 tonnes certified under ISPO, representing 46% of our 2017 CPO production.

## Responsible Sourcing

### TRACEABILITY - KNOW THE SOURCE, CREATE CHANGE



*Of all the CPO we refine, 100% can be traced back to a supplier mill.*

*Around 64% of CPO is sourced from our own plantations.*



*Of the FFB processed at mills we control, 100% can be traced back to a plantation of origin.*

Our Policy applies to all suppliers: that they source in accordance with it by 2020. Our supplier verification process is underway, guided by enhanced Supplier Guidelines.

In 2017, all IndoAgri mills were audited against our Policy requirements and by 2020 all CPO suppliers are due to operate in accordance with our Policy.

Our Policy expects that all suppliers achieve ISPO certification, and states our preference for suppliers that are also RSPO-certified. All our mills are scheduled to be RSPO/ISPO-certified by end 2019.

#### FFB to mill



**100% FROM  
INDOAGRI ESTATES**

All (100%) FFB arriving at mills we control are sourced from our plantations (23% from plasma).

Our Policy commits to traceable palm oil that ensures: no deforestation; preservation of HCV and HCS areas; no planting on peat regardless of depth; no burning; and respect for Human Rights including FPIC.

We audit our plantations as part of the RSPO and ISPO certification process, including plasma, and we have a significant project in progress designed to achieve independent smallholders certification (page 34).

#### TRACEABILITY OF EACH TONNE

Palm oil traceability is established when we have recorded the following:

- Name, parent company, address and GPS coordinates of (i) Nucleus/plasma plantation and (ii) mill.
- Nucleus or plasma KUD/kelompok (grower cooperative) profile and production data
- Refinery dispatch number (via our SAP system), indicating CPO source, production line and date of manufacture; used for ISO, FSSC and Halal audits.
- Certification status (RSPO/ISPO).

#### CPO to Refinery



**64% SOURCED  
INTERNALLY**

In 2017, 100% of CPO arriving at our refineries is traceable to a supplier mill. Our refineries purchase CPO from 56 mills (25 are IndoAgri mills).

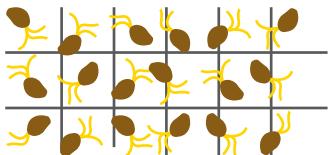
All IndoAgri and third-party CPO suppliers to refineries must formally accept our Policy and Supplier Guidelines.



*In South Sumatra, FFBs are traced back to nucleus and plasma sources using a barcode system carried by drivers*

## Responsible Sourcing

### Seeds and seedlings



Our Policy states our commitment to innovation in seed breeding to help achieve productive growth and high yields. Our oil palm seeds are produced at our BahLias and SAIN Research Stations, some we use on our own plantations, but most are sold. Each Bah Lias seed is stamped and each batch is barcoded to provide assurance to the buyer on the authenticity and quality.

Bah Lias (Lonsum), for example, has been a leading research site for 35 years and focuses on breeding, agronomy and crop protection, and is supported by international

### PALM OIL CULTIVATION DOMINATES INDOAGRI'S TOTAL HECTARAGE.

We own 97 estates (82 cultivating palm oil), controlled by 30 IndoAgri subsidiary companies (25 cultivating palm oil).

In 2017, total planted area: 247,630 hectares NUCLEUS and 86,182 hectares PLASMA including ex-plasma who have cleared their loans.

scientists for strategic advice and site audits. The breeding research station quality management system is certified to ISO 9001.



Bah Lias R&D research centre at North Sumatra

## Responsible Sourcing

### BETTER SOURCING – FOR SUSTAINABILITY, QUALITY

Once we know the sources of our FFB and CPO, supplier engagement takes place (alongside audits) in order to create change that we – and other stakeholders – want to see.

We recognise that sustainable procurement has the most positive environmental, social and economic impacts possible across the entire life cycle and that strives to minimise adverse impacts. International best practices promote principles such as accountability, transparency, fair opportunity, respect and life-cycle cost. Our membership of RSPO and other collaborations affirm our approach and closely align with these best practices.

When formulating our corporate sustainability policy (2013-2017), we assessed our procurement categories for their strategic importance by volume, spend and criticality. The main categories were deemed to be (i) FFB from plantations destined for mills, and (ii) CPO from mills destined for refineries. We accounted for customer demands, industry trends, and supply chain developments.

### Supplier management, audit, review

The scope of our Policy embraces our estates (nucleus and plasma), our 26 mills and third party CPO suppliers.

We set targets for the two priority materials (FFB and CPO), guided by our corporate governance arrangements. The delivery of the procurement approach depends on monitoring through audit or engagement with diverse groups of suppliers. Whilst we have a strategic approach to purchasing other materials such as chemicals and equipment, they are not currently priority categories in our Policy.

Our CPO supply base comprises our own mills as well as third parties. Our engagement work with all suppliers focuses on:

- agronomy (Good Agriculture Practices, yield, soil health, crop protection);
- good practice operations (safety, human rights, biodiversity, peatland, fire risk).

IndoAgri's baseline supplier audit protocol has been tested in preliminary factory audits and includes components expected of 'good practice' auditing standards (compliance, code of conduct, procurement conditions, relevant certification requirements, environment, human rights, rural community engagement, FPIC, labour rights). We are evolving our auditing process in order to identify levels of compliance with our Policy. As we approach 2020 we will be preparing data on Policy compliance of suppliers, for review against the target at that time.

To achieve a resilient supplier base, better agricultural productivity and sustainability on the ground, IndoAgri runs community projects which aim to improve local economic

development, micro-enterprise opportunities and social deprivation (see page 47), and specifically our smallholders certification project (see page 34).

### Decent treatment

Each supplier must meet basic legal and commercial requirements on tax and competence. Our qualified procurement professionals manage selection and contract processes based on price, quality and capacity. We have open communication with them to discuss any changes relating to transactions and we endeavour to resolve open questions in an orderly and timely manner.

### Yield uplift

Yield is affected by age, seed quality, soil and weather conditions, plantation management as well as timely harvesting and processing of FFB.

Plasma and other smallholders are expected to meet the same quality criteria as nucleus estate suppliers of FFB, so plasma plantations are closely aligned with our agricultural practices, material and management system. The aim is to improve their yield and productivity, thereby improving livelihoods and reducing environmental impact. In Indonesia, plasma smallholders generally achieve higher CPO yield than the national average of 3.5 tonnes; some of the smallholders in our pilot RSPO smallholders project achieve 4 tonnes/hectare of CPO.

Yield maximisation advice and training on Good Agricultural Practices are provided on all plasma estates by specialist Plasma Assistants. As our smallholders could be vulnerable to volatile market conditions, we extend our assistance to them by offering free agronomic advice and training. We also ensure that essential resources such as seed stocks and fertilisers remain affordable to plasma growers. Finally, smallholders also receive training from their Cooperatives to help improve financial performance.

### PRODUCTIVITY RESEARCH

Our agronomy research teams continue to improve the yield of oil palm fruit. For example, on land affected by the tide in Kalimantan, better moisture control is achieved by physically elevating the soil bed and installing water gates, so that tree roots are not swamped. We also experiment with soil treatment dosages of lime or sulfur-rich fertilisers to increase oil content in fruit on acidic soil types.

## Responsible Sourcing

### Human rights assessment

We use the RSPO certification process as part of our efforts to mitigate risk for labour, human rights, and social issues. As of December 2017, 53% of operational sites have been certified and audited (stage 2) by RSPO, the remainder is in stage 1 audit. Our whistle blower mechanism yielded no alerts of Policy breaches on human rights in 2017.

All RSPO and ISPO audits include criteria for assessing this risk for new suppliers.

