



**ANJ**



Responsible Development:  
**STAYING ON COURSE  
IN UNCERTAIN TIMES**

**2020**

SUSTAINABILITY REPORT

PT Austindo Nusantara Jaya Tbk.

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### Prologue

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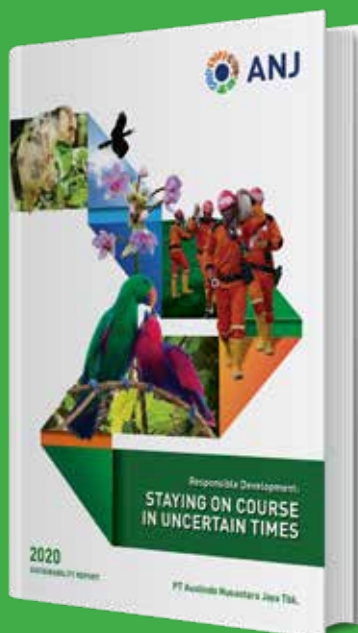
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## Responsible Development:

# STAYING ON COURSE IN UNCERTAIN TIMES

In what was a challenging year due to the unprecedented circumstances posed by the COVID-19 pandemic, ANJ held a steady course, upholding our values and commitments to responsible development through collective drive and resourcefulness. As a company dedicated to its core values, ANJ took the challenges of the past year in its stride. When pandemic restrictions, such as those on trade, affected one side of our operations, we turned our attention to what we could control – investing in the optimization of our business processes.

Industry has suffered tremendously in the wake of the pandemic, but ANJ made an early resolution to not succumb to the threat of monetary loss and unmet targets. Of course, the Company endured some losses, particularly in our vegetables sector, whose primary international trade networks collapsed, but the common drive for improvement allowed for our Group to see past these setbacks and plan for a better future. The pandemic provided us with time to reflect upon our values and commitments. We embraced video communication technology and used this as the mainstay for socially distanced meetings, internal audits, and the employee training program, which flourished. In each of our operations, we analyzed the elements

that were limiting our potential. Driving improved performance through research, we increased extraction rates of sago starch by 14% at our sago mill, in our palm oil businesses we commenced drip irrigation and fertigation trials, as well as increasing composting and recycling of waste to mitigate impacts of climate change. We set about expanding our horizons, and while that meant some of our plans had to be put on hold, building infrastructure, increasing product demand, and establishing new trade relations, have paved the way for a more abundant future.

Staying true to our values, while adapting our operations in trying conditions we have continued to prioritize the welfare of every member of staff as well as the communities with whom we have built strong relations. Whether it be through our community education programs or bringing smallholder farmers along with us on the sustainability journey, we believe that empowering individuals to share their ideas and build their prospects should always take precedence, no matter how tough circumstances may be.

## Key Performance 2020



**CPO Sales Volume**  
(tons)

**238,464**



**Total Revenue**  
(USD thousand)

**164,100**



**CSR Spending**  
(USD thousand)

**6,151**



**Number of Edamame  
Smallholders**  
(people)

**38**



**Number of Oil Palm  
Smallholders**  
(people)

**> 6,000**



**Number of Community  
Beneficiaries**  
(people)

**233,005**



**FFB Production**  
(tons)

**771,290**



**CPO Production**  
(tons)

**241,958**



**PK Production**  
(tons)

**49,286**



**Sago Production**  
(tons)

**2,233**



**Edamame Production**  
(tons)

**941**



**Renewable Energy  
Production**  
(kWh)

**9,400,660**



**TOTAL PLANTED AREA**

**50,175**

(hectare)



**CONSERVATION AREAS**

**57,260**

(hectare)



## Sustainability Performance



### Prosperity

	2020	2019	2018	2017
Quantity of FFB production (tons)	<b>771,290</b>	732,837	786,104	730,356
Quantity of CPO production (tons)	<b>241,958</b>	240,844	248,694	210,248
Quantity of PK production (tons)	<b>49,286</b>	51,585	54,033	44,037
Quantity of sago starch production (tons)	<b>2,233</b>	2,781	1,894	788
Quantity of edamame production (tons)	<b>941</b>	710	1,229	789
Total revenue (USD thousand)	<b>164,100</b>	130,355	151,701	161,797
Net profit (loss) - (USD Thousand)	<b>2,211</b>	(4,558)	(492)	46,540



### Planet

	2020	2019	2018	2017
Total Energy Consumption (in GJ)	<b>230,627</b>	261,405	243,600	225,862
Intensity of energy usage (in GJ/Million USD)	<b>363</b>	417	402	392
Scope 1 Emission intensity (Ton CO <sub>2</sub> eq/Million USD)	<b>2,219</b>	1,884	1,961	2,056
Scope 1 Emission reduction (percentage compared to baseline)	<b>-2.7%</b>	-18.7%	-18.6%	-19.3%
Area of High Conservation Value areas (hectares)	<b>57,260</b>	58,390	58,390	52,813
Number of IUCN Red List Threatened Flora Species	<b>49</b>	33	18	15
Number of IUCN Red List Threatened Fauna Species	<b>129</b>	64	41	37



### People

	2020	2019	2018	2017
Employee training hours	<b>50,585</b>	43,860	61,457	48,440
Work accident	<b>96</b>	95	43	23
Work incident	<b>1</b>	8	11	9
Local workforce	<b>5,453</b>	5,221	4,630	4,492
Number of smallholder partners (Oil palm)	<b>&gt; 6,000</b>	3,180	3,203	3,362
Number of smallholder partners (Edamame)	<b>38</b>	42	37	91

## Awards Received in 2020



01

02



01. Company: ANJAS  
Awards: BPJS Award as the Best Business Entity in South Tapanuli Regency in 2020.  
Date: September 23, 2020  
Issuer: BPJS

02. Company: ANJ  
Awards: ESG Awards 2020 "Peringkat Keterbukaan ESG Emiten Sektor Pertanian dan Peternakan Terbaik 2019"  
Date: November 17, 2020  
Issuer: Beritasatu



03

04



03. Company: ANJA  
Awards: 8<sup>th</sup> Indonesia Green Awards - ANJA for Green Industry (AGRI)  
Date: November 26, 2020  
Issuer: Kehati Foundation and SWA Magazine

04. Company: SMM  
Awards: Indonesia Green Concern Companies 2020  
Date: November 26, 2020  
Issuer: Kehati Foundation and SWA Magazine



05. Company: ANJ  
Awards: 'The Most Appreciated Corporate Social Responsibility - Country Contributor 2020' Award  
Date: December 8, 2020  
Issuer: TEMPO



06. Company: SMM  
Awards: Gold PROPER Award from Company Performance Rating Program (PROPER)  
Date: December 14, 2020  
Issuer: Ministry of Environment and Forestry, the Republic of Indonesia



07. Company: ANJA  
Awards: Green PROPER Award for Company Performance Rating Program (PROPER)  
Date: December 14, 2020  
Issuer: Ministry of Environment and Forestry, the Republic of Indonesia



08. Company: ANJ  
Awards: Platinum Award - Asia Sustainability Reporting Rating (ASRRAT)  
Date: December 16, 2020  
Issuer: National Center for Sustainability Reporting

# Message from the CEO (102-14)

**“This year, more than ever before, ANJ along with businesses around the world, struggled with uncertainty in the face of the COVID-19 pandemic. Over the course of this difficult year, however, I am proud to acknowledge the dedication and determined effort of the whole ANJ team to defy all odds in the face of adversity, adapting promptly and eloquently to a new normal.”**

**Istini Tatiek Siddharta**  
President Director





Welcome to ANJ's 2020 Sustainability Report. I am pleased to share this report through which we voluntarily disclose our sustainability performance for the year covering health, safety, environment, community, and economic aspects in each of our agribusiness operations in oil palm, sago, and edamame, as well as renewable energy. The report outlines our responsible development approach, highlighting the many ways by which we aim to operate sustainably across the wide range of geographies where our operations are located. Acting sustainably is paramount to our goal of joining other world-class agribusiness-based food companies that both elevate the lives of people and improve or maintain the condition of the natural environment. This report will introduce the network of initiatives that ANJ has engaged with in the past year which have brought the health and safety of our employees, investment in our local communities, and better environmental outcomes in our areas of operation to the forefront of our agenda.

I am also pleased to announce that this is the second year that our sustainability report will be presented according to the guidelines of the GRI Comprehensive Option. 2020 is also the second year that we have sought independent external assurance of the report. In recognition of our efforts to strengthen our sustainability reporting the Company achieved the 'Platinum', or highest, rating in the Asia Sustainability Reporting Rating (ASRRAT) in 2020 for our 2019 Sustainability Report.

This year, more than ever before, ANJ along with businesses around the world, struggled with uncertainty in the face of the COVID-19 pandemic. The unprecedented challenge of the global pandemic fell upon us early in the year, during an already difficult first quarter in the wake of the effects of strong El Niño of 2019. With the introduction of government-mandated lockdowns and restrictions on trade and movement, our operations were confronted with significant challenges, not to mention a fear of collapse. Over the course of this difficult year, however, I am proud to acknowledge the dedication and determined effort of the whole ANJ team to defy all odds in the face of adversity, adapting promptly and eloquently to a new normal. While we succeeded in minimizing the pandemic effects to our operation, it is with regret that I report that in 2020 the Group recorded one fatality in one of our West Papua operations, due to a traffic accident, compared to zero fatalities in 2019.

The concept of Responsible Development is integral to ANJ's business model and corporate sustainability commitments. We recognize three pillars to sustainable development: Prosperity, People and Planet. The three pillars are inherently dependent on one another, which is why we address each one with equal importance; without one the others cannot flourish. Each pillar has its unique requirements: long-term economic viability (Prosperity) needs a reasonable and sustainable return for its shareholders. Human well-being (People) needs social and economic growth, while judicious environmental management and biodiversity conservation is essential to the stewardship of the natural environment (Planet). Benefit from our programs is often bilateral. Through investing in our responsible development, ANJ has observed great returns for the Company including social cohesion, resource acquisition, and generalized cost-reduction.

Considering our responsible development commitments, we ensured that our COVID-19 relief strategy focused upon all three of our foundational pillars of sustainable development. In every aspect of our adapted procedures, we placed our people at the forefront of our agenda. Where possible, we implemented a work-from-home mandate to prevent unnecessary close-contact social interaction. Initially regarded as a compromise, we established a system of online meetings to maintain our dynamic operations. We quickly saw unexpected benefits of the online set-up with employees having increased access to knowledge materials and more flexibility to engage. This allowed us to dedicate more time to both individual and Company-wide development, through the provision of online training courses.

At each of our operating locations, both in-office and at-site, we went above-and-beyond the government requirements for health and safety, extending our measures to the surrounding local communities. With the rigorous implementation of safety measures at all of our operating sites, our Company succeeded in continuing Crude Palm Oil (CPO) production uninterrupted throughout the year. In addition to mandatory Personal Protective Equipment (PPE), we provided opportunities for rapid diagnostic tests; health-screening; routine health education schemes, provided in a socially distant manner; and relief packages for those struggling under the economic and social impacts of the virus.

With a significant decline in global trade during 2020, particularly for our non-palm oil sector, the Company had to turn its attention inwards. We took the slowdown in trade and production in our stride, utilizing the extra time we had to reflect upon our operations. Reflection provided us with the opportunity to streamline production and improve sustainability in each of our agribusiness sectors. We were successful in optimizing estate and mill management at both our palm oil and sago operations to maximize production and extraction rates while strengthening our best practices in agronomy.

Throughout 2020 we have maintained our Sustainability Policy commitments to preserve, recover and manage High Carbon Stock (HCS), High Conservation Value (HCV) and peatland areas. Protecting our conservation areas, peatlands, and of course, plantations from wildfires is of paramount importance to us. In March 2020 we launched our enhanced Integrated Fire Management System (IFM). This fully integrated system, based on improvements identified in 2019, commenced with a two-month training course for all firefighters and top managers at KAL. At KAL, our most high fire risk estate, we invested in fire mitigation measures to improve firefighting access to areas vulnerable to fire, creating fire breaks to slow the spread of fire, and the building of reservoirs in strategic locations to ensure water availability for fire suppression during the dry season. Recognizing that we are a stakeholder in helping to reduce fire risk around our estates, we focused special effort on assisting surrounding communities to be more resilient to the threat of wildfires, and by the end of 2020 we had a total of 13 community-based fire-fighting groups established across both Western and Eastern Region estates. We believe that our fire management approach at KAL has had knock-on benefits for the environmental resilience of surrounding communities,

as evidenced by the progress made with the Desa Mandiri Responsible Development project. The project, which commenced in 2019, in three villages around KAL, is designed to synergize with the Indonesian government's Village Development program aimed at measuring achievement towards the Sustainable Development Goals (SDGs). By the end of 2020, the three Desa Mandiri village resilience scores had increased for all three indicators (social, economic, and environmental), particularly in terms of environmental resilience.

Despite a wetter than average year in 2020, we remain acutely aware of the need to increase our operational resilience to a future of more pronounced climate-change induced impacts on crop yields and productivity. We have an increasingly strong focus on ensuring that we understand climate change risks and identify a range of mitigating measures to safeguard the long-term sustainability of the company. This is evidenced by various initiatives, such as the drip irrigation and fertigation trials in ANJA and SMM, and an increase in composting and recycling of waste materials all of which improve our ability to mitigate climate-related impacts. We continually seek to further reduce our greenhouse gas emissions through efficiencies in energy usage, water consumption and waste management. Our on-going waste-to-energy approach is expanding as we seek to phase out the use of diesel to power our mills by using our own recycled biomass from palm oil processing waste and biogas from palm oil mill effluent (POME) where possible. We make the most of organic waste, such as POME and empty fruit bunches (EFB), utilizing these as organic fertilizers to decrease the use of inorganic fertilizers. On peatland, our continuous improvement approach in peatland management in our mature producing estates, such as ANJAS, KAL, and PPM has contributed to a drop in emissions from peat oxidation. With a view to exploring the carbon markets, we commenced a study this year of our carbon stocks particularly in the large areas of intact forest within our PMP and PPM concessions. The concept of carbon markets fits well with our core values of responsible development not only from the perspective of reducing greenhouse gas emissions and maintaining carbon sinks but also from the aspect of integrating conservation and community projects with the aims of forest protection, whilst generating revenue for the Company.

A shining success in our efforts to help others through these trying times was achieved by our Bentara (Belitung Integrated Alternative Tourism Development) responsible development project at SMM. Before the pandemic, Bentara was focused upon establishing an eco-tourism scheme, in collaboration with the local government, to both increase prospects for the local population and allow them to share their knowledge of the environment and traditions of Belitung with people from around the world. When the tourism industry was struck by the virus, the local community struggled with their income. Those involved with Bentara at SMM responded quickly to the rapidly deteriorating situation. The suffering of the already low-income region was promptly absolved with the introduction of food security schemes, which facilitated the local growth and harvest of produce and resulted in an average decrease in community household spending. Our team also initiated the Community Movement Program Against Corona, with the help of the local government to establish novel means of income for the community. The initiative also raised cash donations, PPE and

other necessary supplies and assistance for the community. This project, located at the scene of the Indonesian classic, Laskar Pelangi (The Rainbow Troops), speaks to the core value of both the novel and our company – life is about giving.

In West Papua, we have also seen significant growth in our social projects. Warung Mama, which provides local women of the Saga and Puragi villages in the South Sorong Regency, with ownership over their craft and opportunities to become self-sufficient. Working in collaboration with our team, the women have demonstrated commitment and perseverance in this year of uncertainty, continuing to grow and prosper with the training and facilities with which they have been provided. The project, which became renowned among both the local community and our employees is now expanding to a new location. The success of the project in 2020, has also imparted confidence in the local women to extend their opening hours and diversify their menu. This initiative not only empowers the women of South Sorong, but also raises the profile of Sago as a versatile, nutritious, and locally grown food source.

Further evidence of our responsible development projects elevating the lives of people where we operate in West Papua is seen with the Savings Cooperative, which commenced in 2019. Over the past year, the savings cooperative grew exponentially, and transfer services have more than tripled in a year with the annual total transferred funds amounting to more than USD 1.8 million. In 2020, the cooperatives had enough capital to open convenience stores that provide affordable goods. The convenience stores started operating in May at PPM, and in September at PMP. The savings cooperatives have not only provided necessary financial services but also provided affordable household items to employees, communities and contractors. Another success story in West Papua, is the Transportation Cooperative, transporting fresh fruit bunches (FFB), which has resulted in the generation of sufficient profit to support schooling and scholarships for students, thus further demonstrating the value of community cooperatives in raising welfare and independence.

As well as facilitating the improved prospects for women in local communities, the Company also prioritizes women's equality and empowerment within the workforce. We aim to provide equal opportunities to both men and women, at all levels of the Company and are happy to see an increased number of women striving for high-level positions. A number of our staff also took part in a series of representation and gender equality training sessions, hosted by the Indonesia Global Compact Network and UN Women. We hope that the lessons learned in these sessions will be more heavily integrated into our Company in the years to come. This year we have also taken time to update our policies and procedures to further emphasize our commitment to upholding human rights as a priority and ensure there is a common understanding of this priority with our security providers and local police force.

At ANJ, we believe that our core values and missions are, and should be, shared by actors and employees at every level of our operations. Engagement from all sides is critical to our success. While many of our projects seek to provide ownership and accountability to local communities, our Pendaki program runs within our Company and aims to show employees, regardless

of their position, that their contribution is valued. Seeing its beginnings in 2019, the Pendaki or Peduli Keanekaragaman Hayati (Care for Biodiversity) program has flourished over the past year. Pendaki offers an innovative citizen science approach to biodiversity monitoring wherein all employees are encouraged to record flora and fauna sightings from their daily activities. The program has imparted great improvements in our biodiversity monitoring, demonstrated by an increased record of IUCN Red List 'Threatened' flora and fauna species in our operational and conservation areas. This year we augmented the system with a new electronic documentation platform. Further recognition of our biodiversity management practices, including Pendaki, was evidenced with the Roundtable on Sustainable Palm Oil (RSPO) including ANJ as one of the five companies visited in its study of leading biodiversity management practices in the palm oil industry, with the study team visiting KAL.

In further efforts to manage our environmental impacts responsibly, in 2020, building on our Sustainability Policy commitments, we commenced implementation of an HCS Loss Declaration and Recovery Plan. The HCS liability, measured retrospectively from January 2016 to December 2018, was independently verified and presented to our supply chain stakeholders openly and transparently. We designed this voluntary initiative as part of the re-entry protocol determined by our buyers who uphold No Deforestation, No Peat and No Exploitation (NDPE) and High Carbon Stock Approach (HCSA) commitments. The first progress report was completed in October 2020 and was made publicly available on our website. Despite delays due to COVID-19 restrictions, the report documents progress on Phase 1 activities such as the investigation of legal requirements, social and ecological surveys, and community consultations. We have already received encouraging feedback from our supply chain and other stakeholders who recognize our proactive approach. Early testament to this fact is that we have now resumed sales of our certified palm oil to several large and influential buyers of sustainable palm oil.

A recurring issue that we continue to deal with is the poor reputation of the palm oil industry in the media and amongst concerned buyers. While we acknowledge the impacts of this industry, we believe that the industry can change to be more sustainable, equitable, and socially responsible. In our efforts to be a game-changer in this highly scrutinized industry, engrained in our Sustainability Policy is a commitment to transparency. As an RSPO member, we are expected to meet the mandatory implementation date for full transparency on our external FFB supply in November 2021. Throughout this past year, we have worked consistently to establish an effective and rigorous means of ensuring traceability along the supply chain. Despite COVID-19 travel restrictions, by the end of 2020 we had deployed the traceability project in all four producing plantations in Kalimantan and Sumatra. This was a truly cross-functional project which not only involved the large task of engaging directly with all the smallholder farmer FFB suppliers, but also the difficult task of building trust with the agents and collectors to divulge their supply chains. There are still several difficult steps to be completed, but we have a tentative target of 2021 to start the implementation of what we will call E-Trace, a digital platform to support our traceability on FFB supplied from independent smallholder farmers, and a tentative target of 2022

to complete the implementation. Bringing smallholder farmers along on the sustainability journey continues to be critical to our success. A high point in November, was handing over payment of the RSPO premium price to three smallholder cooperatives in Belitung, which with our help received RSPO certification in 2019. I am encouraged by our performance, and the innovation and resilience shown by our employees over the past year, in what has been a challenging time. We have received several awards and peer recognition of our sustainability commitments in action. I am particularly proud of SMM, our Belitung subsidiary, the first palm oil plantation to receive Gold PROPER (Program for Ranking Corporate Performance) from the Ministry of Environment and Forestry (KLHK) in December 2021; a historic moment for the industry. ANJA also received the Green PROPER award and recognition as a Green Company from Kehati Foundation and SWA Magazine. ANJ was also awarded the 'Tempo Country Contributor Award 2020' in the category of 'The Most Appreciated Social Responsibility-Country Contributor 2020', as well as the 'ESG Awards' 2020 in the category of Best Agricultural and Animal Husbandry Sector, awarded by Berita Satu Media in collaboration with the Bumi Global Karbon Foundation. Both awards recognize efforts that we have made as a company to uphold transparency and social responsibility as key values in our operations.

I am proud of what the Company has achieved during this difficult year, but we must not be complacent. The future remains uncertain. Despite a promising final quarter in the majority of our operations, the pandemic continues to place limitations on trade. In the upcoming year, we must persevere with the same innovation and ingenuity that sustained us in trying times. We cannot predict what 2021 holds, but the work we have put in behind the scenes to optimize our performance and streamline our sustainability measures has paved the way towards a bright future for the Company.

To close my message, on behalf of the Board of Directors, I would like to thank ANJ's Commissioners, management, all of our employees, smallholder farmer partners, and our investors for their continued dedication to realizing and materializing our sustainability targets.

Our appreciation also goes out to all of our stakeholders, including local communities and their leaders in our operation areas; business partners; our partners in local and national government; non-governmental and community-based organizations; the scientific community; and the media. We are grateful for your continued support and engagement in contributing to our sustainability journey.



**Istini Tatiek Siddharta**  
President Director

## Key Impacts, Risks, and Opportunities



▲ Landscape overview of immature oil palms at SMM plantation.

We implement a company-wide approach to risk management supervised by the Risk Management Committee, which reports to the Board of Commissioners (BOC). The Risk Management Committee works with the Board of Directors (BOD) to conduct regular reviews of the corporate risk, including sustainability

related risk based on the identification of risks and the measures put in place to control them. The Risk Management Committee advises the BOD on risk management actions and issues. The key impacts, risks and control measures are summarized in Table 1 below.

**Table 1. Summary of Key Impacts, Risks, and Opportunities (102-15)**

Impact	Risk	Opportunity	Intervention
GHG emissions from operations	Adverse weather, climate, crop disease, pests, and natural disasters	R&D, innovation, energy efficiency, energy savings	Applying best agronomic practices and building prevention infrastructures; use of high quality, high-resilience seeds; water gates and water catchment systems; applying composting to maintain moisture and rejuvenate the soils; soil conservation and anti-erosion measures; planting cover crops; chemical soil analyses; drip fertigation trials; fire prevention and mitigation infrastructure.
Forest and land fires affecting our estates and the communities living around them	Environmental damage, productivity	Community based firefighting groups	Monitoring; raising awareness among employees and local communities; establishing farmer firefighting groups in higher risk areas; building strong collaboration with local authorities.
Pollution from toxic and/or hazardous waste	Environmental damage, reputation	Efficiency, savings	Storing all toxic and/or hazardous waste in licensed units before being collected and managed by licensed waste management contractors; entering into Pollution and Remediation Legal Liability Insurance for protection.
Biodiversity loss due to plantation development	Environmental damage, reputation	Partnership with NGO, Ecotourism	Implementing sustainable natural resource management, including active management of the Company's conservation forests and the biodiversity they support.
Transportation or logistics disruptions	Project delay, operation disruption	Long term partnership, project logistic	Developing flexible and reliable transportation systems, improving planning and creating synergies.
Land compensation issues	Project delay, high costs, reputation	Community economic development	Extensive public consultations; offering fair compensation and attractive community development plans; establishing inclusive land compensation committees, following FPIC principles.



Impact	Risk	Opportunity	Intervention
Social conflict and land ownership disputes in the community	Project delay, operation disruption	Participatory mapping, positive engagement	Engaging regularly with community stakeholders and cooperating with local government and independent parties (including NGOs) to resolve disputes and improve practices.
Loss of livelihoods in local communities due to plantation development	Social unrest, reputation	Community economic development project, job creation	Providing decent work opportunities, including training, on our estates; developing sustainable income generation initiatives to enhance livelihoods of communities surrounding our estates.

In addition to the summary of key impacts, risks and opportunities described in Table 1, we also have certain risks relating to our financial, commercial and organization, namely fluctuations

in the CPO price, increase in labor costs, fluctuation in foreign exchange rates and difficulties in attracting or retaining skilled staff. Those risks are further described in our Annual Report.

## Our Values and Business Ethics (102-16)



▲ Harvesting oil palm fresh fruit bunch at SMM plantation.

Sustainable development and how we put it into practice through our responsible development approach, across a wide range of geographies, is guided by our corporate vision, mission and values. Our vision is to be a world class agribusiness-based food company that elevates the lives of people and nature through ensuring that we only prosper and grow as a business when the communities and the environment around us grow and prosper in a balanced and equitable manner and benefit from our presence.

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

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

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

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



## Our Vision, Mission, and Values (102-16)



### VISION

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



### MISSION

- **People and nature oriented:**  
People and nature as the north star of the company, guiding every aspect of all business activities.
- **Striving for world-class excellence:**  
A continuous quest to comply with and exceed local and global standards, exercising good corporate governance.
- **Sustainable growth for prosperity:**  
Achieving widespread economic prosperity without exhausting the finite resources at our disposal.
- **Integrity:**  
Doing the right thing at all times, in all circumstances, regardless of the consequences or of anyone watching.

### VALUES



#### INTEGRITY



#### RESPECT FOR PEOPLE AND THE ENVIRONMENT



#### CONTINUOUS IMPROVEMENT

## Upholding Corporate Values



▲ The 'Berani Bicara' card, explaining the Whistleblowing System, distributed to employees and contractors.

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

The Value Champions are carefully selected from the business units and from varying levels within these business units, and are given special training so that they are equipped with the skills to effectively communicate the corporate values to their colleagues and to monitor the implementation of the values by employees in their daily jobs. Value Champions at the business unit level are coordinated by two Value Coordinators, one assigned to the Western region (covering Sumatra, Belitung and Kalimantan) and the other to the Eastern region (covering West Papua and East Java). The total number of Value Champions across the ANJ Group was 26 at the end of 2020.

The Value Coordinators review monthly reports from the Value Champions on implementation of and compliance with the corporate values at each business unit. Being selected as a Value Champion is a responsibility to be taken seriously, anyone who proves to be unable to live up to the high standards required will be asked to step down from the position. The monthly reports are reviewed by the Value Committee at Head Office

in Jakarta. The Value Committee's analysis is submitted to the Company's two Value Guardians, Commissioners George Tahija and Anastasius Wahyuhadi, who decide on any further action that may be needed.

All employees are expected to conduct themselves according to ANJ's Values and Code of Ethics and any infringement of these standards may lead to consequences, including the termination of employment. The Company's whistleblowing system/ WBS (*Berani Bicara*) is a means by which the Company can monitor implementation of the value philosophy. Through this channel, any employee, third party vendor, supplier and other stakeholders can report concerns about suspected misconduct of any kind, including fraud, corrupt practices, breaches of the Code of Ethics or the corporate values, or any violation of laws and regulations by any member or associate of the Company.

*Berani Bicara* is designed to contribute to the prevention and early detection of misconduct that could be detrimental to the Company or its reputation. It provides a secure and confidential channel for anyone to report suspected misconduct. Whistleblower reports are investigated by the Internal Audit Unit. If the allegations of misconduct are upheld, the Company issues a range of measures including verbal warnings, dismissal, or even referral to the criminal justice system. Several measures were taken to improve awareness of and access to the system, for example by conducting socialization and training, distributing cards bearing the WBS hotline numbers to employees, contract workers and vendors, and enabling secure reporting via website or WhatsApp. (102-17)

Aside from the WBS, critical concerns can be raised through several channels, such as the Value Champion system, internal audit, stakeholder meeting, grievance system, and review

of social and environmental assessments and at the annual shareholders meeting. Critical concerns related to economic, social, or environmental topics are discussed at the Corporate Social Responsibility (CSR) & Sustainability Committee meetings and the bi-weekly ANJ Executive Leadership Team (AELT) attended by all the BOD, including BOD members from subsidiaries. Another avenue for discussing critical concerns is through joint meetings between the BOC and the BOD. **(102-33)**

Table 2 below shows the nature and total number of critical concerns. These concerns are discussed and investigated further by the BOD and Internal Audit Unit. Where appropriate, penalties and sanctions are given in accordance with the Company regulations. In cases where laws are violated, the incidents are reported to relevant authorities and law enforcers. **(102-34)**

**Table 2. Critical Concerns Reported in 2020**

No	Description of Cases	Number of Cases		Total Cases
		Major	Minor	
1	Fraud & Manipulation (Integrity related)	3	0	3
2	Non Compliance with Internal Control SOP	0	9	9
3	Operational Inefficiency	28	78	106
<b>Total</b>		<b>31</b>	<b>87</b>	<b>118</b>

## ANJ Sustainability Policy (102-16)



▲ Female employee observing plant health and soil condition.

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

The policy is formulated in a way that it supports the United Nations 17 Sustainable Development Goals (SDGs) and links them to our sustainable development approach. It demonstrates how we practice Responsible Development, especially in the oil palm sector.

The guiding principles of Corporate and Social Responsibility, Transparency, and No Exploitation thread throughout the entire policy. The foundation of this policy has three key elements: (1) Long-term economic viability (Prosperity), (2) Human well-being (People), and (3) Stewardship of natural resources and

management of the environment (Planet). This policy aims to balance prosperity, the well-being of people, and environmental stewardship and management based on the following principles:

- Integrated socio-ecological systems
- Balanced risk management
- Best management practice
- Optimizing social and environmental trade-offs
- Geographic focus
- Inclusive and collaborative approach with no coercion
- Respecting human rights
- Transparency
- Reporting and disclosure

We subscribe to the Precautionary Principle by implementing comprehensive risk management and quality control systems to avoid environmental and social impacts, reduce those impacts, and mitigate residual impacts. In line with the precautionary approach in our Sustainability Policy, we implement an environmental management system which includes a range of specific Standard Operating Procedures (SOPs) to manage the environmental impacts of our oil palm plantation activities, covering risk areas such as peatlands, water, soil and marginal land management. We are committed to continuously improving our SOPs as new information becomes available or as new risks arise. In 2020, our SOPs were reviewed by CORE, a consortium between Proforest, a non-profit, and Daemeter, an independent sustainability consulting firm. This third-party review allowed us to improve and develop our SOPs. **(102-11)**

## Stakeholder engagement



▲ A discussion on improving the quality of FFB from external suppliers at ANJAS.