### Smallholders

Smallholder plantations represent 40%-45% of all palm oil cultivation in Indonesia and are a significant contributor to the economy, generating exports and jobs. While IndoAgri smallholders benefit from support by nucleus estates to improve yields, most smallholders traditionally record lower yields.

Our Policy commitment to a traceable, sustainable supply chain embraces smallholders. For example, it commits us to avoid buying palm oil sourced from smallholders and external suppliers that originates from areas cleared from primary forest since 2011. Our Smallholders Programme (see page 8 and online) aims to minimise the risk they face by helping to improve yields. FFB yield is higher when its source is RSPO-certified, we are reviewing our data collection to qualify this.

#### SMALLHOLDERS PROGRAMME

Some 14.5% of the world's sustainable palm oil<sup>5</sup> comes from sustainably certified sources. Smallholders remain a key part of our supply chain, we have 51,460 hectares under managed plasma schemes, and a further 34,722 hectares of self-managed schemes. In 2017 smallholders FFB production accounted for 23% of our FFB production. We have traceability of all smallholders FFB to individual fields. However, achieving sustainability certification for smallholders has proved very challenging, as the certification comes with high costs for the smallholders. We have extended our target for smallholders certification to 2020, due to our estimate of the necessary time it will take to obtain the Sertifikat Hak Milik (SHM) or Freehold Title, and additional data required by RSPO. [GRI 102-48]

To achieve full traceability by 2020 we already know which smallholders supply our own mills and we achieved our first RSPO smallholders certification in 2018. See below.

Further, since smallholders benefit from the technical support and financial lending of IndoAgri, they eventually become a viable business in their own right. This means IndoAgri hands over management control and land title of plasma holdings to the farmers, once their loan is finally repaid. Other support carries on however: IndoAgri continues to help KUDs (cooperatives) to improve their financial reporting.

As part of **smallholders certification** (plasma and independent), IndoAgri facilitates the KUD to implement the Internal Control System (ICS), a mechanism which maintains files on all group members, assesses their operation, which itself is subject to certification assessment for compliance with the RSPO Group Certification Requirement and Standard. To support traceability, the ICS unit must prevent mixing of certified and uncertified products (FFB) from the farm to the mill. IndoAgri's support of the ICS means that each group member can more effectively map their land, follow SOPs for best agronomy practices and carry out soil analysis to improve productivity and yield.

#### SMALLHOLDERS CERTIFICATION PARTNER PROJECT

IndoAgri's Smallholders Programme is working to achieve RSPO certification of 3,144 smallholders covering 6,141 hectares in South Sumatra. Guided by us and partner IDH, ex-plasma and independent smallholders are grouping together to achieve certification, in line with specific smallholders guidance under RSPO.

As described in previous reporting, the growers understand that their participation will provide improved access to markets, better agricultural practices and safer labour practices.

Cooperative name	RSPO-certified 2017 (Hectares)
KUD Teratai Biru	318
KUD Marga Makmur	455
KUD Tuhu Asih	806
KUD Karya Mulya	323
<b>Total</b>	<b>1,902</b>

5 <https://rspo.org/smallholders/news/oil-palm-smallholders-a-primer>



Some of our smallholders under IndoAgri's Smallholders Programme received the RSPO certificate during RSPO Annual Roundtable Conference RT15

### Progress in 2017:

- Our analysis for 2017 shows that after a successful pilot stage, we achieved RSPO certification at four cooperatives (see page 34) whose members produced 43,253 tonnes of palm oil fruit; that's about a fifth of our plasma production. The remaining smallholders will be proceeding to final audit in 2018.
- Initial indications show some yields improving from 3 tonnes/hectare to 4 tonnes/hectare
- Current results have informed the plan to conduct a yield uplift survey in 2018
- 48 days of training delivered to participant growers in 2017 (2016: 25, 2015: 11).

### Social engagement/FPIC

We have always committed to respect the land and customary rights of communities. We assess the community needs of all sites based on Social Impact Assessment (SIA) before any new development.

The principle of FPIC 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. Our Policy commits us to uphold and to deliver it in practice, particularly with respect to land acquisition involving local villages. Core to delivering this commitment is our time-bound plan of RSPO/ISPO certification expansion and monitoring through audit over the next two years in line with our Policy goals.

The SIA identifies baseline conditions and likely social impacts of development. Resultant plans inform how we engage with local communities and governments to establish land tenure and rights, and likely impacts on communities. Our process sets out licenses, government policies, company policies, land valuations and proof of ownership in order to promote open negotiation processes, inclusive methods of decision-making and documented agreements.

# Product Integrity



Refillable packaging being filled with cooking oil

Our customers trust us to produce safe and healthy food products in a responsible way.

### In this section

We describe IndoAgri's high standards of hygienic production and food safety, and how our products are recognised for quality and their contribution to consumer health.

### Progress headlines

#### FOOD SAFETY

- 42% of production volume certified to Food Safety Management Standard FSSC 22000
- Food safety audits completed for 72% of raw materials suppliers

#### PRODUCT QUALITY & INTEGRITY

- Four product awards in 2017
- 100% of our margarine products are fortified with eight vitamins
- All products and refineries are certified to Halal standards

### Issue boundaries



The impacts of concern here centre on the product attributes, quality and customer satisfaction. However, origination and manufacturing stages are clearly important too. Stakeholders affected by, and who may influence, such impacts:

- Customers, consumers
- Investors
- Employees
- Special interest groups

## Product Integrity

### THE ISSUES

Customers have put increasing pressure on retail and ingredient suppliers to ensure traceability from raw material origin through the production control. The regulator is continuously increasing the demand for accurate ingredients specification and nutrition content. Thus, food safety and quality are fundamental to our commercial success and to meeting customer expectations. Palm oil is used extensively in packaged foods because it extends the shelf-life of products, offers a smooth texture and maintains its properties at high temperatures.

Whilst responsible sourcing is a significant market issue, it also helps motivate a culture of quality assurance and safety at work. Please see page 29 for more.

### Key compliance topics



### Safe products, healthy food

Goal/target	Status	Progress
1 Quality & safety: comply with FSSC 22000 Food safety standard	■ Achieved	No incidents of non-compliance with regulations
2 Quality & safety: Comply with Halal certification system recognised by the World Halal Council	■ Achieved	All products are Halal certified
3 Quality: complete annual audit on quality assurance at refineries	■ Achieved	Audit completed for all refineries
4 Quality: complete annual food safety audits for suppliers of raw materials (including CPO) to our refineries	■ Achieved	Completed; 72% of supply tonnage to our refineries comes from sources that are audited annually on food safety.

■ Achieved

### SCOPE OF DATA

 Our product-related data and targets relate to all palm oil operations, unless otherwise stated. Whilst we sell around 15 million seeds per year, our product sustainability focus is on edible oils and fats (EOF) products.

### OUR BRANDS

Cooking oils are marketed domestically under the leading brands of Bimoli, Bimoli Spesial, Delima and Happy, while our consumer margarine and shortening are packed and sold under the Palmia and Amanda brands.

### OUR RESPONSE

Targets drive performance and track progress.

To fully meet customer product expectations, our Quality Policy and Sustainable Palm Oil Policy commit us to maintain product quality and process safety at our refineries.

In addition, we commit to the implementation of food safety management systems and quality assurance at our refineries. We provide full certification to local and international food safety standards such as FSSC 22000.

Our regulatory compliance commitments extend to food safety, consumer protection, quality and nutrition, labelling and advertising.

## Product Integrity



Products and by-product samples from our refineries

Our R&D, marketing and sales teams use independent market testing to meet quality requirements. All CPO raw materials supplied to us can be traced back to their milling site, while batch numbers on product packaging allows for traceability. An approved Halal certification system applies to all our products and refineries, it is accredited to LPPOM MUI, the Research Institute for Food, Drugs and Cosmetics of the Indonesian Ulemas Council.