We interact with a range of stakeholders at local, regional, national, and global level. We define stakeholders as those who are affected by our operations and provide our social license which is key to the success of our business. Stakeholders include employees, suppliers and customers, shareholders, government and regulators, local communities, community-based organizations, non-government organizations, business partners, industry peers and associations, and media. The identification and mapping of our stakeholders is carried out internally and is updated through regular engagement with these stakeholders. **(102-42)**

We apply a diverse range of methods for engaging with and listening to stakeholders. Feedback and concerns are collected from regular engagement and dialogue in formal and informal channels. All our businesses entities are required to plan,

implement, and document stakeholder engagement activities, such as community forums and consultation groups, the implementation of community complaints and grievance mechanisms; representation on specific industry association committees and initiatives; and community programs. **(102-43)**

The frequency of our engagement with our stakeholders was affected by the COVID-19 (Coronavirus Disease 2019) pandemic and the accompanying social restrictions. We did not carry out stakeholder meetings with local communities as in previous years. However, communication was maintained with them in smaller group discussions to evaluate, design, or inform about community development projects. At the business unit level, however, we have worked very closely with government officials and community leaders to respond to the pandemic. As much as possible, we maintained communication channels and



contacts with our stakeholders by employing digital channels and technologies. When this was not possible, we carried out face-to-face meetings by applying strict protocols. **(102-43)**

External stakeholders are engaged to understand and respond to environmental, social, and economic topics/issues described in the report. Several of these stakeholders were engaged specifically as part of the preparation of the sustainability report to gather their inputs on material topics. **(102-43)**

Our employees are regularly engaged via internal channels, such as e-mail, newsletter (Simpul) and magazine (Cakrawala),

town halls, and by inviting feedback through socializations and meetings. Key internal announcements and videos are made available in English and Indonesian. In November 2020, the Company launched the use of intranet to complement the existing internal channels. **(102-43)**

The list of stakeholders and the topics of concern/discussion are listed in Table 3 below. Some of the key sustainability concerns are sustainable plantation management practices and other external initiatives, and progress with developments and operations, and their impacts on communities and the environment. **(102-44)**

**Table 3. List of Stakeholders and Issues Raised**

Stakeholder Groups (102-40)	Basis for Inclusion (102-42)	Topics of Discussion (102-44)	Engagement Approach (102-43)	Frequency (102-43)
Shareholders and Investors	Corporate investors	Company performance, corporate governance	Production performance report	Monthly
			Investor Newsletter/ Financial performance	Quarterly
			General Meetings of Shareholders (AGMS/ EGMS)	Annually or as needed
			Annual Report	Annually and as needed
			Sustainability Report	
			Corporate website (anj-group.com)	
			Speeches by BOD	
Employees and laborers	Corporate asset in operations	Efficiency and productivity	- Labor union - Training and seminars	As needed, at least annually
		Training and development/ capacity building	Soft skill trainings, certifications, seminars	Annually and as needed
		Fulfillment of employees' and laborers' normative rights	Collective Labor Agreement	Every two years
		Responsible development projects	Socialization, meetings, magazines, newsletters	Annually, periodically
		Technology intervention and ease of communication during work-from-home mode.	Regular meeting, socialization	Periodically
		Update on Company's initiatives and progress and specific issues	Townhall, Internal communication channels (SIMPUL, Cakrawala, intranet)	Periodically
		Central Government/ regulator	Mandatory compliance	Compliance with laws and regulations
Up-to-date and transparent information	Regular meeting			As needed, periodically
	Regular reporting, including Annual Report to OJK			Annually
Government regulations and plan relating to COVID-19	Discussion, meeting, webinar			As needed



Stakeholder Groups (102-40)	Basis for Inclusion (102-42)	Topics of Discussion (102-44)	Engagement Approach (102-43)	Frequency (102-43)
<b>Local government</b>	Mandatory compliance	ANJ contribution to economic, environmental, and social aspects	Participation in regional development planning forum ( <i>musrenbang</i> )	As needed, at least twice a year
			Stakeholder meeting	
		Support for GCG and sustainability practices	Coordination of CSR working practices with local administration working units (SKPD)	As needed
		Compliance with law and external initiatives	Dialog and cooperation	
		Consultation and assistance related to land disputes and resolution	Facilitation and mediation	
		Local government regulations and plan relating to COVID-19	Joint-program particularly to provide assistance relating to COVID-19 to surrounding communities	As needed
<b>Partners / Smallholders</b>	Vendors of products/ services that support operations	Mutually beneficial relationship	Regular meetings	Annually
		Socialization of relevant policies	Workshops	Periodically
			Training & assistance	Periodically
<b>Customers (B2B)</b>	Buyers of products	Sustainable plantation management practices and other external initiatives	Regular meetings	Periodically
			ISPO and RSPO certification	Periodic evaluation related to implementation of agreed practices
<b>Community (Including Local Leaders)</b>	Parties impacted by company operations	Progress of development and operation, and its impacts to community (social and environmental)	FGD, socialization, information updates through newsletter Sapa Papua	Periodically, at least annually
		Community involvement and development	Community involvement and development programs	Continuously, based on needs assessment
			Responsible development projects	
			Capacity building	
		Local workforce involvement	FGD and dialogue	Periodically
			Capacity building	
		Grievance Mechanism	Socialization of procedure	Periodically
			Response to grievance	
		Land acquisition and plantation development	Information dissemination and dialogue	Periodically
		Collaboration and assistance in response to COVID-19	Assistance, Socialization	Periodically

Stakeholder Groups (102-40)	Basis for Inclusion (102-42)	Topics of Discussion (102-44)	Engagement Approach (102-43)	Frequency (102-43)
<b>Media</b>	Communication and publication channels	Financial performance/ share value	Production performance report	monthly
			Investor Newsletter/ Financial Performance	Quarterly
			General Meetings of Shareholders (AGMS/ EGMS)	Annually
		Corporate actions and performance	Annual Report, Sustainability Report	Annually
			Press Releases, Media Briefing	As needed
			Performance update	As needed
		Issues update	Site visits	
		Awareness building	Press conference	
<b>Non-Governmental Organizations</b>	Partners in execution of program or maximizing the sustainability agenda	Social, community, environment	Cooperation on community development programs	Monthly coordination meetings
				Monthly progress reporting
	Performance update		Direct meetings	As required
	Issues update			

## Contribution to the UN Sustainable Development Goals

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

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

The UN SDGs explicitly calls on business to contribute, along with governments and civil society, to end poverty and create a life of dignity and opportunity for all within the boundaries of the planet. This requires businesses to apply creative and innovative thinking in solving sustainable development challenges. Following the steps recommended by the UN Global Compact (UNGC), Global Reporting Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD) to develop our SDG Compass, we unpacked our Responsible Development (RD) approach, including our corporate values, and identified where and how we aligned with the SDGs.

The diagram below is a graphical representation of our initial assessment of our SDG Compass which shows how our RD approach aligns with the SDGs.

ANJ RD Approach	RD Alignment with UN SDGs	How ANJ contributes to the SDGs
<b>PEACE</b> – Foster peaceful, just and inclusive societies		Respecting human rights Working with integrity Free, Prior, and Informed Consent (FPIC) Good Corporate Governance
<b>PARTNERSHIPS</b> – Implement the agenda through a solid global partnership		<b>Multi-stakeholder Partnerships</b> (RSPO, ISPO, PONGO Alliance) Civil Society Partnerships (TNC, CI, YIARI, YKAN, Tropenbos), Government institutions and agencies
<b>PROSPERITY</b> – Ensure prosperous lives	   	<b>Job Opportunities</b> Vocational Training <b>Income opportunities</b> (Plasma and independent smallholders, Transportation Cooperative, Savings Cooperative, local suppliers, “Bentara” ecotourism, buffalo husbandry) <b>Alternative Livelihood Programs</b> (vegetable gardens, “Bentara” ecotourism, Community Resilience ( <i>Desa Mandiri</i> ))  Industrial supporting infrastructure, such as road access and other public facilities which also supports the social and local development.
<b>PEOPLE</b> – End poverty and hunger in all forms and ensure dignity and equality	     	<b>Community Empowerment</b> Health programs (Stunting, Maternal Health) Education programs (Early Childhood Education, Providing teachers) Gender and Livelihood Programs (Warung Mama) Other income generation programs (Savings Cooperative, vegetable garden, Transport Cooperative, local suppliers) Decent Sanitation <b>Employee Empowerment</b> Safe Work Place Healthcare/benefits ANJ Foundation Schools Employee Training Gender Equality
<b>PLANET</b> – Protect our planet’s natural resources and climate for future generations	   	<b>Climate</b> Biogas Plant at AANE GHG Emission reduction initiatives Energy Reduction Initiatives <b>Biodiversity</b> High Conservation Areas Maintain biodiversity values (Orangutan conservation, PENDAKI System) Fire Prevention and Management Peatland Management <b>Recycling initiatives</b> Waste-to-Energy Programs 3R Program <b>Best Agronomic Practices</b> Integrated Pest Management Soil and Water Conservation Organic Fertilizers



## About this report

ANJ is proud to present its fifth Sustainability Report, which details the Company's economic, social and environment performance for the period of January 1 to December 31, 2020. We report on an annual basis and our most recent previous report was the 2019 Sustainability Report published in June 2020. **(102-50, 102-51, 102-52)**

There are restatements of information presented in previous years' sustainability reports due to improvements in data

gathering and measurements methods. These restatements will be notified in the specific disclosures where it occurs.

**(102-48)**

This report has been prepared in accordance with the GRI Standards: Comprehensive Option. GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report, is available at the back of the report, as well as the content index for the UN SDGs. **(102-54, 102-55)**

This report is also prepared in accordance with the Financial Services Authority Regulation (*Peraturan Otoritas Jasa Keuangan/POJK*) No. 51/POJK.03/2017 [POJK 51] on Sustainable Finance Implementation for Financial Institutions,

Listed Companies and Public Companies, issued by the Financial Services Authority (OJK) of Indonesia.

We have sought external assurance to our report to enhance the credibility of its contents and ensure that standards have been properly met. With the approval of our BOD, We have selected TUV Rheinland Indonesia to provide independent and external assurance to level moderate for our 2020 Sustainability Report. We have worked with TUV Rheinland Indonesia since our previous report and continue to appreciate their unequivocal impartiality, expertise, and professionalism throughout the assurance process. The assurance report is available on pages 120-124. **(102-56)**

## Reporting Content and Reporting Boundaries

This report covers all business entities of the ANJ Group contained in our consolidated financial statements. These entities are located across a wide of geographic locations from North Sumatra, West Kalimantan, Bangka Belitung, South Sumatra to East Java, and West Papua, as shown in Table 4 below. **(102-45)**

**Table 4. Entities included in the report (102-45)**

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



▲ CID employee at PPM working on a joint program with the community.

We endeavor to meet the principles of stakeholder inclusiveness, sustainability context, materiality and completeness when defining the report content. To determine the content and the material topics covered in this report, we started the process by reviewing, compiling, and identifying issues arising from the views and concerns from a diverse range of stakeholders. To ensure completeness, our review was based on internal documentation, such as reports of grievances and issues from external stakeholders, queries and questions sent to the management, the management's statements (such as press releases) on various issues, and media monitoring reports. The list of issues is also influenced by the concerns and views of stakeholders such as Non-governmental Organizations (NGO), industry groups, standards recommended by global and industry specific reporting bodies, such as the RSPO, the Sustainable Palm Oil Transparency Toolkit (SPOTT), the Carbon Disclosure Project (CDP), POJK 51 and GRI. **(102-46)**

The mapping and list of issues were reported to the BOD and BOC of the Group and subsidiary companies to gather their views and ask each of them to rank the three most material sustainability topics from their perspective by applying GRI's materiality criteria. This small survey resulted in a ranked list of topics on economic, social, and environmental issues to be specifically discussed at the AELT bi-weekly meeting. The AELT convened, considered external as well as internal factors, and put these issues into the sustainability context faced by the company to determine material topics and their boundaries. The process resulted in a list of eleven topics which were further discussed with a final approval obtained from the ANJ CSR and Sustainability Committee. **(102-46)**

To ensure stakeholders involvement in the process, we carried out several interviews and meetings with civil society organizations to provide us with input and feedback regarding these material topics. Due to the COVID-19 restrictions, we were only able to carry out these engagements with a limited number of stakeholders mostly using digital communication technologies. However, we are confident that these stakeholders were sufficiently knowledgeable about the industry to provide constructive and independent input. As a result of these meetings, we identified two additional topics to the list of material topics, which are human rights and diversity. **(102-46)**

The content of the Sustainability Report was discussed between the President Director/Chief Executive Officer (CEO) and the Sustainability Reporting Team whereby the theme and topics are agreed. The BOD was closely involved in the validation process at various stages throughout the preparation of the report to ensure that the key topics and reporting boundaries were presented accurately and that the required data was delivered in a timely manner. During the writing process, BOD members are asked to provide their inputs to better understand the key economic, environmental, and social topics in their respective areas. All BOD members are involved in the review of the initial drafts of the report. The final draft must be approved by the BOD and representatives of the BOC to provide assurance that the report accurately reflects the key issues which have emerged throughout the year as part of the routine stakeholder engagement process. **(102-32)**



## Material Topics

As a result of the process described above to define our report content, there are a total of 13 material topics comprehensively reported in this year's report. Compared to 2019, there are several additions in the list of material topics. These are Innovation and Productivity, Socio-economic welfare and livelihoods, Education

and Training, Waste Management, Diversity, and Human Rights. Some of these topics were addressed in the previous reports but not as a material topic and did not follow GRI Standard Disclosures. This report presents material topics, as listed in Table 5 below. **(102-49)**

**Table 5. List of Material Topics (102-47)**

Material topic	Related GRI Topics	Standard	Topic boundaries
<b>Prosperity</b>			
CPO Price Fluctuations	Economic performance	GRI 201	ANJ Group
Innovation and Productivity	None	-	ANJ Group
Socio-economic welfare and livelihoods	Indirect economic impacts	GRI 203	Palm oil and sago segments
<b>Planet</b>			
Biodiversity and Conservation	Biodiversity	GRI 304	Palm oil and sago segments
Protecting Forests and Peatlands <ul style="list-style-type: none"> <li>Deforestation</li> <li>Fire Prevention and Management</li> </ul>			Palm oil and sago segments
Climate Change Impacts <ul style="list-style-type: none"> <li>Emissions Reduction</li> <li>Energy Efficiency</li> </ul>	Energy	GRI 302	ANJ Group
	Emissions	GRI 305	ANJ Group
Waste and Recycling	Waste	GRI 306	Palm oil and sago segments
Traceability	Supplier environmental assessment, supplier social assessment	GRI 308/414	FFB suppliers
<b>People</b>			
Occupational Health and Safety	Safe and healthy workplace	GRI 403	ANJ Group
Skilled labor availability and talent acquisition	Training and education	GRI 404	ANJ Group
Diversity and Women's Empowerment	Diversity and equal opportunity	GRI 405	ANJ Group
Community Involvement and Development	Local communities	GRI 413	Palm oil and sago segments
Human Rights	Human rights assessment	GRI 414	Palm oil and sago segments

▼ Aerial view of the ANJAP sago factory in South Sorong, West Papua.



24-45

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# About PT Austindo Nusantara Jaya Tbk.

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## Profile Summary



**Company Name (102-1)** PT Austindo Nusantara Jaya Tbk.



**Business Activity** Trading, services and operations related to palm oil plantation and processing, as well as trading of palm oil products, sago harvesting and processing, vegetable production and processing (edamame) and renewable energy business.



**Date of Establishment** April 16, 1993



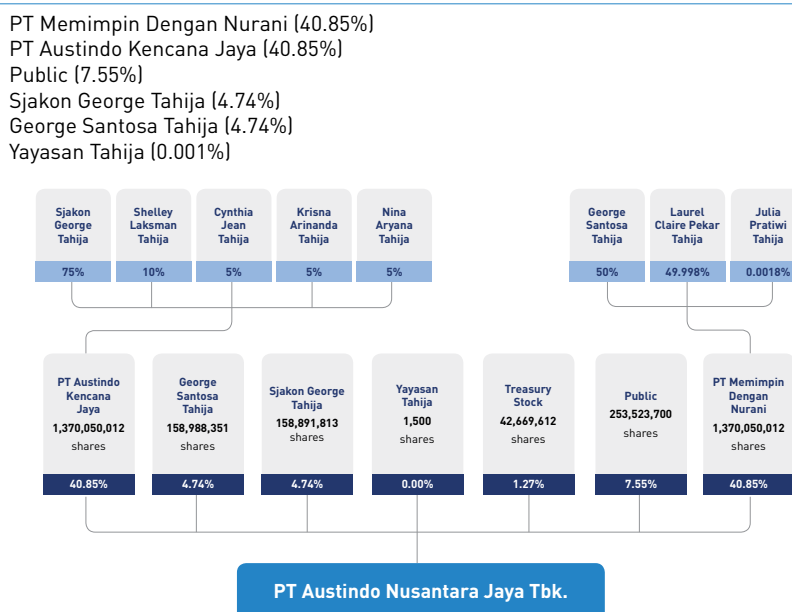
**Products and Services (102-2)** Crude Palm Oil (CPO), Palm Kernel (PK) and Palm Kernel Oil (PKO), Sago, Vegetable (Edamame), and Renewable Energy from Palm Oil Waste.



**Legal Form (102-5)** Publicly listed company, listed on the Indonesia Stock Exchange (IDX) since 2013 under the stock code ANJT



**Share Ownership (102-5)**



**Head Office (102-3)**

BTPN Tower, 40<sup>th</sup> Floor  
Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6  
Jakarta 12950  
Telephone : (62-21) 2965 1777  
Fax : (62-21) 2965 1788



**Contact for questions regarding the report or its content (102-53)**


Corporate communications  
anj.corcomm@anj-group.com



**Website**

www.anj-group.com





Anggrek Nanas (*Dendrobium smiliae*),  
indigenous orchid from West Papua was  
found in PPM operational area.

# Anggrek Nanas

(*Dendrobium smiliae*)

**ANJ is committed to elevate the lives of nature  
by protecting the biodiversity within and  
around our plantation.**

In 2019, ANJ developed the Pendaki - Peduli Keanekaragaman Hayati (Care for Biodiversity), a citizen science program. The Pendaki program engages and encourages team members from across six palm oil and sago estates to share their flora and fauna sightings from within



**ANJ**



## Our Business

Our company engages, both directly and through subsidiaries, in the production and sale of crude palm oil, palm kernel, palm kernel oil and other sustainable food crops, and renewable energy. There were no significant changes to our business or our supply chain in this reporting year. We are currently leveraging

our acknowledged capabilities in agronomic best practice, innovation, and efficiency to develop new agribusiness ventures in sago and vegetable harvesting and processing. None of our products are the subject of controversial debates or are banned in certain markets. **(102-2, 102-10)**

**Table 6. Organization Scale as of December 31, 2020 (102-7)**

Description	Unit	2020	2019	2018	2017
Number of employees	people	8,918	8,258	7,998	7,596
Operating areas	plantations/sites	8	7	7	7
Development areas	plantations	3	4	4	4
Revenue	USD (thousand)	164,100	130,355	151,701	161,797
<b>Total capitalization</b>					
Total liabilities	USD (thousand)	240,386	237,000	215,816	174,142
Total equity	USD (thousand)	395,758	388,708	386,389	395,354
Total assets	USD (thousand)	636,144	625,708	602,205	569,496
Net profit (loss)	USD (thousand)	2,211	(4,558)	(492)	46,540
<b>Products</b>					
FFB production	tons	771,290	732,837	786,104	730,356
FFB from third parties	tons	408,554	405,754	375,181	234,452
Processed FFB	tons	1,179,844	1,138,591	1,161,285	964,808
CPO production	tons	241,958	240,844	248,694	210,248
PK production	tons	49,286	51,585	54,033	44,037
CPO sales	tons	238,464	239,800	246,138	209,000
PK sales	tons	48,660	52,115	54,285	42,797
Edamame production	tons	941	710	1,229	789
Edamame sales	tons	843	630	864	716
Sago starch production	tons	2,233	2,781	1,894	788
Sago starch sales	tons	2,833	2,148	1,771	518
Electricity production	kWh	9,400,660	7,106,562	8,734,408	7,909,133

## Our Locations (102-4)



Total planted area:

50,175 HA

Total conservation area:

57,260 HA

Legend:



PALM OIL



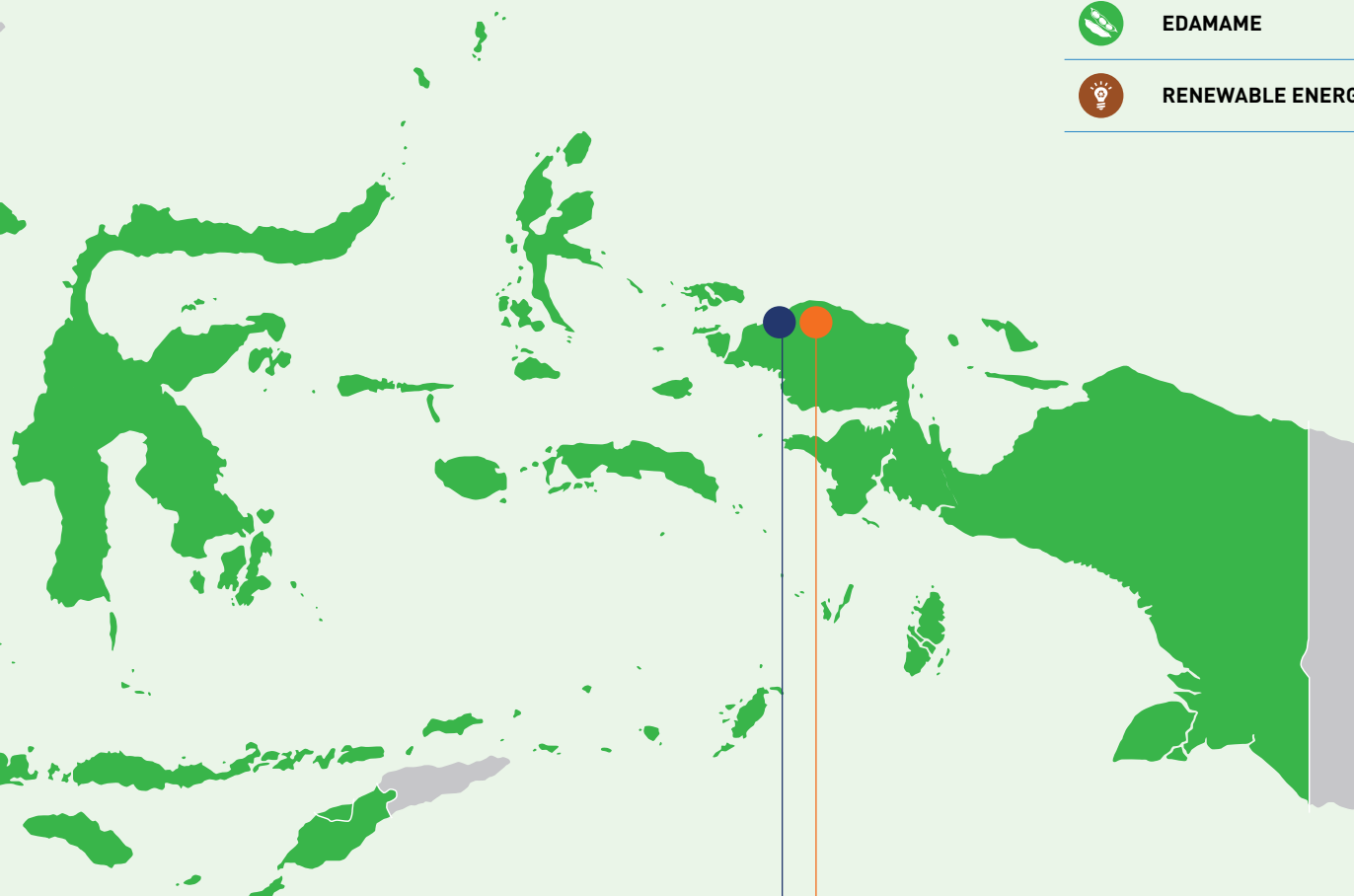
SAGO



EDAMAME



RENEWABLE ENERGY


**PT KAYUNG AGRO LESTARI (KAL)**  
Ketapang, West Kalimantan
**Nucleus**

Landbank	10,920 Ha
Planted Area	9,583 Ha
Matured Area	9,180 Ha
Mill Capacity	45 ton/hour
Conservation Area	3,845** Ha

**Plasma**

Landbank	2,958 Ha
Planted Area	2,599 Ha
Matured Area	2,396 Ha


**PT ANJ AGRIPAPUA (ANJAP)**  
South Sorong, West Papua
**Nucleus**

Concession Right	40,000 Ha
Mill Capacity	1,250 ton/month
Conservation Area	8,150 Ha


**Palm Oil**  
PT PUTERA MANUNGGAL PERKASA (PMP)  
PT PERMATA PUTERA MANDIRI (PPM)  
PT AUSTINDO NUSANTARA JAYA TBK. (ANJT)  
West Papua
**Nucleus**

Landbank	75,947 Ha
Planted Area	8,107 Ha
Matured Area	2,639 Ha
Mill Capacity	45 ton/hour
Conservation Area	40,399*** Ha

**Plasma**

Landbank	15,263 Ha
Planted Area	902 Ha
Matured Area	-



## Palm Oil

Our business comprises the integrated cultivation and harvesting of fresh fruit bunches from our oil palm plantations, milling them into crude palm oil, palm kernel and palm kernel oil, and selling the oils. We own six producing oil palm plantations with matured oil palms, served by an on-site processing mill: **(102-4)**

- **North Sumatra I Plantation**  
A 9,935 hectare oil palm plantation in Binanga, North Sumatra, operated by our subsidiary PT Austindo Nusantara Jaya Agri (ANJA).
- **North Sumatra II Plantation**  
A 9,412 hectare oil palm plantation in Padang Sidempuan, North Sumatra, operated by our subsidiary PT Austindo Nusantara Jaya Agri Siaes (ANJAS).
- **Belitung Island Plantation**  
A 17,360 hectare oil palm plantation on Belitung Island in Bangka Belitung, operated by our subsidiary PT Sahabat Mewah dan Makmur (SMM).
- **West Kalimantan Plantation**  
A 13,879 hectare oil palm plantation in Ketapang, West Kalimantan, operated by our subsidiary PT Kayung Agro Lestari (KAL).
- **West Papua Plantation**  
A 54,704 hectare oil palm plantation in South Sorong and Maybrat, West Papua, operated by our subsidiaries PT Permata Putera Mandiri (PPM) and PT Putera Manunggal Perkasa (PMP).

We are also planting areas of our landbanks in South Sumatra and West Papua:

- **South Sumatra Landbank**  
This landbank covers 12,800 hectares in Empat Lawang, South Sumatra, and is operated by our subsidiary PT Galempa Sejahtera Bersama (GSB). We commenced planting parts of the landbank in 2013.
- **West Papua Landbank**  
This landbank covers 36,506 hectares in Maybrat, West Papua, operated by ANJT. The planting for ANJT landbank has been suspended since 2018 due to pending approval of the New Planting Procedures from RSPO.

As of December 31, 2020, the Company had a total landbank of more than 150,000 hectares. At that time, approximately one-third of this area, or 54,694 hectares, was planted, increasing from 54,548 hectares at the end of 2019. By the end of 2020 a total of 4,519 hectares of the planted area was allocated to community smallholders under the Indonesian government's Plasma Program.

Mature oil palms cover 41,291 hectares, or 75%, of the planted area, while 13,403 hectares, or 25%, comprises immature oil palms. The average age of our nucleus oil palms across all the Company's plantations as of December 31, 2020 was 12.6 years.

## Sago

ANJ operates a sago harvesting and processing operation in South Sorong, West Papua, through our subsidiary, PT ANJ Agri Papua (ANJAP). ANJAP manages a 40,000 hectare concession, where it is pioneering the country's first commercial-scale harvesting of natural sago palm. ANJAP processes the logs at its sago mill to produce dry sago starch, which is sold to the food industry. **(102-4)**

As a sustainable alternative to rice, sago plays a key role in our sustainable agribusiness strategy, which is aligned with the government's food security objectives as well as its economic and social development acceleration strategy in Papua.

## Vegetables

ANJ has operated in the vegetable sector since 2015, when our subsidiary, PT Gading Mas Indonesia Teguh (GMIT), began cultivating edamame, a high-protein, antioxidant-rich legume belonging to the soybean family. We use a cooperation model, providing agronomic inputs, training and field support to local farmers in Jember, East Java to maintain and improve quality and yield. In 2020 we began field trials for okra, another high-value vegetable. **(102-4)**

In 2017, ANJ entered into a joint venture with AJI HK Limited to facilitate GMIT's market expansion into the Asia Pacific region. In 2020, GMIT was still in the process of completing the replacement of the machinery and plan to start exporting frozen edamame in early 2021.

## Renewable Energy

PT Austindo Aufwind New Energy (AANE), a subsidiary of the Company, has been licensed as an independent power producer (IPP) since 2013 and began operating commercially at the beginning of 2014. AANE operates a 1.8 MW capacity biogas power plant at our Belitung Island Plantation generating electricity from the methane produced as a by-product of our CPO mill.

The Company plans to build further biogas power plants at selected mills for internal use, to reduce our reliance on fossil fuels and improve our greenhouse gas emission reduction performance. **(102-4)**

## Our Markets (102-6)



▲ The best quality young mature oil palm fruit being harvested.

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

Sago starch produced by ANJAP in West Papua is solely sold to a domestic market and to food manufacturing businesses where it is further processed into food products. We have established a retail brand called Sapapua® that can be bought by consumers. In the last quarter of 2020, we launched a social media platform to promote this brand as well as innovative applications of sago starch to household consumers. We are currently exploring export opportunities that will be pursued further when production increases.

The edamame we produce is currently sold in fresh form to distributors in East Java, Central Java and Bali. We developed our own brand of frozen edamame, Edashi, which will be ready to enter the domestic consumer market in 2021. We plan to export frozen edamame, especially to Japan where there is substantial demand, but this is dependent on the completion of a new frozen line facility. Due to COVID-19, the commissioning of this frozen line was delayed to 2021. As of 2020 we have established several deals with companies in Laos and Canada which have already placed orders.

AANE was licensed as an independent power producer (IPP) in 2013 and its sole off-taker, since it began operating commercially in 2014, is the State Electricity Company (*Perusahaan Listrik Negara/PLN*) supplying electricity to over 2,000 homes in the area.



▲ FFB on its way to the ANJAS factory.

## Our Supply Chain (102-9)

Our oil palm supply chain incorporates several external parties, including independent farmers and cooperatives, from whom we purchase additional palm fruit for processing at all our mills with the exception of our West Papua estates which does not receive external FFB. These parties are shown in Table 7 below. Our development plantations in South Sumatra and West Papua operated by GSB and ANJ respectively do not yet have operational mills and therefore do not purchase any fruit from external suppliers.

**Table 7. FFB suppliers by supplier type and business unit as of December 31, 2020**

Subsidiary	Partner Cooperative Unit and Village-owned enterprise (BUMDes)	Limited Liability Company (PT)	Non-plasma cooperative unit/group	Business entity (UD/CV)	Sole proprietorship
ANJA	0	0	1	3	2
ANJAS	1	0	1	2	1
SMM	8	7	4	5	0
KAL	3	1	0	3	0
PPM	1	0	0	0	0
PMP	1	0	0	0	0

The inclusion of small-scale, independent farmers in our supply chain is consistent with our commitment to generate positive, sustainable impacts for local stakeholders. As of the end of 2020, 30% of our FFB are supplied from third party suppliers, and 5% are from plasma farmers, while the remaining 65% are sourced from our own estates. Further information about traceability and supply chain sustainability initiatives can be found in the section about Traceability and Suppliers in of this report (page 73).

Our vegetable business also works closely with independent small farmers that provide fresh edamame. In 2020, our edamame was produced by 38 individual smallholder farmers in an area of 168 hectares in Jember, East Java.

All our sago starch is derived from natural sago forests in West Papua from land owned by villagers under customary rights. These landowners receive payment for every sago log harvested. All the sago trees are harvested and processed by ANJAP because it is not economical for villagers to harvest the sago manually and supply them to our factory.

## Our Employees



▲ ANJ employees discussing at the Head Office in Jakarta.

**Table 8. Total number of employees by gender, contract type, and business location (102-8)**

2020	Location	Female			Male			Grand Total
		Contract	Permanent	Total	Contract	Permanent	Total	
PT. Austindo Nusantara Jaya Tbk. (HO)*	Jakarta	2	25	27	8	42	50	77
Regional Office Medan (RO)	North Sumatra	0	24	24	2	49	51	75

2020	Location	Female			Male			Grand Total
		Contract	Permanent	Total	Contract	Permanent	Total	
Oil Palm								
PT. Austindo Nusantara Jaya Agri (ANJA)	North Sumatra	7	206	213	10	1,161	1,171	1,384
PT. Austindo Nusantara Jaya Agri Siais (ANJAS)	North Sumatra	0	241	241	4	940	944	1,185
PT. Sahabat Mewah dan Makmur (SMM)	Bangka Belitung	11	302	313	51	1,642	1,693	2,006
PT. Kayung Agro Lestari (KAL)	West Kalimantan	37	415	452	97	1,343	1,440	1,892
PT. Galempa Sejahtera Bersama (GSB)	South Sumatra	4	3	7	2	15	17	24
PT. Putera Manunggal Perkasa (PMP)	West Papua	47	33	80	971	243	1,214	1,294
PT. Permata Putera Mandiri (PPM)	West Papua	20	23	43	476	119	595	638
Sago								
PT. ANJ Agri Papua (ANJAP)	West Papua	5	15	20	150	92	242	262
Edamame								
PT. Gading Mas Indonesia Teguh (GMIT)	East Java	6	4	10	26	32	58	68
Renewable Energy								
PT. Austindo Aufwind New Energy (AANE)	Bangka Belitung	0	0	0	1	12	13	13
Grand Total		139	1,291	1,430	1,798	5,690	7,488	8,918

Note : \*including employees at PT. ANJ Boga

As of December 31, 2020, ANJ had a total headcount of 8,918 people, of whom 6,981 (78.3%) are permanent full-time employees and 1,937 (21.7%) are on full-time fixed-term contracts. In terms of gender, 1,430 (16%) are female and 7,488 (84%) are male.