Customers can contact our operations openly by phone, e-mail and post, on any aspect of production.

See page 33 for more on how we help suppliers to meet our high standards on quality assurance and food safety.

### FOOD SAFETY

Long term business success depends on a reliable quality control system to ensure hygienic, safe production. At IndoAgri this is supported by an established and experienced laboratory team who account for food safety risk while working on specific product formulations to meet evolving needs of customers.

Our Quality Control teams undergo regular management training on hygiene, safety and Halal risk and control. They are at the heart of our product quality assurance. Our production sites and suppliers are audited annually on hygiene, sanitation and 'good housekeeping'.

*We recorded no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products.*

Our EOF processed volume in 2017 was 849,000 tonnes. We record that 42% of it was manufactured at sites certified by an independent third party to the internationally

recognised food safety management system standard FSSC 22000. All IndoAgri product packaging meets the Indonesian National food safety standards.

Food safety is clearly affected by manufacturing practices. We manage exposure to safety risks during crude palm oil refining using stringent process controls to isolate contaminants.



Palmia, our margarine brand

## Product Integrity

### NUTRITION

In our market – 90% of our oils serve the domestic Indonesian market – consumers eat processed products, based on rice and flour as a central part of their diet.

# Nutrition Facts



To help achieve a balanced diet and to mitigate risk of vitamin deficiency we ensure that our products provide carotenoid (for vitamin A) and tocopherol (for vitamin E).



#### Vitamins are essential.

They help the immune system, eyesight and the developing foetus in utero. They improve cell development, enzymes and a healthy nervous system.



Taking vitamin fortification beyond compliance, you will find in our table margarine, for example, vitamins A and D, mandated by Indonesian law, to which we add E, B1, B2, B3, B9 and B12 to benefit the diet of Indonesians.

Our exported cooking oils to the Philippines are further enriched with vitamin A, as required by regulations in that market.



Further, palm oil contains the right sorts of fat (saturated and unsaturated triglycerides) which promote healthy growth, supple skin and energy storage. **Palm oil is free of cholesterol and trans-fat.**

### FOOD LABELLING AND INFORMATION

We comply with national and export market requirements on marketing and communication of product attributes.

We understand the burden of non-communicable diseases (NCDs) from unhealthy diets on an economy. We recognise

that a lack of physical activity are considered to be among the leading causes of the major NCDs.

Our product packaging complies with the Indonesian policy on Extended Producer Responsibility. Currently, we do not use recycled packaging or operate any take-back of packaging.

Our cooking fat/edible oil products meet legal limits relating to saturated fat, trans-fat and sodium

Nutritional values of each branded product are printed on the packaging

Serving size	Serving per Container	% Daily Value	
Amount per serving			
Calories			
Total Fat	-g	-%	
Saturated Fat	-g	-%	
Cholesterol	-g	-%	
Sodium	-g	-%	
Total Carbohydrate	-g	-%	
Dietary Fiber	-g	-%	
Sugars	-g	-%	
Protein	-g	-%	
Vitamin A	-%	Vitamin C	-%
Calories	-%	Iron	-%

All information subject to regulations

Labels urge consumers to dispose of used packaging responsibly

100% of our products and refineries are Halal certified by a certification body accredited to the World Halal Council

We recognise the importance of a healthy diet to a healthy economy

## Product Integrity

### SATISFYING CUSTOMERS

IndoAgri products are recognised for quality, price and confidence. Our award-winning brands such as Bimoli and Palmia sponsored events in 2017 to mark Jakarta's civic anniversary, to celebrate the Moon of Maulud custom and to participate in SIAL Interfood, the dedicated B2B platform for the SE Asian food and beverage industry.

#### FIVE YEARS ON THE ROAD

Our Palmia roadshow, a stalwart of consumer engagement, continued to maintain the brand's profile. In 2017:

- baking roadshow events in 30 cities
- expert chef in showcase and demonstrations of modern and traditional baking.



Bimoli awarded  
Best Brand 15 years  
in a row

Platinum  
Indonesia Best  
Brand award for  
the 15<sup>th</sup> year  
*SWA magazine &  
MARS*

Indonesia  
Customer  
Satisfaction Award  
for the 17<sup>th</sup> year  
*SWA magazine &  
Frontier consulting*

Halal  
Award 2017  
*LPPOM MUI*

1<sup>st</sup> Champion  
Indonesia Original  
Brand 2017 category  
Cooking Oil  
*SWA magazine*

# People and Community

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*Our employees at a North Sumatra mill*

Our policies aim to ensure a workforce that is safe, committed to success, and working with integrity. Our workplace values diversity and respects the individual. We ensure we are a welcome member of the community by engaging with and listening to local stakeholders, while making a positive contribution.

### In this section

We explain progress on optimising labour conditions and ensuring the wellbeing of our people and host communities.

### Progress headlines

ZERO HARM	DECENT LABOUR CONDITIONS	EMPLOYEE WELFARE & TRAINING	COMMUNITY
<ul style="list-style-type: none"> <li>Zero fatalities in palm oil, one in rubber operations</li> <li>93% of IndoAgri sites have an SMK3-certified health and safety management system in place</li> </ul>	<ul style="list-style-type: none"> <li>Strict compliance with minimum wage regulations</li> <li>No operations or suppliers so far identified where collective bargaining or freedom from forced or child labour are at risk</li> <li>No registered IndoAgri worker is below age 18</li> <li>Seasonal workers' contracts respect government regulation</li> </ul>	<ul style="list-style-type: none"> <li>Systematic rewards to staff using annual performance review</li> </ul>	<ul style="list-style-type: none"> <li>More investment in Posyandu</li> <li>117 cleft lip operations</li> </ul>

### Issue boundaries



The impacts of concern here affect all employees and workers through our assets we control as well as host communities of our operations. Stakeholders affected by, and who may influence, such impacts:

- Employees, workers, contractors
- Communities
- Special interest groups
- Regulator

## People and Community

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### THE ISSUES

To achieve safe and responsible operations, we attentively manage all our human resources. Agribusiness is labour intensive and our licence to operate is earned by delivering our Policy commitments on safety, training, evaluation, remuneration, and engagement. Safety is non-negotiable. It is also vital to productivity and economic success. Further, a shortage of skilled domestic agricultural workers exists, and industry needs to be part of the solution investing in skills and focusing on career development.

### OUR RESPONSE

Targets drive performance and track progress.

Our Policy commits us to protect and respect the rights of our workers, comply with the law as well as the UN Universal Declaration on Human Rights and the International Labour Organisation codes of practice.

We systematically manage H&S at our operations, guided by an OHS policy and management system. We report that 93% of our sites are now set up with SMK3, the Indonesian OHS standard.

### Zero harm, productive workforce

Goal/target	Status	Progress
1 Zero fatalities (across total workforce)	■	No fatalities in palm oil, one fatality in rubber
2 By end 2017: For all sites, implement the Occupational Health and Safety programme and complete the baseline assessment	■	93% complete, remaining sites for completion in March 2018
3 Reduce Group accident frequency rate by 10% between 2018-2020	■	New target

■ Not yet achieved    ■ New target

### WORKFORCE PROFILE

In 2017, IndoAgri employed 37,426 people (2016: 38,104) in permanent full-time positions, and 2,761 people (2016: 1,548) on short-term contracts in Indonesia. We also employed 31,836 seasonal contract workers (2016: 34,782).

Around 92% of our employees work in the field, the rest comprises management and executive staff. More than half of our employees are based in Sumatra and Kalimantan, the rest are in Java and Sulawesi. We encourage diversity and equal opportunity; currently 22% of our workforce is female (2016: 20%).

- See employees' statistics for all IndoAgri assets on page 50.

### HEALTH & SAFETY

Everyone goes home safe everyday – this is our goal. We have a constant focus on maintaining a safety culture. Our performance is shown in the tables on the right<sup>6</sup>. We endured one fatality in 2017 (five in 2016); it took place in our rubber operations, senior managers visited the bereaved. Every incident is covered by Badan Penyelenggara Jaminan Sosial (BPJS), an Indonesian social security system. Any serious accident is followed by a thorough investigation, a

review of causes and a preventive action plan. We strive to achieve our goal of zero fatalities.

Whilst nearly all of our sites have a SMK3-certified health and safety management system in place in 2017, 35 sites (31 in Palm Oil) also achieved SMK3 Gold certification.

	Fatality	AFR	ASR
<b>IndoAgri Group</b>	1 (5 in 2016)	1.8 (1.6 in 2016)	71.7 (243.3 in 2016)

### AFR in 2017

Coverage	Employees	
	Male	Female
<b>By Gender</b>	1.7	0.2
<b>By Region</b>		
Sumatra	2.3	0.5
Kalimantan	0.8	–
Others	1.1	–

<sup>6</sup> Accident frequency rate (AFR) is calculated as follows: No. of Work Days Lost x 1,000,000 divided by Total Hours Worked (number of employees x 40 hours x 50 weeks). Accident severity rate (ASR) is a calculation that gives a company an average of the number of lost days per recordable incident, recorded when an employee is referred to a clinic due to a workplace accident, and given leave of absence. In accordance with regulations, we count the accident if the lost day is more than one day.

## People and Community

### ASR in 2017

Coverage	Employees	
	Male	Female
<b>By Gender</b>	73.2	2.0
<b>By Region</b>		
Sumatra	116.2	3.8
Kalimantan	3.1	-
Others	12.3	-

### SCOPE OF DATA



*Our data relate to all IndoAgri group assets, not solely palm oil operations.*

### LABOUR RIGHTS AND HUMAN RIGHTS

Our Policy sets out to ensure that worker rights are respected and represented, that employment is agreed, and that engagement on industrial relations and formal agreements with unions takes place regularly. We are committed to respect the labour rights and human rights of all our people, such as the prohibition of forced and child labour, protecting freedom of association and collective bargaining, promoting diversity and equal employment opportunity, and protecting our employees from all forms of harassment and abuse.

In 2017, there were no operations or suppliers being identified as having significant risks for incidents of collective bargaining, or freedom from forced or child labour. IndoAgri employees benefit from a government pension, additional contributions from the company, and retirement packages (in agreement with the BPJS).

### Seasonal Contract Workers

Seasonal workers are hired for weeding and peak season tasks. They are usually local and related to full-time workers. In so doing we comply with government regulation using company procedures, code of conduct, Policy and Principles and Criteria of RSPO. Each seasonal worker's contract respects government regulation and we ensure that they understand their rights and responsibilities. Every seasonal worker is registered by our HR Unit and logged onto the fingerprint recognition system; it is company policy to bar non-registered employees. Depending on skills and job availability, our seasonal workers can be promoted.

### Against child labour

Guided by the Indonesian regulation and our Policy, we are very strict in disallowing those below the age of 18 from working at our sites; according to our recruitment database, employee age profile records show that no registered IndoAgri worker is below age 18.

Various measures aim to prevent child labour arising. Signs and posters reminding workers not to bring children

to the work area are erected in all our plantation sites. In line with our Policy, warning letters will be issued to those allowing children to help with agricultural production work. Free education, from kindergarten to secondary school levels, are also provided to children of our employees. This is crucial to draw children away from the fields. As at end 2017, there are 182 schools and 988 teachers on our plantations. We also provide day care facilities for children under five.

### Diversity

There were no incidents of discrimination reported via our whistle-blowing facility during the reporting period. We keep the jobs of new mothers open while on maternity leave. In 2017, 194 women took maternity leave (2016: 399), 60% (or 116) women returned to the same job position (73% in 2016). The rest remained on leave or chose to leave the company.

### Freedom of association

We support the rights of employees to form and join trade unions, and to bargain collectively. All our workers have the liberty to register themselves directly with their preferred labour union. As at end 2017, 69% of our employees were registered with a union, the remainder are covered by a company regulation known as Peraturan Perusahaan [GRI 102-41]. We believe there are no sites where the right to freedom of association might be at significant risk.

### Update on the NGO/RSPO complaint

In June 2016, three NGOs submitted a formal complaint to RSPO alleging instances of labour violations at one of our subsidiaries. We take the allegations very seriously and comply fully with the complaints process. The case is still ongoing and awaiting further audits by RSPO. We have fully complied with the RSPO Complaints Panel process. Subsequent audits of our North Sumatra mills and estates confirm that we remain compliant with the RSPO Principles and Criteria. All audited sites also remain RSPO-compliant and certified. We maintain our RSPO and ISPO memberships. Despite numerous requests, we have yet to receive any supporting evidence from the complainants to substantiate the allegations. IndoAgri is committed to abide by the RSPO Complaints process and is open to receive feedback as part of our on-going improvement process.

A case timeline is shown overleaf. All evidence submitted by IndoAgri, together with reports from the external auditors are available on the RSPO website<sup>7</sup>.

<sup>7</sup> <http://www.rspo.org/members/complaints/status-of-complaints/view/92>

## People and Community

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Date	Event
<b>10 April 2016</b>	IndoAgri received a letter from RAN, OPPUK and ILRF ("the Complainant") with a short and limited draft of the field assessment results, advising of its intended publication, and a deadline of 15 April for our comments.
<b>15 April 2016</b>	IndoAgri replied to the Complainant, asking for supporting evidence to substantiate the allegations so that IndoAgri could investigate and respond to their allegations. No response to this request was received.
<b>8 June 2016</b>	The report entitled " <i>The Human Cost of Conflict Palm Oil: Indofood, PepsiCo's Hidden Link to Worker Exploitation in Indonesia</i> " was published on RAN's website. This report included allegations and photos which were not included in the limited draft sent to us on 10th April 2016.
<b>28 June 2016</b>	IndoAgri replied to the Complainant, with points for discussion clearly highlighted, to request substantive evidence to support the allegations to enable us to investigate fully.
<b>18-22 July 2016</b>	Under our RSPO certification process, RSPO conducted a compliance assessment by Accreditation Services International (ASI) and SAI Global auditors in Lonsum's Gunung Malayu mill and supply base estates, North Sumatra. This compliance assessment was based on the report published by the Complainant. SAI Global invited OPPUK to participate and give feedback in this compliance assessment, they refused however. We submitted our response and action plans to ASI and SAI Global as a result of findings from the compliance assessment. (Based on ASI and SAI Global's report published on 15 November 2017, all Non Conformities Reports (NCRs) were closed and those units audited remain RSPO-compliant as RSPO-certified units.)
<b>11 October 2016</b>	The Complainant lodged a complaint to the RSPO Complaints Panel.
<b>1 February 2017</b>	RSPO requested a meeting with the Complainants and IndoAgri, to allow the Complainant to present evidence to support their allegations. IndoAgri confirmed its Head of Sustainability, Head of Human Resources, Head of Legal and Head of Labour relations would attend this meeting. However, RAN was not willing to attend, and the meeting did not take place.
<b>16 February 2017, 21-22 March 2017 &amp; 28 February 2017. 21-23 March 2017</b>	Special audits by SAI Global, as a follow up of the complaint report, were performed at two mills and seven estates (Begerpang, Sei Merah, Rambong Sialang, Bah Lias, Dolok, Si Bulan and Bah Bulian) in North Sumatra. Based on the results, all units audited remain RSPO-compliant as RSPO-certified units.
<b>7 August 2017</b>	RSPO sent an e-mail to IndoAgri stating that the Complaints Panel has decided to perform independent investigation to IndoAgri's estates based on information from the Complainant (the estate name, workers name, etc).
<b>12 December 2017</b>	IndoAgri sent an e-mail to RSPO requesting confirmation of the timing of the independent verification visit by the Complaints Panel. RSPO replied on 21 December 2017 confirming that they will send the terms of reference (TOR) for the site visit and template on rules of engagement.
<b>13 February 2018</b>	IndoAgri sent a letter to RSPO Complaints Panel, confirming that there will be no threats, harassment, and/or reprisals by the Company to any of the workers who are involved in the investigation, so long as they have complied with the Companies Code of Conduct and regulations. We also requested confirmation that the complainants would not unduly influence the workers interviewed, and honour the TOR for the visit.
<b>22 March 2018</b>	RSPO sent the independent investigation TOR for IndoAgri to be reviewed. IndoAgri sent back the draft review on 27 March 2018 and awaits RSPO confirmation on the dates of independent investigation.