By business segment, most of our employees work in our oil palm businesses, comprising 8,498 people (95.3%). The sago business employs 262 people, 92.4% of those are men. We employ additional contracted workers during peak harvesting sessions due to higher volume of harvest, although harvesting is mainly carried out by permanent employees apart from our

West Papua operations. All employee data are collected from each business unit to be stored and analyzed by the head office in Jakarta. **(102-8)**

ANJ has collective bargaining agreements covering 100% of the employees. At SMM, this is in the form of a Collective Labor Agreement (CLA), which is renegotiated every two years between management and employees through the Bipartite Joint Committee. In other subsidiaries, it is in the form of company regulations, which, along with the CLA, have been registered with and authorized by the Ministry of Manpower and Transmigration. **(102-41)**

**Table 9. Employee Composition (102-8)**

Employee Composition ANJ and Subsidiaries		2020			2019			2018			2017		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Segment	Head Office Jakarta	45	26	<b>71</b>	55	27	<b>82</b>	81	31	<b>112</b>	81	32	<b>113</b>
	Palm Oil	7125	1373	<b>8,498</b>	6483	1380	<b>7,863</b>	6064	1502	<b>7,566</b>	5,778	1,438	<b>7,216</b>
	Sago	247	21	<b>268</b>	225	19	<b>244</b>	225	16	<b>241</b>	186	17	<b>203</b>
	Others	71	10	<b>81</b>	59	10	<b>69</b>	67	12	<b>79</b>	60	4	<b>64</b>
<b>Total</b>		<b>7,488</b>	<b>1,430</b>	<b>8,918</b>	<b>6,822</b>	<b>1,436</b>	<b>8,258</b>	<b>6,437</b>	<b>1,561</b>	<b>7,998</b>	<b>6,105</b>	<b>1,491</b>	<b>7,596</b>

Employee Composition ANJ and Subsidiaries		2020			2019			2018			2017		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
By Position	Director	8	4	12	8	4	12	8	4	12	7	2	9
	General Manager (GM)	27	5	32	29	4	33	35	3	38	36	6	42
	Manager	185	29	214	183	28	211	190	27	217	185	28	213
	Staff	288	64	352	313	69	382	326	77	403	319	58	377
	Non-staff	6,980	1,328	8,308	6,289	1,331	7,620	5,878	1,450	7,328	5,558	1,397	6,955
Total		7,488	1,430	8,918	6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596
By Education	Master's/ Bachelor's degree	515	129	644	522	131	653	509	155	664	483	130	613
	Diploma	119	51	170	120	48	168	96	49	145	92	50	142
	Senior/ Vocational High School	6,701	1,222	7,923	6,055	1,225	7,280	2,059	259	2,318	1,844	262	2,106
	Other	153	28	181	125	32	157	3,773	1,098	4,871	3,686	1,049	4,735
Total		7,488	1,430	8,918	6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596
By Employment Status	Contract	1,798	139	1,937	1,086	83	1,169	744	86	830	362	68	430
	Permanent	5,690	1,291	6,981	5,736	1,353	7,089	5,693	1,475	7,168	5,743	1,423	7,166
Total		7,488	1,430	8,918	6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596
By Age	Over 55	103	16	119	81	13	94	85	19	104	90	19	109
	41-55	1,820	506	2,326	1,620	463	2,083	1,555	438	1,993	1,451	363	1,814
	25-40	4,528	846	5,374	4,109	880	4,989	3,982	981	4,963	3,874	971	4,845
	Under 25	1,037	62	1,099	1,012	80	1,092	815	123	938	690	138	828
Total		7,488	1,430	8,918	6,822	1,436	8,258	6,437	1,561	7,998	6,105	1,491	7,596



▲ Female operator at the KAL mill receives an FFB Delivery Note from an external supplier.

## Diversity and Women's Empowerment

Our industry is known for still being dominated by men and our company is not an exception to this, as 84% of our workforce are men and only 16% are women. As conveyed to us during our engagements, several stakeholders, especially from civil society organizations and international institutions, believe that diversity is a material topic for us. Furthermore, gender equality has been set as the UN SDG 5 and has been widely adopted globally and by the Government of Indonesia. We agree that this is an important issue. We believe that gender equality and diversity is an important value to uphold and a key element for achieving sustainable development. Better outcomes can be achieved as more diverse voices and views are considered.



Multiple perspectives are enriching and favorable for making considerate and well-rounded decisions. Furthermore, a diverse workforce triggers greater collaboration and partnerships within the organization, as well as with external parties. **(103-1)**

The Company considers it important to make active efforts to nurture diversity and promote gender equality in the work environment. It is a priority for the Company that all workers, regardless of their gender, race, or religion are free to develop their full potential as leaders and innovators without being constrained by stereotypes and rigid gender roles. We practice equal opportunity, without gender bias, for employment, fair wages and bonuses, and unbiased promotion without any form of discrimination. As stated in our Sustainability Policy, we aim to create a working environment that is harmonious and non-divisive. Therefore, we do not accept any form of discrimination based on race, religion, nationality, political views, and physical and medical conditions affecting our employees and business associates. **(103-2)**

Several initiatives have been carried out to increase women's empowerment within the Company. Although the large majority of our workers are male, at the head office in Jakarta, the proportion of women is higher with 35% of staff being female employees. Importantly four out of twelve director positions across the group are female (33%), showing good representation of women in the senior leadership roles. Ensuring equal representation of women in the workplace is one of our primary commitments, and we encourage our female employees to apply for strategic and senior leadership positions. Mrs. Istini Tatiek Siddharta, ANJ's CEO, is a role model for many women in the Company. To celebrate the revolutionary endeavors of Kartini in

the emancipation of Indonesian women, ANJ provided female staff, through a zoom meeting, with the opportunity to discuss maintaining an optimal work-life balance while pursuing a career. **(103-2)**

In 2020, two of our female directors participated in a training on Women's Empowerment Principles (WEPs), organized by the Indonesia Global Compact Network (IGCN) and UN Women. The WEPs are a set of guiding principles for businesses to promote gender equality and women's empowerment in the workplace, marketplace, and community. Our CEO has also submitted and signed a CEO Statement of Support to the WEPs, expressing our commitment to deliver gender equality in our company. The WEPs are also a network to share and learn about business practices to empower women. By participating in this forum, our ability to reflect, evaluate and improve our own initiatives will be greatly enhanced. **(103-3)**

Our Sustainability Policy recognizes the role of women in families and communities, and the importance of providing medical healthcare according to women's special role as mothers in communities. Therefore, we have developed a healthcare and childcare system that supports women in carrying out their dual functions as a worker and as a family caregiver. The development of a childcare system that is functional and supportive also contributes to family wellbeing. We have established gender and child protection committees at each one of our sites to help create better gender equality at work, achieve reproductive health among female workers, to provide support to female victims of domestic violence, and ensure protection of children. **(103-2)**

**Table 10. Percentage of Employees in Each Employee Category by Gender (405-1)**

		2020			2019			2018			2017		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Employee Category</b>	Director	67%	33%	100%	67%	33%	100%	67%	33%	100%	78%	22%	100%
	General Manager (GM)	84%	16%	100%	88%	12%	100%	92%	8%	100%	86%	14%	100%
	Manager	86%	14%	100%	87%	13%	100%	88%	12%	100%	87%	13%	100%
	Staff	82%	18%	100%	82%	18%	100%	81%	19%	100%	85%	15%	100%
	Non-staff	84%	16%	100%	83%	17%	100%	80%	20%	100%	80%	20%	100%

**Table 11. Percentage of Employees in Each Employee Category by Age in 2020 (405-1)**

<b>Kategori Karyawan</b>	2020				2019				2018			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Director	0%	17%	83%	100%	0%	17%	83%	100%	0%	17%	83%	100%
General Manager (GM)	0%	53%	47%	100%	0%	45%	55%	100%	0%	58%	42%	100%
Manager	3%	81%	16%	100%	1%	79%	20%	100%	3%	79%	18%	100%
Staff	30%	67%	3%	100%	26%	70%	4%	100%	38%	58%	5%	100%
Non-staff	31%	64%	5%	100%	28%	66%	6%	100%	30%	64%	5%	100%

In the case of preparing future leaders through the Management Trainee (MT) program, the Company has gradually increased recruitment of female participants, which rose by more than 30% in the last batch of the MT program. **(103-2)**

We also actively empower women in our surrounding communities through various community programs. We believe the empowerment of women and the improvement of their social, economic and health status is essential for the

achievement of sustainable development. Our community involvement and development have a clear focus on programs that benefit women through improved healthcare for themselves and their families, improved education for their children, and the provision of new skills and economic opportunities. For instance, programs such as Warung Mama and the Vegetable Garden aim to create economic opportunities for women in West Papua, where there are few opportunities for them to generate additional income for their families. **(103-2)**

**Table 12. Ratio of Basic Salary and Remuneration of Women to Men, ANJ Group (405-2)**

Employee Category	2020	2019	2018	2017
	Ratio	Ratio	Ratio	Ratio
Directors	0.91	0.91	0.88	1.04
Manager*	1.45	1.37	0.98	1.22
Staff	1.02	0.97	0.97	0.97
Non-staff	0.99	0.99	0.99	1.00

Notes:

\* Including General Manager (GM) level

The ratio is calculated based on average salary.

Significant location of operation is defined as the whole ANJ Group.

The ANJ Group follows the policy of non-discrimination, including no gender-based discrimination on remuneration. The salary of every worker falls within the salary range band for their respective level and is determined by their competency and experience at that level.

The ratio of the average salary of female to male workers may vary according to the respective numbers of female and male

workers in that category. For example, the ratio of the average salary of a female Director to that of a male Director, in 2018, declined from 1.04 to 0.88, due to the promotion of several female managers to the Director level. Consequently, the ratio of the average salary of female to male managers also declined. We can also note, from Table 12 above, that a ratio of higher than one reflects the higher concentration of females with a higher salary at that particular category.

## Good Corporate Governance



▲ ANJ employees discussing the Code of Ethics and Company Values.

The Company believes that a strong commitment to upholding the principles of good corporate governance (GCG) — transparency, accountability, responsibility, independence and fairness—throughout our business is essential for delivering sustainable value to all our stakeholders and ensuring the Company's long-term growth in line with our responsible development goals.

ANJ's corporate governance framework consists of policies, controls, processes and standards that cover all aspects of the business and allow for a clear separation of distinct responsibilities, and informed, accountable decision making. The framework is underpinned by the Company's Code of Ethics on Business Conduct and our core values of integrity, respect for people and the environment, and continuous improvement.

### Governance Structure (102-18)

ANJ's corporate governance structure consists of three mutually independent bodies, in accordance with Law No. 40/2007 on Limited Liability Companies:

- The General Meeting of Shareholders (GMS): this is the highest decision-making authority.
- The Board of Commissioners: this provides oversight over the Company's management and advises the Board of Directors.
- The Board of Directors: this has overall responsibility for managing the Company for the benefit of the Company and its shareholders.

Both the Board of Commissioners and the Board of Directors are accountable to the GMS.

The GMS is the principal forum in which shareholders can exercise their rights to make certain decisions relating to the Company, to receive reports from the BOC and the BOD on their performance and accountability, and to question the Boards about their actions. The Company must hold an Annual General Meeting of Shareholders (AGMS) once a year and no later than six months after the end of the Company's financial year. An Extraordinary General Meeting of Shareholders (EGMS) can be convened at any time if deemed necessary. Decisions regarding economic, environmental, and social topics are mandated by the GMS to the BOD and BOC. **(102-18, 102-19)**

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

The BOC is supported in its supervisory functions by four Committees chaired by one of the Commissioners: the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility and Sustainability Committee. The BOD is supported in its management functions by the Corporate Secretary and the Internal Audit Unit.

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

## Governance for Sustainability Topics

The CSR and Sustainability Committee plays an important governance role in terms of the oversight function of the BOC in being fully informed of, and accurately monitoring the development and implementation of the Company's CSR and Sustainability commitments, based on identified environmental, social, and economic impacts of the business, as well as related risks and opportunities. The issues and aspects reported on and discussed in the quarterly meetings include updates on sustainability compliance (e.g. RSPO), progress with responsible development projects, environmental and social issues to community grievances, community engagement, government engagement, biodiversity conservation, alignment with SDGs, media attention, and sustainability awards. The CSR and Sustainability Committee met on four occasions in 2020 (quarterly). The Chair of the CSR and Sustainability Committee is Sjakon George Tahija who is also a Commissioner of the Company. **(102-29, 102-31)**

The committee provides advice to the BOD on the ANJ Group's CSR and sustainability plans and monitoring of their development and execution. The Sustainability Director is responsible for the development and execution of the Company sustainability commitments and initiatives, including formulating the sustainability policy, strategic direction for the implementation through all aspects of Community Involvement and Development (CID), Biodiversity and Conservation, compliance with sustainability standards, Plasma and Smallholder Partnership and Stakeholder Relations, including national and local governments, international and national NGOs and other key stakeholders. **(102-20, 102-21, 102-29)**

Considering that climate change has the potential to significantly impact our yields and production, the Operations Director is tasked with overseeing and managing the impacts, risks, and opportunities related to climate change. Risks and opportunities are reviewed in detail as the company realizes the urgency of mitigating climate impacts for the long-term sustainability of the company. **(102-29)**

Sustainability topics and issues raised by stakeholders on economic, social, and environmental issues, including material topics, are discussed at biweekly meetings of the AELT. The AELT is attended by all the BOD members, including those from subsidiaries, and BOC representatives whose meeting agenda included identifying, discussing, and reviewing the management of sustainability topics by the company. **(102-20, 102-21, 102-31)**

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

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

In addition to the Risk Management Committee and the CSR & Sustainability Committee meetings, opportunities to discuss environmental, social, and economic topics arise at meetings

of the BOC and the BOD. The BOC must meet at least once every two months and the BOD at least once every month. The BOC and BOD meeting agendas and topics are listed in the annual report pages 112 and 116, including a list of the specific economic, environmental, and social topics discussed. **(102-31)**

## Composition of the Boards and Committees (102-22)

The BOC is comprised of seven non-executive commissioners, three (42.9%) of whom are independent. The BOD is comprised of five executive directors. The gender composition of the BOC and BOD combined is 11 male (91.7%) and 1 female (8.3%). There is no membership of under-represented social groups

or stakeholders. Both the BOC and BOD members run for a term up to the fifth GMS as of their first appointment. The BOC members also hold other positions outside the Company's group, but the BOD members do not. **(102-22)**

In terms of competency in environmental, social, and economic matters, the BOC and BOD members as a group are well qualified with members holding degrees in social science, political science, engineering, agronomy, medicine, science, economics, law, business and accountancy. George Tahija is on the Advisory Board of The Nature Conservancy (TNC) Indonesia Chapter, and is also the Founder and Chairman of the Coral Triangle Center (CTC). The Sustainability Director worked for almost 15 years with United Nations Capital Development Fund (UNCDF), United Nations Development Program (UNDP) and UN Refugee Agency (UNHCR). **(102-22)**

**Table 13. Board of Commissioners**

Name	Gender	Position	Term started	Term ends	Independent
Adrianto Machribie	M	President Commissioner	AGMS 2020	AGMS 2025	V
George Santosa Tahija	M	Commissioner	AGMS 2020	AGMS 2025	
Sjakon George Tahija	M	Commissioner	AGMS 2020	AGMS 2025	
Istama Tatang Siddharta	M	Commissioner	AGMS 2020	AGMS 2025	
Anastasius Wahyuhadi	M	Commissioner	AGMS 2020	AGMS 2025	
J. Kristiadi	M	Commissioner	AGMS 2020	AGMS 2025	V
Darwin Cyril Noerhadi	M	Commissioner	AGMS 2017	AGMS 2021	V

**Table 14. Board of Directors**

Name	Gender	Position	Term started	Term ends
Istini Tatiek Siddharta	F	President Director	2020	2025
Lucas Kurniawan	M	Finance Director	2017	2022
Geetha Govindan	M	Operations Director	2020	2025
Naga Waskita	M	Legal Director	2017	2022
Fakri Karim	M	Sustainability Director	2019	2024

**Table 15. Audit Committee Composition as of December 31, 2020**

Member	Position	Basis of Appointment	Period
Darwin Cyril Noerhadi	Chairman	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
Muljawati Chitro (Until June 10, 2020)	Member	BoC Resolution No.001/ ANJ/2013 dated February 6, 2013	2013 - 2020
Danrivanto Budhijanto (Until June 10, 2020)	Member	BoC Resolution No.001/ANJ/2013 dated February 6, 2013	2013 - 2020
Irawan Soerodjo (From June 10, 2020)	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
Osman Sitorus (From June 10, 2020)	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025

**Table 16. Nomination and Remuneration Committee Composition as of December 31, 2020**

Member	Position	Basis of Appointment	Period
Adrianto Machribie	Chairman	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
George Santosa Tahija	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
Sjakon George Tahija	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
Istama Tatang Siddharta	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025

**Table 17. Risk Management Committee Composition as of December 31, 2020**

Member	Position	Basis of Appointment	Period
George Santosa Tahija	Chairman	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
Adrianto Machribie	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
Anastasius Wahyuhadi	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
J. Kristiadi	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025

**Table 18. Corporate Social Responsibility and Sustainability Committee Composition as of December 31, 2020**

Member	Position	Basis of Appointment	Period
Sjakon George Tahija	Chairman	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
Anastasius Wahyuhadi	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025
J. Kristiadi	Member	BoC Resolution No. 08/ANJ/GEN/2020 dated June 10, 2020	2020 - 2025