For more on human rights assessment via RSPO certification process, see page 34.

### EMPLOYEE WELFARE

Our Work and Estate Living Programme sets out how we work with local governments and hospitals to provide essential medical support, facilities and infrastructure for the people living on our estates. Projects focus on household hygiene, healthy living and free access to medical facilities. See page 51 for more data on education and medical facilities provided which employees and their dependents enjoy free of charge.

### Minimum wage and wage slips

At IndoAgri, we strictly comply with the minimum wage regulations set by the Government, and ensure that all employees are adequately compensated for their work. In 2017, we continued to pay all our employees and workers above the minimum wages of their respective region.

## People and Community

### Access to benefits

We comply with government regulation on equal access to employment benefits. BPJS accident insurance covers all employees and workers, in principle. However, some 8,572 labourers are not yet registered owing to insufficient monthly hours (this applies to 26% of all seasonal workers). All employees and all seasonal workers completing more than 10 working days per month are registered to BPJS accident insurance.

BPJS health insurance is available to employees with an electronic identity card (E-KTP). However, some 10,800 employees remain unregistered because they lack an E-KTP. This is because those who do not yet have an E-KTP or have invalid E-KTP number are unable to register for it. In such cases, we help workers obtain the appropriate documentation and liaise with the relevant Head of Village to facilitate registration.

### Appropriate workload

Daily quotas of harvesting are based on individual plantation characteristics and complexities. It is crucial for IndoAgri that the daily quota is achievable by our harvesters. Daily quotas are set based on mutual agreement between the company and respective labour unions with representation from workers.

### TRAINING AND DEVELOPMENT

The outcome we seek is a workplace that enables professional development and knowledge exchange. We are committed to deliver a skilled and capable workforce as an essential component to organisational success.

Guided by Total Quality Management principles, we provide different training to develop various skills of our employees. We have in place initiatives to improve the career development, job satisfaction and welfare of our employees; we are monitoring these carefully as we report permanent employee turnover to be 8%, compared to 6% in 2016, and 5% in 2015. See figures on training, turnover and new hires data on pages 50-51.

Our appraisal system has been in place since 2015: all employees from staff-level and above complete an annual performance review. The process allows us to reward and retain high performance and identify opportunities for improvement, all the while with a focus on a great rewards package. It also helps implement the Balanced Scorecard to track each person's targets. The scorecard focuses on quality, cost, regulatory and social practice, as well as culture change and learning.

### COMMUNITY

As an international organisation with operations in rural Indonesia, our business plays a crucial role in the livelihood of the communities in which we operate. The outcome we want for our farmers and suppliers, communities and families is improved livelihoods and increased resilience. Through our Solidarity Programme, for example, we continue to improve the quality of life in our nucleus and

plasma estates. Community development projects include education, health, infrastructure, micro-enterprise, farmer training, culture and humanitarian relief.

### Community engagement

In 2017 we continued our ongoing programme for community welfare improvements for each site. Clinics and first aid posts are provided on every estate for workers and their families. Community Health Centres ('Posyandu') are also available in the wider community for maternal and infant health care. In 2017, we had 192 medical clinics in our estates, and 206 Posyandu, supported by 269 midwives/nurses and 46 doctors.

Our flagship cleft lip programme is a vital contribution to society in Indonesia. Few people know the depth of action by our team: from searching for cases, pre-operation family counselling, surgery and post-operative care or speech therapy. The team delivered 117 operations on 102 patients in 2017 (a total of 254 operations on 230 patients since 2014).

See page 5 for details about our cleft lip programme.

### Land Rights

In Indonesia, managing land tenure systems can be complex as national laws and regulations overlap with customary laws, religious laws, inheritance systems, and the historic assertions of traditional ownership and rights. We recognise that this legal framework creates confusion and may lead to abuse which affects land ownership and property. Whilst it is challenging, we remain steadfast in our commitment to manage operations that respect the principles of FPIC, see also page 34. Every land transaction in which IndoAgri is involved complies with Indonesian law and company policy.

Please see page 33 about maximising yield to alleviate pressure on forests and reduce risk of conflicts over land rights.



Elementary students in the school at Riau estate

## People and Community

### POSYANDU UPDATE

We offered refresher training to nurses and midwives at Posyandu (health centres) in South Sumatra and West Kalimantan. We wanted to reinforce the effectiveness on the ground by topping up training on the Posyandu concept, monitoring and measurement, balanced nutrition guidelines, and the concept of the 'First 1000 Days of Life'. We trained 64 attendees in Palembang, Central and West Kalimantan during November 2017.



### HEALTHY LIFESTYLE, HEALTHY COMMUNITY

Our Rumah Pintar programme also focuses on school children's awareness of hygiene, hand-washing. All children will get dirty while helping out around the house or during play. So in April 2017 we set up talent contests – on the theme of cleanliness – in Riau, West Kalimantan and Sulawesi.

*"Me and my friends learn, play and sing along with tutor at RUMPIN. After coming home from school, we are happy to get new knowledge. Thanks Rumpin!"*

Marselo, a visitor of Rumpin in Napal estate

### EMPOWERING WOMEN IN FARMING

The participation of women in the economy is vital but often overlooked for many reasons. Our Rumpin ('Hope') project offers training to women in farming practices.

As one project participant said, "*Improving the ability of women farmers in the management of yard land to grow crops so as to obtain better crops and be self-sufficient in food.*"

### YEAR 2 OF PROKLIM

Set up in 2016, our PROKLIM project, sponsored by the Ministry for Environment & Forestry, is part of a national Indonesian 'climate village programme' to promote climate change mitigation and adaptation action in agriculture, waste and energy. Building on our initial work in Riau in 2016, we now report that all units there have a PROKLIM project in place. The benefits of such projects are (i) better community resilience, (ii) contribute to national GHG emission reduction target (iii) better local level coordination to deliver climate change policies; (iv) opportunity for local communities to adopt low-carbon technologies.

*"We feel proud, because with Proklim my village can become green, sustainable, and have its beauty reawakened."*

Salim, Chairman Proklim Pondok 1 Kencana Estate, Riau



## People and Community

### Rumah Pintar at our operations, 2017



Mr. Cornelis, West Kalimantan Governor, visited IndoAgri's Rumah Pintar booth at the 1<sup>st</sup> International Dayak Congress in West Kalimantan.

### RUMAH PINTAR

We have set up 20 Rumah Pintar or 'smart houses' in our oil palm plantations for locals to come together to sell artisanal products and learn new skills. Typically, it provides books, children's facilities, and a computer workstation.

*"Rumah Pintar handicraft programmes are very useful because the products can be sold to increase the income of the community. CSR programmes do not have to be financial support, we support activities like this."* Head of Bingin Teluk Village, South Sumatra.



Sustainability Home: for supporting information on community, enterprise, medical aid programmes.

## People and Community

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### OUR PEOPLE – DATA TABLES

#### EMPLOYEE STATISTICS

	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years		Total	
Education	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Academy and University (Strata 1, 2 and 3)	245	103	981	347	560	157	475	101	2,261	708
Diploma (D1-D4)	87	30	417	182	216	127	126	58	846	397
Senior High School	1,359	213	4,686	387	4,554	385	2,788	271	13,387	1,256
Junior High School	530	33	2,929	237	2,646	385	1,321	196	7,426	851
Primary School	816	48	4,215	468	3,653	982	2,169	704	10,853	2,202
<b>Total</b>	<b>3,037</b>	<b>427</b>	<b>13,228</b>	<b>1,621</b>	<b>11,629</b>	<b>2,036</b>	<b>6,879</b>	<b>1,330</b>	<b>34,773</b>	<b>5,414</b>
Level										
Manager and Senior Manager	0	0	79	18	150	17	274	33	503	68
Supervisor	22	0	127	47	131	21	132	21	412	89
Staff	222	83	768	152	360	66	311	53	1,661	354
Administrative/Operational	2,793	344	12,254	1,404	10,988	1,932	6,162	1,223	32,197	4,903
<b>Total</b>	<b>3,037</b>	<b>427</b>	<b>13,228</b>	<b>1,621</b>	<b>11,629</b>	<b>2,036</b>	<b>6,879</b>	<b>1,330</b>	<b>34,773</b>	<b>5,414</b>
Region										
Sumatra	1,801	138	8,581	840	7,675	1,362	4,603	928	22,660	3,268
Kalimantan	915	165	3,422	495	2,175	427	857	162	7,369	1,249
Others	321	124	1,225	286	1,779	247	1,419	240	4,744	897
<b>Total</b>	<b>3,037</b>	<b>427</b>	<b>13,228</b>	<b>1,621</b>	<b>11,629</b>	<b>2,036</b>	<b>6,879</b>	<b>1,330</b>	<b>34,773</b>	<b>5,414</b>
Status										
Permanent Employee	2,280	335	12,021	1,514	11,277	1,998	6,685	1,316	32,263	5,163
Non Permanent Employee	757	92	1,207	107	352	38	194	14	2,510	251
<b>Total</b>	<b>3,037</b>	<b>427</b>	<b>13,228</b>	<b>1,621</b>	<b>11,629</b>	<b>2,036</b>	<b>6,879</b>	<b>1,330</b>	<b>34,773</b>	<b>5,414</b>
Seasonal Workers										
<b>Total</b>	<b>4,745</b>	<b>1,589</b>	<b>8,233</b>	<b>3,610</b>	<b>5,200</b>	<b>3,415</b>	<b>3,042</b>	<b>2,002</b>	<b>21,220</b>	<b>10,616</b>

Note: Regarding ethnic diversity of the workforce, no significant difference exists between diversity of our workforce and the host regions where we operate.

#### TRAINING

Level	Training Hours		
	Male	Female	Total
Manager and Senior Manager	3,403	457	3,860
Supervisor	4,625	179	4,804
Staff	68,667	4,553	73,220
Administrative/Operational	62,032	3,106	65,138
<b>Total</b>	<b>138,727</b>	<b>8,295</b>	<b>147,022</b>

## People and Community

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### OUR PEOPLE AND COMMUNITY – DATA TABLES

#### TURNOVER

Region	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years	
	Male	Female	Male	Female	Male	Female	Male	Female
Sumatra	9%	76%	3%	3%	3%	4%	11%	13%
Kalimantan	29%	59%	10%	20%	8%	12%	10%	17%
Others	11%	19%	7%	12%	4%	1%	8%	15%

#### NEW HIRE

Region	18 – 25 Years		26 – 35 Years		36 – 45 Years		≥ 46 Years	
	Male	Female	Male	Female	Male	Female	Male	Female
Sumatra	224	5	303	4	25	1	2	0
Kalimantan	248	40	400	67	176	33	22	2
Others	20	14	42	14	11	9	13	1
<b>Total</b>	<b>492</b>	<b>59</b>	<b>745</b>	<b>85</b>	<b>212</b>	<b>43</b>	<b>37</b>	<b>3</b>

#### WELFARE (MEDICAL FACILITIES – ESTATE AND OFF SITE)

##### MEDICAL FACILITIES ON OUR PLANTATIONS 2017

Medical Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Division Clinic	40	34	13	37	2	1	127
Central Clinic	14	25	18	4	2	2	65
Ambulances	1	14	9	4	1	0	29
Doctors	0	1	2	3	0	0	6
Visiting Doctors	11	21	11	1	2	0	46
Midwife/Nurses	57	76	48	81	5	2	269
Posyandu	59	38	48	42	17	2	206

#### EDUCATION FACILITIES

##### EDUCATION FACILITIES ON OUR PLANTATIONS 2017

School Facilities	North Sumatra	South Sumatra	Kalimantan	Riau	Java	Sulawesi	Total
Day Care Centres	30	30	48	36	1	0	145
Kindergarten	30	26	5	33	4	5	103
Primary Schools	22	18	2	17	4	4	67
Secondary Schools	3	0	0	4	0	0	7
High Schools	2	0	0	3	0	0	5
Teachers	317	185	31	418	23	14	988
Rumah Pintar	4	6	5	4	0	1	20

# About this Report



This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The report also complies with requirements of the SGX-ST Listing Rules Practice Note 7.6 Sustainability Reporting Guide. IndoAgri has not commissioned any third-party assurance on this report. We welcome your feedback or questions at [sustainability@indofoodagri.com](mailto:sustainability@indofoodagri.com). Previous reports are available online at [www.indofoodagri.com](http://www.indofoodagri.com). Please refer to page 53 of this report for the GRI Content Index.

## SCOPE AND PROFILE [GRI 102-49]

This report presents our sustainability performance for 2017. The scope of this report covers our most dominant crop, oil palm, which occupies 82% of our total planted area. There is no significant change to the size, structure or ownership of our operations compared to the previous report.

There was no change to the scope of oil palm plantation, mill and refinery operations covered. A Sustainability

Management Information System captures the palm oil sustainability data.

Data for responsible sourcing cover:

- RSPO-certified/audited plantations (39 sites)
- RSPO-/PROPER-certified mills (17 out of 26)
- Refineries (4 out of 5).

The scope of palm oil GHG data is expanded to 11 mills and 30 estates.

The financial and employee data refer to the whole Group (all commodity operations).

We report restatements from previous reports relating to energy consumption (page 21) and water (page 25) in refineries [GRI 102-48]. One mill ceased operations in April 2017, its replacement was commissioned in May 2017; partial data from the former, decommissioned site are included.