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

The Company's Code of Ethics on business conduct has clear procedures in place regarding conflict of interest. The Company makes a clear and distinct division between personal interests and the interests of the Company and avoids any situation which may result in, or be perceived as, a conflict of interest between the interests of the Company and personal interests. This applies to all members of the BOD and BOC. The affiliate relationships between members of the BOD, BOC and the Controlling Shareholders are disclosed in the Company's Annual Report (page 120) and complies with OJK regulations. **(102-25)**

## Board Evaluation and Training

The Annual General Meeting of Shareholders evaluates the performance of the BOC and BOD every year based on their annual accountability reports. In addition, both Boards conduct an annual self-assessment of their performance. In 2020, no external parties were appointed to evaluate the performance of either the BOC or the BOD. **(102-28)**

Every year, key performance indicators (KPIs), which are linked to the corporate strategy and implementation plan, including sustainability targets or objectives, are assigned to the BOC and BOD. Each Board member also assumes responsibility for at least one of the corporate KPIs for Responsible Development. At the end of the appraisal period, each Board member, including the President Commissioner, self-assesses his or her performance against their respective KPIs. For BOD members, their annual performance is further verified and evaluated by the President Director or, in the President Director's case, by the NRC. The results of the assessments are further discussed with the NRC and recommendations are made on the remuneration for the Directors. The Committee also provides guidance on improvement actions based on the self-assessment results. **(102-28)**

We recognize the importance of ensuring that our BOD members have the appropriate knowledge and skills related to sustainability practices to implement our sustainability commitments. Sustainability training and awareness is conducted through several means, such as short-courses, attending workshops and seminars, self-study and involvement in sustainability-oriented projects. **(102-27)**

In 2020, the BOD attended conferences, workshops, and seminars to enhance their collective knowledge in a wide range of issues covering economic, social, and environmental aspects. One Commissioner participated in training about the Carbon Market Platform and Block Chain. The full extent of these events and seminars are described in Table 19 below. **(102-27)**



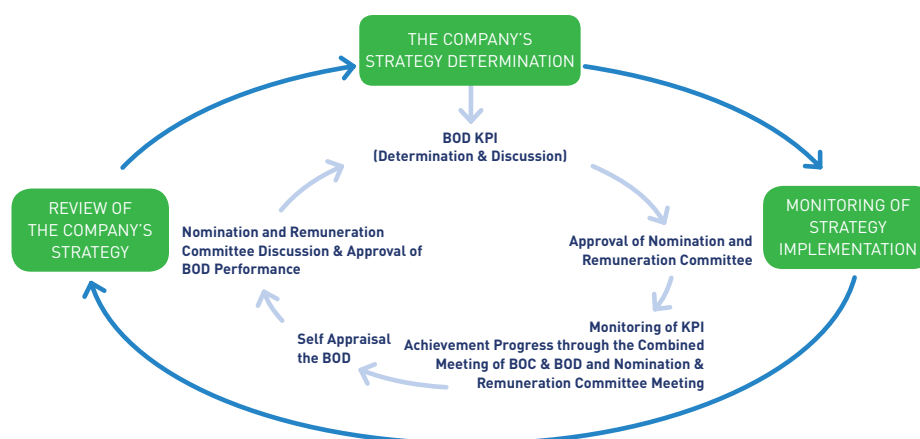


Table 19. Training and Development of BOD and BOC

## Board of Commissioners

No	Training	Participant	Period
1	Block Chain 101	George Santosa Tahija	August 2020
2	Carbon Market Platform		August 18, 2020

## Board of Directors

No	Training	Participant	Period
1	Analyst Presentation by OCBC Singapore	Istini T. Siddharta/President Director	April 15, 2020
2	UOB Kay Hian Market Update		June 5, 2020
3	Carbon Trading & Ecosystem Restoration Concession		June 11, 2020
4	Oil Uncertainties – The impact of low oil prices on Singapore and Asia		June 17, 2020
5	SIHA Haze Outlook 2020: COVID-19's Impact on Fire Preparedness and Haze Response		June 25, 2020
6	UOB Kay Hian: Dialogue Session with Mr. Dorab Mistry, Godrej International on 2H Palm Oil Outlook		July 14, 2020
7	SIHA Roundtable: Shaping Expectations of Environment, Social, and Governance (ESG) Practices in ASEAN's Palm Oil and Pulpwood Sectors		August 28, 2020
8	Knowledge expansion on Carbon Emission Reduction Market		August 18, 2020
9	Block Chain 101		August 2020
10	Carbon Market Platform		August 2020
11	Indonesia Palm Oil and Biodiesel Outlook		September 23, 2020
12	SIHA : Re-examining Sustainability and Resilience Post COVID-19		October 1, 2020
13	Carbon Project Feasibility		October 28, 2020
14	CEO Tax Talk		November 7, 2020
15	CEO Networking 2020 : Building Resilience to Economic Recovery		November 24, 2020
1	Forum On 3-MCPD AND GE	Lucas Kurniawan/Finance Director	February 7, 2020
2	Harnessing Opportunities: A Closer Look at the Omnibus Job Creation and Tax Bills		February 26, 2020

No	Training	Participant	Period
3	Webinar: The Impact of Coronavirus on Indonesia Credit		April 8, 2020
4	Analyst Presentation by OCBC Singapore		April 15, 2020
5	Discussion with PwC on Tax and Risk Management		April 28, 2020
6	Webinar: Recovery of China's Economic Activities		April 29, 2020
7	GoToWebinar - LMC COVID-19 Webinar		April 29, 2020
8	Sooner Than You Think: Hero Technologies		May 6, 2020
9	Working Capital Optimization in Times of Stress		June 5, 2020
10	UOB KH Market Update		June 5, 2020
11	Oil Uncertainties – The impact of low oil prices on Singapore and Asia		June 17, 2020
12	Webex meeting invitation: Economic and Commodities Market Outlook		June 29, 2020
13	IAPF - ACCA Joint Seminar		June 30, 2020
14	KJRI update		July 10, 2020
15	GoToWebinar - UOB Kay Hian: Dialogue Session with Mr. Dorab Mistry, Godrej International on 2H Palm Oil Outlook		July 14, 2020
16	UOB Kay Hian - Online Seminar on China Palm Oil Demand Outlook		July 29, 2020
17	Knowledge expansion on Carbon Emission Reduction Market		August 18, 2020
18	ACCA Roundtable: Working Together to Create a Sustainable Economy		August 26, 2020
19	Hedge Accounting Discussion		August 27, 2020
20	Block Chain 101		August 2020
21	Carbon Market Platform		August 2020
22	The 6th Indonesian Finance Association International Conference		September 17, 2020
23	Indonesia Palm Oil and Biodiesel Outlook		September 23, 2020
24	New Horizons - Re-examining Sustainability and Resilience Post-COVID-19		October 1, 2020
25	Market Insights: On the Mend		October 7, 2020
26	UOBKMY Vegetable Oils Production and Demand Outlook by Thomas Mielke, Oil World		October 19, 2020
27	7th Singapore Dialogue on Sustainable World Resources		November 3, 2020 - November 4, 2020
28	Financial Times Live - the Global Food Systems		November 3, 2020
29	EU Singapore Dialogue		November 5, 2020
30	Briefing on Omnibus Law		November 10, 2020
31	KPMG Indonesia X LGS Webinar - Omnibus Law for Job Creation: Manpower		November 18 2020
32	The Important Notes on Omnibus Law Taxation Cluster		November 24 2020
33	Bank BTPN Economic Outlook 2021		November 25 2020
34	Webinar: Agri Commodities Outlook 2021		November 25 2020
35	Indonesia Focus: Moving Ahead on Sustainability in the Agroforestry Sector – 2020 and Beyond		December 2, 2020
36	CPO Outlook by CIMB		December 3, 2020
37	Marsh Asia Leadership Summit - Client Panel discussion		December 3, 2020
38	Marsh 2020 Asia Leadership Summit - Client Panel		December 8, 2020
39	Moody's Analytics APAC Economic Outlook Update		December 15, 2020
40	APAC Economic Outlook Update Looking Forward to 2021		December 15, 2020

No	Training	Participant	Period
1	Analyst Presentation by OCBC Singapore	Geetha Govindan/Operations Director	April 15, 2020
2	Carbon trading & Ecosystem Restoration Concession		June 11, 2020
3	Block Chain 101		August 2020
4	Carbon Market Platform		August 18, 2020
5	Resolution 6d - Divestment and Withdrawals During RSPO Complaint - A Session with Malaysian and Indonesian Growers		September 11, 2020
6	CGS-CIMB Sekuritas Indonesia Investor Meeting		September 17, 2020
7	Global Food System		October 3- December 4, 2020
8	Carbon Project Feasibility by Himpanzee		October 28, 2020
1	Omnibus Law Training	Naga Waskita/Legal Director	March 5, 2020
2	ASEAN Scorecard		April 7, 2020
3	Analyst Presentation by OCBC Singapore		April 15, 2020
4	Webinar BRG Indonesia		June 8, 2020
5	Webinar IDX		June 9, 2020
6	Carbon trading & Ecosystem Restoration Concession		June 18, 2020
7	Webinar ICSA		June 18, 2020
8	Going Beyond the Balance Sheet: Disclosure and Transparency Webinar		June 18, 2020
9	POJK 42/2020 in-depth discussion on Affiliation and Conflict of Interest Transactions		August 14, 2020
10	Knowledge expansion on Carbon Emission Reduction Market		August 18, 2020
11	17th Employment Club Webinar - Practical Approaches in Employee Redundancy		September 23, 2020
12	Omnibus Law on Job Creation		October 21, 2020
13	Briefing on Omnibus Law		November 10, 2020
1	The Leaders Talk - Presented by PPM Management	Fakri Karim/Sustainability Director	March 4, 2020
2	Sago Export Acceleration		March 10, 2020
3	Analyst Presentation by OCBC Singapore		April 15, 2020
4	Webinar Biodiversity Day 2020		May 20, 2020
5	Carbon trading & Ecosystem Restoration Concession		June 11, 2020
6	Beyond the Value Chain: Strengthening Public Private Collaboration for Sustainable Agricultural Commodity Production		June 23 – June 24, 2020
7	TFA Roundtable EU Deforestation Measures - An Industry-Led Dialogue with Southeast Asian Stakeholders		July 1, 2020
8	Reporting on Emission and Climate Risk		July 3, 2020
9	Reporting on Waste with Circular Economy Perspective		July 9, 2020
10	Bright Lights of ASEAN - Sustainability Insights & Ideas from Leading Companies in the Region		July 17, 2020
11	SDGs Reporting (Launching of GRI-PWC-UNGC Joint Training Module on SDGs Reporting)		July 21, 2020
12	Workshop Grand Design Sago by ITB		July 23 – July 24, 2020
13	Preparing Stakeholder Engagement & Sustainability Strategy		August 4, 2020

No	Training	Participant	Period
14	Block Chain 101		August 2020
15	Carbon Market Platform		August 18, 2020
16	Re-examining Sustainability and Resilience Post COVID-19		October 1, 2020
17	Sustainable Land Use and Commodity Trade Dialogue		October 14, 2020
18	Webinar Media Perkebunan : Oil Palm Plantation in Papua Land		November 18, 2020

## Remuneration of the Boards

Members of the BOC receive a monthly honorarium, while members of the BOD receive compensation consisting of a basic salary, performance bonus, allowances, benefits and management stock options. All Commissioners and Directors are covered by liability insurance. The amount of the remuneration for both the Commissioners and the Directors is determined by the shareholders at the general meeting of shareholders, based on the recommendation of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee takes the assessment results into account when making

recommendations on the remuneration for the Directors. In 2020, no external stakeholders or consultants were involved in determining the remuneration of either the BOC or the BOD. The amount of remuneration received by the BOD and BOC is disclosed in the annual report page 117. **(102-35, 102-36, 102-37)**

For reasons of confidentiality, we cannot disclose details of annual compensation ratio of the highest-paid individual compared to the median annual total compensation for all employees, as well as the percentage increase of this annual compensation ratio. **(102-38, 102-39)**

## External Initiatives and Certification (102-12)



▲ Foreman checking the completeness of work equipment as a commitment to health and safety across the Group.

We adhere to several economic, environmental, and social principles, standards, and certification schemes. These include international schemes such as the RSP0, the Indonesian Sustainable Palm Oil (ISPO), and the International Sustainability and Carbon Certification (ISCC), which focus on no deforestation, no peat, no exploitation, transparent supply chains, and measurement of greenhouse gas emissions.

We are committed to ensuring that all of our plantations and mills achieve and maintain certification under these internationally recognized schemes. Other standards to which ANJ is committed include the International Standards Organization's Environmental Management System (ISO 14001), and the Occupational Health and Safety Management

System (ISO 45001), and regulatory requirements. Several of these standards are voluntary, such as RSP0, ISCC and ISO, whilst others are mandatory certification schemes, such as Occupational Health and Safety Management System (*Sistem Manajemen Kesehatan & Keselamatan Kerja/SMK3*), ISPO, and PROPER (Program for Ranking Corporate Performance).

In our vegetables business GMIT received the Class A Halal certificate from the Indonesian Council of Ulama (*Majelis Ulama Indonesia/MUI*) and food safety certificates from the National Agency of Drug and Food Control (*Badan Pengawas Obat dan Makanan/BPOM*) in 2019. GMIT was recertified and obtained the ISO 22000 certificate in July 2020, the Global Standard for Food Safety from the British Retail Council (BRC) in October



2020, the Kosher certification in November 2020, as well as the Food and Drug Administration (FDA) Food Facility Registration and Data Universal Numbering System (DUNS) number. These certifications give assurance to our domestic and international market that our products are safe.

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

**Table 20. Certifications in 2020**

Estate	Certificate	Date/Validity	Issuer
ANJA	RSPO	November 14, 2017 valid until November 13, 2022	RSPO
	ISPO	July 19, 2016 valid until July 18, 2021	ISPO Commission
	ISO 14001	May 28, 2020 valid until May 28, 2023	ISO Organization
	ISO 45001	May 28, 2020 valid until May 28, 2023	ISO Organization
	PROPER	Green Rating for year 2019 – 2020 May 16, 2019 valid until May 17, 2022	Ministry of Environment and Forestry Ministry of Labor and Transmigration
	SMK3	Green Rating for year 2019 – 2020 May 16, 2019 valid until May 17, 2022	Ministry of Environment and Forestry Ministry of Labor and Transmigration
ANJAS	RSPO	November 7, 2019 valid until September 24, 2024	RSPO
	ISO 45001	October 5, 2020 valid until October 5, 2023	ISO Organization
	ISO 14001	October 5, 2020 valid until October 5, 2023	ISO Organization
	SMK3	Nov 3, 2020 valid until Nov 3, 2023	Ministry of Labor and Transmigration
	ISPO	September 4, 2020 valid until September 3, 2025	ISPO Commission
SMM	RSPO	January 25, 2019 valid until January 5, 2021	RSPO
	ISPO	September 23, 2020 valid until September 22, 2025	ISPO Commission
	ISCC	December 25, 2019 valid until December 24, 2020 (in renewal process)	ISCC Organization
	OHSAS 18001	April 11, 2018 valid until April 10, 2021	British Standards Institution
	ISO 14001	April 11, 2018 valid until April 8, 2021	ISO Organization
	PROPER	Gold Rating for year 2019 - 2020	Ministry of Environment and Forestry
	SMK3	January 22, 2019 valid until December 22, 2021	Ministry of Labor and Transmigration
KAL	RSPO	November 11, 2019 valid until November 10, 2024	RSPO
	ISPO	July 27, 2018 valid until July 26, 2023	ISPO Commission
	OHSAS 18001	January 4, 2018 valid until January 3, 2021	British Standards Institution
	ISO 14001	January 4, 2018 valid until January 3, 2021	ISO Organization
	SMK3	July 14, 2017 valid until July 13, 2020 (in renewal process)	Ministry of Labor and Transmigration

To measure our transparency, we participate in the Sustainable Palm Oil Transparency Toolkit (SPOTT) assessment, conducted by the Zoological Society of London (ZSL). SPOTT checks various public disclosures of practices and sustainability commitments from RSPO documents, Company Annual/Sustainability Reports, and Company websites against a set of well-defined criteria. They will then assess and score the transparency of the companies. Since our initial engagement with SPOTT, our score has continued to rise, denoting our commitment to transparency. In our latest assessment, released in November 2020, we received a score of 68.1%. We strive to improve our score each year.

We have also participated in the CDP disclosure platform since 2019. CDP is a non-profit in charge of a disclosure system to help organizations manage and disclose their environmental impacts. Every year CDP asks for reports from participating companies and gives scores from A to D- on how effectively climate change and environmental issues are managed. Those who do not disclose or provide insufficient information are marked with an F. Like last year, ANJ scored a B-.

Meanwhile, our 2019 Sustainability Report was awarded Platinum Rating for the first time from Asia Sustainability Reporting Rating (ASRRAT) in December 2020.

## Membership in Associations (102-13)

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

**Table 21. ANJ's membership in associations in 2020**

Association	Role
Indonesian Public Listed Companies Association (AEI)	Participates as an active member.
Indonesian Palm Oil Producers' Association (GAPKI): Central Office and North Sumatra Branch	Participates in forums to encourage a conducive climate for the palm oil industry, increase capacity for sustainable palm oil, advocate for solutions to problems in the palm oil industry and synergize with the government on related policies.
Association of Large Private Plantations (APBS) Belitung	Participates in forums to coordinate compliance with government policies, to discuss solutions to industry problems, and to share information.
Indonesian Chamber of Commerce and Industry (KADIN)	Participates in fostering the development of the business community and all its stakeholders, with regard to economic policy formulation and implementation throughout Indonesia.
Indonesian Sago Community (MASSI)	Participates in promoting the development of sago as part of the national food security effort.
Roundtable on Sustainable Palm Oil (RSPO)	Member and participates actively in two working groups: No-deforestation Task Force and Indonesia National Interpretation.
Indonesian Grower Caucus	Participates as a member to promote sustainable palm oil management and best practices, and to share insights of common interests in the industry.
Palm Oil & NGO (PONGO) Alliance	Founding member; Chair from January-August 2018 and 2019. Participates in forums to encourage improved management of orangutan populations and their habitats within oil palm plantations, and within larger multifunctional landscapes in which these plantations are operated.



▲ Mature oil palms at ANJA plantation.

46-55

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# Prosperity

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**ANJ's responsible development approach is founded on a healthy balance of the triple bottom line. As a Group, we prosper when our communities are healthy and prosperous; our employees enjoy a safe, fair, and equitable workplace; and when the environment in and around our operational areas is healthy. To us, the triple bottom line is about maintaining an equilibrium between prosperity, planet, and people, all three being mutually interdependent.**

## Economic Performance

### CPO Price Fluctuations

As a company, we maintained our focus on our three pillars to responsible development, despite the severe challenges in 2020 during the COVID-19 pandemic. However, low commodity prices represent a challenge to the equilibrium of prosperity, planet, and people. Our economic success will impact our overall sustainability performance as it affects our ability to maintain our program commitments to communities and the environment. Meanwhile, our economic success is largely affected by CPO prices and, for this reason, we consider CPO price fluctuations as a material topic for the Group. **(103-1)**

CPO prices declined dramatically in March 2020 to reach its lowest in June. Despite a significant slowdown in global economic activity from March onwards, the oil palm sector started to rebound in July as the gradual resumption of economy activities in CPO importing countries including China which resumed its restocking of vegetable oil. **(103-1)**

The current economic climate and condition has led to increased demand, which ultimately improved CPO prices with the average selling price of USD 581 per ton in 2020. This was higher from our initial budget assumption of USD 475 per ton, and 21.2% higher than the 2019 price of USD 479 per ton. Meanwhile, the PK selling price averaged USD 315 per ton in 2020, above our budget estimate of USD 300 per ton and 20.7% above the 2019 price of USD 261 per ton. This situation had a direct and favorable impact on our performance considering that palm oil contributed 98.6% of our consolidated revenue in 2020. The final quarter of 2020 showed an increase in commodity prices. If this trend continues, we believe that 2021 will be a fruitful year, although challenges remain. **(103-3)**

From our experience of a prolonged low CPO price condition in 2018 and 2019, we believe that the price volatility of CPO may continue. To address risks on our cash flow in an uncertain market, we focused our capital expenditure investment on strategic projects to support our future growth. These projects included a second line at the KAL mill, completion of Tataker bridge and other infrastructure in West Papua, the building of reservoirs and ponds at KAL as part of the fire prevention and water management strategy, and the flood prevention

embankment construction at ANJAS. We also continued to ensure the commissioning of the frozen line facility in East Java to enable exports. Various capital expenditures were also made to increase the profitability of our sago project by producing more at a higher extraction rate. **(103-2)**

To further mitigate the impacts and risks of fluctuations in palm oil prices on our business, we made efforts to grow our non-palm oil agribusiness segments. In the sago business, we made efforts to increase extraction rates to improve the productivity of our sago starch from our mill in West Papua. We prepared to enter the edamame export market by improving yields and field operations, and completing the frozen line facility, which has been delayed due to COVID-19 but is expected to be completed in 2021. We have also started to diversify our vegetable products into okra and have gained experience in the growing and harvesting of this crop throughout 2020. **(103-2)**



▲ FFB ready to be taken to the factory



Please feel free to take out this insert and display it on your wall. The beauty of nature.

A pair of parrots (*Eclectus parrot*) was found in PMP operational area.

# Nuri Bayan

(*Eclectus parrot*)



**ANJ**

**ANJ is committed to elevate the lives of nature  
by protecting the biodiversity within and  
around our plantation.**

In 2019, ANJ developed the Pendaki - Peduli Keanekaragaman Hayati (Care for Biodiversity), a citizen science program. The Pendaki program engages and encourages team members from across six palm oil and sago estates to share their flora and fauna sightings from within ANJ's operational areas.



## Innovation and Productivity



▲ Oryctes pest control technique using nets on immature oil palm plants.

While CPO price is an external factor affecting our performance, internally, the key factor to our success is our productivity. Productivity encompasses both production costs and production volume. As the Company becomes more productive, with an improved costs/volume ratio, our profitability and overall performance will be higher. In our view, investing in research and innovation is a key success factor in increasing our productivity and thus a material sustainability topic. **(103-1)**

ANJ actively invests in research and development (R&D) as evidenced with the establishment of an R&D section based at SMM in 2015. The R&D capability was established with the assistance and support of the *Centre de Coopération Internationale en Recherche Agronomique pour le Développement* (CIRAD), a French agricultural research organization. In 2019, we expanded the R&D laboratory to house a larger team comprising research experts in soil, microbiology, statistics, pests and diseases, as well as field research staff who manage field experiments and monitor best practice management. The R&D team works closely with our estates to help ensure best agronomic practices are applied. **(103-2)**

In 2020, we focused on driving the growth of our sustainable palm oil business by optimizing estate and mill management to maximize FFB production and oil extraction. We also strengthened initiatives to mitigate climate-related impacts, through best practice agronomy such as drip irrigation and fertigation, composting and recycling of water and waste. We continue our commitments to maintain initiatives to preserve, recover and manage HCS, HCV and peatland areas, including strengthened fire prevention and management systems. Finally, continuing on from last year, we implemented the widespread deployment of digital technology to make field operations, cost control, and management of various CSR and conservation

projects more efficient, accurate, and transparent. All of these initiatives involve research and innovation to increase our palm yields and to respond to climate change impacts. **(103-2, 201-2)**

## Economic Performance of the Group



▲ Release of the first CPO shipment from West Papua by the Regent of South Sorong, Samsudin Anggiluli.

The COVID-19 pandemic has had a significant impact on our performance as it brought uncertainties in logistics and demand expectations. This is combined with the lingering effects of the 2019 El Niño throughout the first two quarters, which affected productivity. The wetter conditions brought by La Niña in the second half of the year partly improved the situation, with our yields benefitting.

Despite the challenges experienced this year, we posted a total revenue of USD 164.1 million in 2020, increasing from USD 130.4 million in 2019. This consisted of USD 163.5 million in

revenue from sales and USD 0.6 million in revenue from service concessions. Revenue from sales of palm oil accounted for 98.6% of total revenue in 2020, whereas 1.4% was contributed by service concession revenues and sales of edamame and sago starch. CPO sales revenue increased by 26.9% from USD 115.0 million in 2019 to USD 145.9 million in 2020, as our average CPO sales price increased by 21.2% from USD 479 per ton in 2019 to USD 581 per ton in 2020, and CPO sales volume fell by 0.6% to

238,464 tons, from 239,800 tons in 2019. Palm kernel (PK) sales revenue amounted to USD 15.3 million in 2020, an increase of 12.8% from USD 13.6 million in 2019, as a result of our average selling price increasing by 20.7% to USD 315 per ton, up from USD 261 per ton in 2019, while PK sales volume decreased by 6.6% to 48,660 tons from 52,115 tons in 2019. As a result, the economic value retained from our business this year increased to USD 8.3 million. **(103-3; 201-1)**

**Table 22. Direct Economic Value Generated and Distributed (USD) (201-1)**

Description	2020	2019*	2018*	2017 *
<b>Economic Value Generated</b>				
Revenue	164,099,644	130,355,274	151,701,360	161,797,280
Dividend Income	97,177	109,803	1,235,798	1,392,332
Other income	4,733,577	15,340,771	1,399,975	62,704,503
Share of profit of equity- accounted investees	-	811,801	2,001,472	4,197,744
Finance income	766,356	1,688,776	1,627,881	1,166,367
<b>Total Economic Value Generated (A)</b>	<b>169,696,754</b>	<b>148,306,425</b>	<b>157,966,486</b>	<b>231,258,226</b>
<b>Economic Value Distributed</b>				
Operating Costs	134,383,505	121,328,440	133,685,437	136,443,652
Employee Wages and Benefits	8,838,214	7,504,130	12,390,796	15,219,412
Payments to Owners of Capital:				
Payments to Shareholders	-	-	2,797,470	4,479,379
Payments to Creditors	3,056,057	1,746,634	1,982,664	3,597,833
Payments to Government	9,260,101	12,617,086	10,710,849	27,977,715
Community Investments	5,821,722	7,361,833	1,799,418	2,207,378
<b>Total Economic Value Distributed (B)</b>	<b>161,359,599</b>	<b>150,558,123</b>	<b>163,366,634</b>	<b>189,925,369</b>
<b>Economic Value Retained (A-B)</b>	<b>8,337,155</b>	<b>(2,251,698)</b>	<b>(5,400,148)</b>	<b>41,332,857</b>

**Note:**

\*information restated due to improved interpretation of disclosure requirements

In addition to Community Investments, described in Table 22 above, which are recorded in our statement of profit or loss, we have also made Community Investments which we recorded as part of our cost to develop our plantation assets. A summary of our Community Investments is provided in Table 23.

**Table 23. Summary of Community Investments**

Description	2020	2019*	2018*	2017
Recorded in the Statement of Profit or Loss	5,821,722	7,361,833	1,799,418	2,207,378
Recorded in plantation assets	328,799	146,786	-	-
<b>Total Community Investments</b>	<b>6,150,521</b>	<b>7,508,619</b>	<b>1,799,418</b>	<b>2,207,378</b>

## Sector Performance

### Palm Oil

Our strategy continues to be guided by our commitments and objectives in compliance with the RSPO guidelines and the Company's Sustainability Policy. However, as we continue to address the persistent effects from the low-price situation in 2019 and anticipate the potential impacts of the COVID-19 pandemic, our priorities will be to preserve cash, drive productivity and cost efficiency, and minimize non-essential capital expenditures, at least until we see a sustained strengthening of the CPO price. **(103-2)**

To ensure that our mills are utilized at optimal levels, we continue to increase the purchase of FFB from smallholders. This approach is in line with our responsible development commitments to local communities as we increase our contribution to the local economy





▲ Harvesting FFB at KAL.

whilst supporting demand for sustainably grown FFB, which meets our environmental and social standards of production. Bringing smallholder farmers along on the sustainability journey continues to be critical to our success. November 2020 was a high point in this journey as we handed over payment of the RSPO premium price to several smallholder cooperatives in Belitung, which received RSPO certification in 2019. The policy of sourcing good quality external FFB has proved to be a serious source of additional income, as it brings biomass and shells to run our boilers and reduce our energy demand. This year we sold a significant volume of shells, which brought USD 589,130 of additional revenue. **(103-2)**

## Sago

ANJAP, our sago subsidiary, started the year poorly with a late agreement from the villagers to harvest the sago logs in their customary owned sago forest, which significantly slowed production in the first quarter. When this issue was eventually resolved, we were faced with further limitations due to uncertainties in logistics and demand expectation that came along with the restricted movement rules due to the COVID-19 pandemic. To some extent this resulted in a slowdown in demand, including from the Japanese market, which is our target for the export market. The unprecedented conditions posed by the pandemic resulted in significant losses from February until August. At the end of 2020, the production decreased from 2,781 tons of sago starch in 2019 to 2,233 tons in 2020. Furthermore, the success of mechanization of the harvesting process and automation of the front-end processing in 2019, as well as planned improvements that will further reduce production costs, failed to achieve the target of break-even in 2020.

In 2021, the plan for ANJAP is to focus on efforts to improve extraction rates to allow the Company to achieve a higher yield from a smaller extraction site area. In addition, we have commenced improvement of our processes to produce higher sago starch volume on a monthly basis to fulfill the market demand requirement. Our target is to increase production volume more than twofold from 2020. **(103-2)**

The notable improvements in our extraction and processing rates this year were made possible by our skilled team of on-site engineers, as well as the research and development team based in Belitung. ANJ commends their efforts to pinpoint the weaknesses in our operations, such as the loss of bonded sago granules, due to the complexity of their extraction process characteristics. We also commend the efforts to rapidly implement effective solutions. The research and development team has also conducted a robust meta-analysis of the use of



▲ Food lab staff developing innovative sago-based food for the enjoyment of consumers.

enzymes in improving extraction rates; the results of which we hope to integrate into our future production model.

The potential of sago continues to grow as the product gains national awareness. Recognizing its important and strategic role for the national food security, particularly in facing the food crisis, as predicted by the Food and Agriculture Organization (FAO), the Government of Indonesia has included sago into the Indonesia five-year development plan. Our food technology department has continued to develop innovative, value-added sago starch products. In 2019, we opened a Jakarta-based small food lab with attached restaurant, Bueno Nasio, which serves sago-based foods, and functions as a space for promoting sago to a wider audience to demonstrate how sago can play a key role in sustainable food production, thereby contributing to Indonesia's food security and improving livelihoods in sago-growing areas.





▲ Edamame sorting process at the GMIT factory.

## Edamame and Vegetables

GMIT, which operates our vegetables agribusiness, experienced a period of low yield in the first quarter of 2020 due to the lasting impacts of the El Niño in 2019. The high yield observed in the second and third quarter of the year, due to enhanced rainy season, compensated for this loss, as well as the poor performance in the fourth quarter. Overall, despite the limitations the Company faced in 2020, the yield in 2020 was significantly higher than that of 2019. Limitations due to the COVID-19 pandemic also caused delays in the delivery of the frozen-line machinery from overseas, thus pushing-back commercial production of frozen edamame until 2021.

As of 2020, we have established deals with companies in Laos and Canada. Through our experimentation in 2020, the Company has gained further insight into the demand for frozen products. In 2021, with the completion of the commissioning of our frozen-line processing machinery, we expect to increase our exports, including to Japan, where the demand is high. We also ensure that all our products meet the rigorous quality control criteria upheld by international food safety bodies, including BRC, ISO 22000, Kosher, FDA and Halal certification.

Okra, the newest addition to our vegetable segment, is scheduled to begin production in the second semester of 2021. Furthermore, the import of high-quality seeds from Thailand has increased our quality and yield, in comparison to the crop produced from locally sourced seeds.

## Renewables

AANE's electricity generation and sales increased from 7,106,562 kWh in 2019 to 9,400,660 kWh in 2020, representing a positive variance of 8.3% from our budget of 8,677,562 kWh. This was largely attributable the fewer shutdowns during the year, which also contribute to lower maintenance and repair costs. Service concession revenue increased from USD 0.4 million in 2019 to USD 0.6 million in 2020, which was 6.4% above our budget of USD 0.5 million. The tariff remained at IDR 975/kWh, at which level it is not commercially feasible for the Company to produce electricity.



▲ Biogas plant at AANE on Belitung Island.

For this reason, we are not planning to pursue further commercial development of our renewable energy business. We, however, continue to see a role for biogas for internal use as part of our sustainability strategy in the long term, targeting reduced reliance on fossil fuels, lower greenhouse gas emissions, and optimized use of waste products. We will commence preparing our work plan and the related capital expenditure budget to capture methane gas and build additional biogas plants for our own internal use, while maintaining our efforts to improve operational efficiency of the biogas plant at SMM.

## Financial Impacts of Climate Change (201-2)

Climate change has a significant direct impact on our economic performance as an agribusiness company because extreme weather events can affect the quality and harvesting of our crops, thus impacting our production, operations, and financial performance. Factors which affect palm oil yield include rainfall amount, rainfall seasonality, temperature, carbon dioxide (CO<sub>2</sub>), sea levels, pests and diseases, and pollination. All of these factors are affected by climate change and might cause gains or severe loss of yield depending on the conditions in our locations. (103-1, 201-2)

In 2020, the lasting impact of the extreme climate conditions induced by the El Niño in 2019 has greatly affected the productivity in our palm oil and edamame estates. High temperatures, prolonged droughts and water deficits caused by El Niño ultimately reduce oil yield. According to a study published by the University of Wageningen and The World Agroforestry Centre in 2016, yield losses because of water deficits can be 10–20% per 100 mm deficit below a critical threshold. Furthermore, haze caused by fires related to drought conditions can result in a 15–20% annual yield loss after two months reduced solar radiation.