## GRI 101: FOUNDATION 2016

### GENERAL STANDARD DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<strong>ORGANISATIONAL PROFILE</strong>		
<strong>GRI 102: General Disclosures 2016</strong>		
102-1	Name of the organisation	Back cover
102-2	Activities, brands, products, and services	Business overview pages 12-14, Annual Report page 32
102-3	Location of headquarters	Welcome page, Back cover
102-4	Location of operations	Business overview → Regional presence page 15
102-5	Ownership and legal form	IndoAgri is 62.8% effectively owned by PT Indofood Sukses Makmur Tbk (PT ISM). IndoAgri is listed on the Singapore Exchange. Annual Report Corporate Structure page 4, page 154
102-6	Markets served	Business overview → Value Chain – From seed to sales page 14, Annual Report page 150
102-7	Scale of the organisation	Business Overview pages 12-14, People and Community → Workforce Profile page 44
102-8	Information on employees and other workers	People and Community pages 44, 45 and 50 Part-time employment is not used at IndoAgri. All data relate to Indonesia as the region. Our HR team collate the data using their HR management information system, using standard definitions of terms, in line with regulatory requirements.
102-9	Supply chain	Sourcing → Traceability pages 31-32
102-10	Significant changes to the organisation and its supply chain	About This Report → Scope and profile page 52
102-11	Precautionary Principle or approach	Sustainability in Palm Oil: Our Approach → A systematic approach page 7
102-12	External initiatives	Sustainability in Palm Oil: Our approach to sustainability in palm oil → A systematic approach pages 6-7; Environmental Performance → The issues page 18
102-13	Membership of associations	Sustainability in Palm Oil: Our approach to sustainability in palm oil → A systematic approach page 7; Environmental Performance → The issues page 18; Sustainability webpage → Our Reporting → Engaging with our stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
<strong>STRATEGY</strong>		
102-14	Statement from senior decision-maker	CEO's Statement page 1
<strong>ETHICS AND INTEGRITY</strong>		
102-16	Values, principles, standards, and norms of behavior	Welcome page
102-17	Mechanisms for advice and concerns about ethics	Sustainability webpage → How we manage sustainability → Governance and risk <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<strong>GOVERNANCE</strong>		
102-18	Governance structure	Sustainability webpage → How we manage sustainability → Governance and risk <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<strong>STAKEHOLDER ENGAGEMENT</strong>		
102-40	List of stakeholder groups	Sustainability webpage → Our Reporting → Engaging with our stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
102-41	Collective bargaining agreements	People and Community → Labour Rights and Human Rights → Freedom of Association page 45
102-42	Identifying and selecting stakeholders	Sustainability webpage → Our Reporting → Engaging with our stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
102-43	Approach to stakeholder engagement	Sustainability webpage → Our Reporting → Engaging with our stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
102-44	Key topics and concerns raised	Sustainability webpage → Our Reporting → Engaging with our stakeholders <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>

## GRI Content Index

### GENERAL STANDARD DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>REPORTING PRACTICE</b>		
<b>GRI 102: General Disclosures 2016</b>		
<b>102-45</b>	Entities included in the consolidated financial statements	a. Our Annual Report pages 74, 113-123 provides an overview of all entities (subsidiaries pages 113-118, associates page 84, joint venture page 85, agriculture assets including palm oil, transport operations pages 113-115, research stations page 113 and others page 115). b. Apart from palm oil operations (107 plantations, 31 subsidiary companies in plantation management, milling and refining), all other entities in 102-45a above are excluded.
<b>102-46</b>	Defining report content and topic Boundaries	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
<b>102-47</b>	List of material topics	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
<b>102-48</b>	Restatements of information	About This Report → Scope and Profile page 52. We report restatements from previous reports relating to energy consumption on page 21 and water consumption on page 25. We also restate our Smallholders traceability target period which has been extended to 2020, from 2019, as described page 34.
<b>102-49</b>	Changes in reporting	About This Report → Scope and profile page 52
<b>102-50</b>	Reporting period	About This Report → Scope and profile page 52
<b>102-51</b>	Date of most recent report	Sustainability webpage → Our Reporting <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
<b>102-52</b>	Reporting cycle	Sustainability webpage → Our Reporting <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a>
<b>102-53</b>	Contact point for questions regarding the report	About This Report page 52
<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	About This Report page 52
<b>102-55</b>	GRI content index	GRI Content Index pages 53-60
<b>102-56</b>	External assurance	About This Report page 52

### TOPIC SPECIFIC DISCLOSURES

<b>CATEGORY: ECONOMIC</b>		
<b>PROCUREMENT PRACTICES</b>		
<b>GRI 103: Management Approach 2016</b>		
<b>103-1</b>	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Responsible Sourcing → Issue boundaries page 29
<b>103-2</b>	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Responsible Sourcing → The issues → Our response page 30, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>103-3</b>	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Responsible Sourcing → The issues → Our response page 30
<b>GRI 204: Procurement Practices 2016</b>		
<b>204-1</b>	Proportion of spending on local suppliers	Not reported; reason for omission is that we use the more meaningful indicators from the GRI Food Processing Sector Disclosures in place of 204-1, see below.
<b>GRI G4 FPSS</b>		
<b>FP1</b>	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Responsible Sourcing → Traceability page 31
<b>FP2</b>	Percentage of purchased volume verified as in accordance with responsible production standards (RSPO)	Responsible Sourcing → Certification Update page 30

### CATEGORY: ENVIRONMENTAL

<b>MATERIAL ASPECT: MATERIALS</b>		
<b>GRI 103: Management Approach 2016</b>		
<b>GRI 301: Materials 2016</b>		
<b>103-1</b>	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17
<b>103-2</b>	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>103-3</b>	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18
<b>301-1</b>	Materials used by weight or volume	Environmental Performance → Fertiliser management page 23

## GRI Content Index

### TOPIC SPECIFIC DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>ENERGY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organisation	Environmental Performance → Energy and GHG page 21
302-3	Energy intensity	Environmental Performance → Energy and GHG page 21
302-4	Reduction of energy consumption	Environmental Performance → Energy and GHG page 21
<b>WATER</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18
<b>GRI 303: Water 2016</b>		
303-1	Water withdrawal by source	Environmental Performance → Water page 25
<b>BIODIVERSITY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18
<b>GRI 305: Biodiversity 2016</b>		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environmental Performance page 27, online at <a href="http://www.indofoodagri.com/environmental-performance.html">http://www.indofoodagri.com/environmental-performance.html</a>
<b>EMISSIONS</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18
<b>GRI 305: Emissions 2016</b>		
305-4	GHG emissions intensity	Environmental Performance → Greenhouse Gas Emissions page 22

## GRI Content Index

### TOPIC SPECIFIC DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>CATEGORY: ENVIRONMENTAL</b>		
<b>EFFLUENTS AND WASTE</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18
<b>GRI 306: Effluents and Waste 2016</b>		
306-1	Water discharge by quality and destination	Environmental Performance → Waste management page 26
306-2	Waste by type and disposal method	Environmental Performance → Waste management pages 26-27
306-3	Significant spills	Environmental Performance → Waste management page 27
<b>ENVIRONMENTAL COMPLIANCE</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18
<b>GRI 307: Environmental Compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	Environmental Performance → Waste management page 27
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Environmental Performance → Issue boundaries page 17, Responsible Sourcing → Issue boundaries page 29
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Environmental Performance → The issues → Our response page 18, Responsible Sourcing → The issues → Our response page 30, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Environmental Performance → The issues → Our response page 18, Responsible Sourcing → The issues → Our response page 30
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Responsible Sourcing → Progress headlines page 29, Responsible Sourcing → Traceability – know the source, create change page 31
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>EMPLOYMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44

## GRI Content Index

### TOPIC SPECIFIC DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>EMPLOYMENT</b>		
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	People and Community → Our People – Data Tables page 51, We opt to report new hire numbers and turnover rates in order to provide meaningful reporting (this is our Reason for Omission of turnover numbers and new hire rates). The key outcome of the reported data is to understand the trends as production and operations change over time.
<b>LABOUR-MANAGEMENT RELATIONS</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> People and Community → The issues → Our response page 44
<b>GRI 402: Labour-Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	No minimum notice period or specific provisions on consultation/negotiation are required to be stated in a CLA under Indonesian regulations. If new changes arise eg, a merger, we would follow Indonesia Financial Services Authority (Bapepam/ OJK) laws. Other changes such as new policies that will impact on our workers are supported by awareness raising or training prior to implementation.
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44
<b>GRI 403: Occupational Health and Safety 2016</b>		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	People and Community → Health and Safety pages 44-45
403-3	Workers with high incidence or high risk of diseases related to their occupation	Some tasks such as harvesting are subject to inherent risk of exposure to some tropical diseases, the workforce is accustomed to managing the risks, there are mitigation procedures to manage the risks; so we can state that the risk is not 'high'.
403-4	Health and safety topics covered in formal agreements with trade unions	The Collective Labour Agreement (CLA) covers safety, with reference to proper PPE for field workers, an OHS Committee, training, and grievance mechanisms (we opt not to express 'coverage' as a percentage). Periodic workplace inspection, safety audit, and accident evaluations are also completed with employee representatives. In line with SMK3, we have Policies for strict compliance on PPE. This is also stated in the CLA.
<b>TRAINING AND EDUCATION</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44

## GRI Content Index

### TOPIC SPECIFIC DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>		
<b>TRAINING AND EDUCATION</b>		
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	People and Community → Our People – Data Tables → Training page 50, We opt to omit reporting the average hours, our data table shows exact hours by employee type and gender. The reason for the omission is that the use of an average makes the disclosure substantially less meaningful.
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	People and Community → Our People – Data Tables page 50, Annual Report 2017 → Corporate Governance page 45
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
<b>NON-DISCRIMINATION</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	People and Community → Labour Rights and Human Rights → Diversity page 45
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	People and Community → Labour Rights and Human Rights → Freedom of Association page 45
<b>CHILD LABOUR</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44

## GRI Content Index

### TOPIC SPECIFIC DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: HUMAN RIGHTS</b>		
<b>CHILD LABOUR</b>		
<b>GRI 408: Child Labour 2016</b>		
<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labour	People and Community → Labour Rights and Human Rights → Against child labour page 45
<b>FORCED OR COMPULSORY LABOUR</b>		
<b>GRI 103: Management Approach 2016</b>		
<b>103-1</b>	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
<b>103-2</b>	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>103-3</b>	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44
<b>GRI 409: Forced or Compulsory Labour 2016</b>		
<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labour	People and Community → Labour Rights and Human Rights page 45
<b>SECURITY PRACTICES</b>		
<b>GRI 103: Management Approach 2016</b>		
<b>103-1</b>	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
<b>103-2</b>	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>103-3</b>	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44
<b>GRI 410: Security Practices 2016</b>		
<b>410-1</b>	Security personnel trained in human rights policies or procedures	All security guards receive basic human rights training. Security training is also delivered via our training centre for our security guard and in partnership with military commando units for additional focus on strength, discipline, and human rights.
<b>HUMAN RIGHTS ASSESSMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
<b>103-1</b>	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
<b>103-2</b>	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>103-3</b>	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44
<b>GRI 412: Human Rights Assessment 2016</b>		
<b>412-1</b>	Operations that have been subject to human rights reviews or impact assessments	We use the RSPO certification process as part of our efforts to mitigate risk for labour, human rights, and social issues. As of December 2017, 53% of operational sites have been certified and audited (stage 2) by RSPO, the remainder is in stage 1 audit. Our whistle blower mechanism yielded no alerts of Policy breaches on human rights in 2017.
<b>SUB-CATEGORY: SOCIETY</b>		
<b>LOCAL COMMUNITIES</b>		
<b>GRI 103: Management Approach 2016</b>		
<b>103-1</b>	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43
<b>103-2</b>	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
<b>103-3</b>	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44

## GRI Content Index

### TOPIC SPECIFIC DISCLOSURES

Disclosure No.	Disclosure Title	Page Number and Reasons for Omissions, if applicable
<b>CATEGORY: SOCIAL</b>		
<b>SUB-CATEGORY: SOCIETY</b>		
<b>LOCAL COMMUNITIES</b>		
<b>GRI 413: Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programmes	People and Community → Community → Community engagement page 47, We understand the community needs of all sites based on Social Impact Assessment.
<b>SUPPLIER SOCIAL ASSESSMENT</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , People and Community → Issue boundaries page 43, Responsible Sourcing → Issue boundaries page 29
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, People and Community → The issues → Our response page 44, Responsible Sourcing → The issues → Our response page 30, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , People and Community → The issues → Our response page 44, Responsible Sourcing → The issues → Our response page 30
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	Responsible Sourcing → Progress headlines page 29, Responsible Sourcing → Better sourcing – for sustainability, quality pages 33-34, People and Community → Labour rights and human rights page 45
<b>SUB-CATEGORY: PRODUCT RESPONSIBILITY</b>		
<b>CUSTOMER HEALTH AND SAFETY</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Product Integrity → Issue boundaries page 37
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Product Integrity → The issues → Our response pages 38-39, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Product Integrity → The issues → Our response pages 38-39
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Product Integrity → Food safety page 39 100% of palm oil product categories are assessed for food safety.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Integrity → Food safety page 39 100% of palm oil product categories comply with regulations and codes on food safety.
<b>MARKETING AND LABELING</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Sustainability webpage → Our Reporting → Where material impacts occur <a href="http://www.indofoodagri.com/our-reporting.html">http://www.indofoodagri.com/our-reporting.html</a> , Product Integrity → Issue boundaries page 37
103-2	The management approach and its components	Sustainability in Palm Oil: Our Approach pages 6-11, Product Integrity → The issues → Our response pages 38-39, Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a>
103-3	Evaluation of the management approach	Sustainability webpage → How we manage sustainability <a href="http://www.indofoodagri.com/managing-sustainability.html">http://www.indofoodagri.com/managing-sustainability.html</a> , Product Integrity → The issues → Our response pages 38-39
<b>GRI 417: Marketing and Labeling 2016</b>		
417-1	Requirements for product and service information and labeling	Product Integrity → Food labelling and information page 40
417-2	Incidents of non-compliance concerning product and service information and labeling	Product Integrity → Food labelling and information page 40 100% of palm oil product categories comply with regulations and codes on product information and labeling.

# Glossary

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## **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.

## **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 SAFETY SYSTEM CERTIFICATION (FSSC) 22000**

A food safety certification scheme based on the existing internationally recognised standard ISO 22000 and complemented by other technical standards. This certification aims to provide an effective framework for the development, implementation and continual improvement of a food safety management system (FSMS).

## **FORCED LABOUR**

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

## **FREE PRIOR INFORMED CONSENT (FPIC)**

Consent which represents the rights of a community to give or withhold its consent to proposed projects that may affect the lands it customarily owns, occupies or uses.

## **FRESH FRUIT BUNCH (FFB)**

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.

## **HIGH CARBON STOCK (HCS)**

The amount of carbon and biodiversity stored within an area of land.

## **HIGH CONSERVATION VALUE (HCV)**

HCV land comprises certain critical ecological or socio-cultural attributes. Recording them is part of conservation, a process that aligns with RSPO's requirements.

## **HCV ASSESSMENT**

Recording ecological or sociocultural attributes is part of a process that aligns with RSPO's requirements. HCV assessments use accredited third-party assessors.

## **INTEGRATED PEST MANAGEMENT**

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.

## **INDONESIAN SUSTAINABLE PALM OIL (ISPO)**

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

## **ISO 14000 SERIES**

A family of international standards for addressing environmental management.

## **NUCLEUS**

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

## **OHSAS 18001:2007**

An international occupational health and safety management system specification.

## **PALM KERNEL (PK)**

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

## **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.

## **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.

## **SISTEM KESELAMATAN DAN KESEHATAN KERJA (SMK3)**

Occupational health and safety system management according to Indonesia regulation.

## **SOCIAL IMPACT ASSESSMENT**

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.

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