Changing rainfall patterns brought about by climate change are already occurring throughout Indonesia. More intense wet seasons followed by longer dry seasons are becoming more common. Intense rainfall due to the La Niña in 2020 caused floods in our estates or in communities near our estates,

such as at KAL, ANJA, and our West Papua operations. This may negatively affect our operations, our employees, and surrounding communities. Finally, with climate change we are starting to see the emergence of new pests, pathogens, and weed problems that damage our oil palms.

The financial implications of this climate-driven yield reduction are difficult to model because of the complex interactions between various climatic factors with management interventions. However, we recognize that the potential losses due to climate change are high, and we carefully manage this risk by applying several initiatives.

In all our operational units, we reduce our greenhouse gas (GHG) emissions by reducing the usage of fossil fuels through renewable energy, water conservation and waste management, in line with the concept of the circular economy. We have an ongoing waste-to-energy program. Whenever possible, we are reducing diesel fuel use to power our mills by using recycled biomass from solid waste and biogas from Palm Oil Mill Effluents (POME).

As a flood prevention measure, we initiate river dredging to manage the river flow, especially at ANJAS, where our estate and surrounding communities are located near a large river which floods during rainy seasons. Additionally, we have carried out reforestation activities, within ANJAS and outside, to mitigate floods and landslides, in cooperation with Conservation International and local communities. ANJAS is applying for 1000 ha of additional Land Cultivation Right Titles (*Hak Guna Usaha*/HGU) to be set aside as conservation area. Flood or landslide events are often reported early by truck drivers transporting CPO from our mill to the city of Padang Sidempuan. Their early warnings allow us to quickly mobilize heavy equipment to reopen the road access affected by floods or landslides.

We apply agronomic best practices such as drip irrigation and fertigation which ensure the palms do not become water stressed and receive just the right amount of water and fertilizer. Fertigation has been trialed with success in our estates in ANJA and SMM, and we hope to expand its use across the group. To reduce the use of chemical (inorganic) fertilizers that emit GHG on palm oil plants, we recycle our empty fruit bunches (EFB) into compost which is then applied to oil palm plants as organic fertilizer. We have carried out an evaluation of composting in SMM and ANJA Siais estates. We have also introduced and implemented micron herbi sprayers in all our estates which use water more efficiently. Other emissions reduction initiatives include the Electrostatic Precipitators (ESP) installed at the KAL and West Papua mills. The ESP can reduce

particulate matter (PM) pollution to comply with the international emission standards.

To improve pollination levels, we have constructed palm weevil (*Elaeodius kamerunicus*) boxes. *Palm weevils are pollinators of oil palm plants that can significantly increase yields.* We continue initiatives to preserve, recover and manage HCS, HCV and peatland areas, and we strengthened our fire prevention and management systems. The various climate change mitigation initiatives described above are explained further in the "Planet" section of this report (page 56-85).

The expenditure associated with implementing our climate change initiatives during 2020 amounts to USD 3,170,766, composed of USD 2,947,129 for the composting initiative, USD 182,832 for the drip fertigation trial project, and USD 40,805 for our fire prevention and management systems. However, it should be noted that climate change mitigation efforts also brought opportunities for us to reduce costs or make savings. For instance, our waste-to-energy program means we can reduce diesel fuel consumption by using a cheaper alternative through reusing palm oil shells and fibers. By our own calculations, the reuse of shells and fibers has saved up to USD 9 million in energy costs in 2020. In addition, our new mill in West Papua and the second line mill in KAL have used multistage turbines. We have also gradually replaced our turbine in ANJAS with multistage turbine. The use of multistage turbine can reduce the consumption of palm oil shells and thus we can generate other income from sales of palm oil shells. In 2020, other income generated from palm oil shells amounted to USD 589,130.

### Defined Benefit Plan Obligations (201-3)

We have a post-employment benefit plan in place for all employees which follows the requirements as set out in the Indonesian Labor Law. The funding of the defined benefit plan is managed through Dana Pensiun Lembaga Keuangan (DPLK) Manulife, an insurance company. We contribute 100% of the contribution, the employee does not contribute, and as such the participation is 100%. The consent of the employee is not required. There is no minimum funding requirement under the arrangement with DPLK Manulife. We engage Manulife only to manage our fund to fulfill our post-employment obligation to employees. At the end of 2020, we contributed a total of USD 6.2 million to the employee retirement plan managed by DPLK Manulife and we recognized post-employment benefits obligation of USD 20.3 million.

**Table 24. Obligation recognized in relation to Post-Employment Benefits Plan (201-3)**

Employee benefits obligation	2020	2019	2018	2017
Estimated value (USD)	20,319,686	17,715,336	16,521,461	16,964,071

## Financial assistance received from the Government (201-4)

The Government of the Republic of Indonesia provides certain investment facilities to foreign and domestic investors. Such investment facilities include import duty exemption when a qualified investor imports machinery. In 2020, the Company utilized this investment facility in the form of import duty exemption for machineries required for our palm oil mill extension at KAL and machineries for our frozen edamame at GMIT. The monetary value cannot be disclosed due to the confidential nature of the information.

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

## Indirect Economic Impact

Our business is deeply motivated by the intention to contribute to the economy and drive growth in Indonesia, particularly in areas where we operate, as stated in our vision to elevate the lives of people and nature. In that context, the socio-economic welfare and livelihood generated directly by our company through our operations and indirectly through our larger value chain, is a key material topic for us and a core aspect of one of our triple bottom line pillars—prosperity. We believe that sustainability can only be achieved if our activities are able to create welfare and livelihood opportunities in all the areas we operate. Not only do we expect this from ourselves as a Group, but this is also what shareholders, local communities, local and national governments, and many other stakeholders duly expect from us. **(103-1)**

Our commitment to sustainability considers the UN SDGs whereby creating economic opportunities is a central part of how we contribute to achieving the SDGs. We believe that sustainable growth for prosperity means building partnerships and opportunities with the local communities. This approach aims to enhance the positive impacts of our economic activities, ensuring that local communities are not marginalized from the benefits of growth and economic opportunities. **(103-2)**

Each of our business operations creates opportunities with the local people. In our palm oil estates, we have partnerships with smallholders in the core-plasma scheme. Our mills also accept FFB from third parties in surrounding areas, mostly local smallholder farmers. Our edamame and vegetables business in East Java also work closely with farmers, guaranteeing that we will buy their crops at an agreed price to provide income security and increase their welfare. Our sago business in West Papua is built with regional development in mind so that the province can catch up with development in the rest of Indonesia. We are motivated by the opportunity to grow as a business and to contribute to development efforts thereby investing

and realizing the potential of sago and oil palm as a driver of economic development. **(103-2)**

We also have various initiatives through our Responsible Development (RD) projects and community investment and development programs that aim to increase the socio-economic welfare of our local communities. We have socio-economic empowerment programs designed to build the skills and confidence of local communities to cope with and benefit from a transforming to a more modern economy. Programs include the Warung Mama Project, the transportation cooperative, the savings cooperative, and vegetable gardening in our East Region. In our West Region, we have a project that explores the potential for innovation in cattle farming as an alternative source of income for farmers, or building capacity in hospitality and tourism. Further details of our socio-economic empowerment activities and their impacts are described in the “Local Community” section of this report (page 102-119). **(103-2)**

Some of the most significant indirect impacts that we generate in our business locations include economic development in remote and underdeveloped areas, especially in West Papua which has one of the lowest Human Development Indices in the country according to Statistics Indonesia. We achieve this by our presence in creating economic activities for contractors, local companies, cooperatives, and individuals to obtain opportunities from delivering goods and services to our company and our employees. Furthermore, this will ultimately create more job opportunities throughout our supply and distribution chains that add to the direct employment that we generate. Hence, we believe our activities contribute to multiple SDG targets, including SDG 1 (No Poverty), 2 (No Hunger), 8 (Decent Work and Economic Growth) as well as the government’s development agenda. **(203-2)**

Aside from that, our activities also require the establishment of services to our workforce that can be accessed and used by local communities. For instance, we have a network of seven main clinics and five smaller support clinics staffed by competent doctors, nurses, and midwives. These clinics provide easily accessible healthcare services in areas where health services are scarce. In compliance with government regulations, our clinics are required to provide health services to all as part of the National Health Insurance (*Jaminan Kesehatan Nasional/ JKN*). As such, our clinics are part of the wider national health services network. **(203-2)**

We recognize that the presence of a modern corporation in remote areas can initiate socio-economic changes. These changes can bring positive benefits but can potentially cause negative impacts and marginalization of some communities from economic growth due to their unpreparedness to face a modern economy, such as lack of skills and knowledge. This is the reason why we put a lot of emphasis on local community empowerment activities as described throughout this report. **(203-2)**

To better understand our impact and contribution to national and international sustainability goals, we commissioned an independent study of the environmental, socio-economic, and socio-ecological conditions in villages in and around our areas of operation in 2019. To measure additional socio-economic benefits compared to a general baseline, the study compared three areas: 1) the ANJ oil palm estate areas; 2) villages that overlap with ANJ estates; and 3) nearby villages that do not overlap with the ANJ estates. The results showed that in all our estates, the village welfare increased markedly between 2000 and 2018, indicating overall improvement in socio-economic conditions in the rural areas in which we operate. Empirical studies like these are beneficial in helping us to evaluate the extent of our impact and adapt our management approach accordingly. **(103-3)**

Our investments and economic activities in the areas where we operate mean that although we build infrastructure and services to serve our operational needs, these improvements can also be used by local communities. Since we often operate in remote and rural areas, these might have a significant impact on our surrounding communities. This includes the building of bridges that can significantly reduce travel time and facilitate a faster flow of goods and people that ultimately drives economic growth. We are currently building several bridges in our operational areas. For example, the Tatakera Bridge at PMP and PPM. We are also building and maintaining access roads for our transportation needs that can also be used by surrounding communities. Further details of some of the most significant infrastructure and investment services relevant for reporting in this period can be found in Table 25.

**Table 25. Significant Infrastructure Investments and Service Supported in 2020 (203-1)**

Item	Location	Description	Type	Impact
<b>Construction of Tatakera bridge</b>	PPM and PMP	A 45 meters long and 7 meters wide bridge, with 4.4-meter-wide road access. The bridge is built for the transportation of FFB, fertilizers, and other logistics. However, the bridge can be used freely by local communities and includes a pedestrian crossing. Total investment for the Tatakera Bridge amounts to USD 301,716 in 2020.	In kind	The Tatakera Bridge is the only bridge in the area that crosses the Tatakera River. The bridge can increase access and links between communities which can generate economic opportunities for the local communities. The bridge also reduces travel time and thus making life safer for local communities.
<b>Construction of Toilets as part of a Sanitation Program</b>	SMM	Donations for the construction and maintenance of toilets at Jangkang village, for a total of USD 2,882 in 2020. This is part of a water and sanitation program carried out in the area.	In kind	Provides improved access to water and sanitation for the local community, potentially reducing the transmission of diseases such as cholera, diarrhea, dysentery, hepatitis, typhoid, and polio. Poor sanitation also exacerbates stunting.
<b>Construction and maintenance of the Jamarema Jetty</b>	PPM	The Jamarema Jetty is located at Kampung Puragi, near our PPM estate. Although built for company use, the jetty can be used by local people as well. This is provided in-kind to local communities.	In kind	Local communities have their own makeshift jetty that they use daily. However, this type of jetty is vulnerable to weather conditions and might become unusable in certain situations. The Jamarema Jetty is much sturdier and reliable to be used by locals to dock their ships.
<b>Health Clinics</b>	ANJA, ANJAS, GSB, SMM, PMP, PPM, and ANJAP	A network of seven main clinics and five smaller support clinics staffed by a total of six doctors, seventeen nurses, and twenty-two midwives. The clinics was mainly set-up to serve our workforce but can also be used by local communities. This is a pro-bono engagement. The total operational cost for the clinics in 2020 amounts to USD 357,775.	Pro bono	Provide easily accessible healthcare services to employees and their families, contractors, and members of the local community who live near our estate, which are remote areas with limited health care facilities and government provisions.

56-85

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# Planet

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The palm oil sector is often linked to negative environmental impacts such as deforestation, biodiversity loss, degradation of peat ecosystems and forest fires. External stakeholders such as consumers, buyers, and environmental NGOs are, therefore, rightly concerned and highly critical about the environmental performance of palm oil companies. As an agribusiness company with a core business in palm oil, we recognize these concerns and concentrate our attention on managing our environmental impacts. Furthermore, we believe that these issues may go beyond palm oil and apply, in varying degrees, to our other core businesses as well. **(103-1)**

To manage our environmental impacts, we have set the following high-level commitments and goals in our group-wide Sustainability Policy **(103-2)**:

- Responsible development of new areas incorporating an integrated landscape approach.
- Total protection and conservation of independently identified High Conservation Value-High Carbon Stock (HCV-HCS) forests.

- Zero land clearing for oil palm in independently identified HCV and HCS areas following RSPO protocols. Development of identified HCS areas pertaining to legacy cases will strictly follow RSPO's requirements.
- No new development in peat areas of any depth, and conservation of peatlands.
- Commitment to reducing Greenhouse Gas (GHG) emissions.
- Zero Land Burning.
- Taking precaution when developing on fragile soils, slopes, and water ways (including river basins).

Furthermore, we also abide by existing laws and regulations that relate to the protection and conservation of the environment:

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



▲ Adult Fantail feeding its young in the PMP operational area.

## Biodiversity and Conservation

**Biodiversity values are high in Indonesia which ranks as one of the most biologically diverse nations on Earth. This comes with a huge responsibility to do everything we can to protect this natural capital by avoiding and minimizing the impacts of our activities on biodiversity. (103-1)**

Biodiversity and conservation are significant issues in our palm oil and sago operations, which includes cultivating, harvesting, and milling activities in locations that are in or near areas containing high biodiversity. As highlighted in Table 26, many of our plantations and estates are close to or adjacent to nature conservation areas designated within the Protected Area System of the Ministry of Environment and Forestry (MoEF). Some of these areas are also categorized under the International Union for Conservation of Nature (IUCN) protected area management

categories (World Database on Protected Areas/WDPA) website. For this reason, the management of biodiversity risks and conservation of biodiversity has been a long-standing commitment of ANJ. Furthermore, we are cognizant of the fact that understanding and managing biodiversity risk does not only apply to our own plantations but also extends to our supply chains, as many of our suppliers and partners are located in high biodiversity locations. **(103-1)**





An Orangutan mother and her baby living in PT Kayung Agro Lestari conservation area.

# Orang Utan

(*Pongo pygmaeus*)

**ANJ is committed to elevate the lives of nature by protecting the biodiversity within and around our plantation.**

In 2019, ANJ developed the Pendaki - Peduli Keanekaragaman Hayati (Care for Biodiversity), a citizen science program. The Pendaki program engages and encourages team members from across six palm oil and sago estates to share their flora and fauna sightings from within ANJ's operational areas.



**ANJ**



Table 26. Proximity of Operational Sites to Protected Areas (304-1)

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

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



▲ Mother orangutan and her baby in the KAL conservation area.

## Our approach

Our Sustainability Policy commits to the total protection and conservation of independently identified HCV-HCS areas following RSPO protocols. To meet our conservation commitments, we have developed a Conservation Policy that provides further guidance for protecting and conserving the environment, including the determination of HCV areas and other areas of conservation importance, as well as formulating the management and monitoring plan for these areas. **(103-2)**

Scientific evidence shows that large contiguous forest landscapes are needed to maintain tropical biodiversity values and the presence of wide-ranging species. We therefore recognize that our conservation management efforts must go beyond our boundaries. To do this we leverage through partnerships with local government and non-governmental organizations to take an integrated landscape-level approach to conserving and protecting high biodiversity value areas within and adjacent to our operational areas. One such example is the Essential Ecosystem Area (*Kawasan Ekosistem Esensial/KEE*) in Ketapang Regency where KAL partners with government, NGOs, and the private sector to protect orangutan habitat. The KEE policy was introduced by the government to reduce the gap in areas that still have high biodiversity but are not formally protected as conservation areas. Following up on the KEE action plan, in 2020, KAL has worked with related stakeholders to identify and conduct a survey of the wildlife corridor that connects the KEE area to Gunung Palung National Park and Gunung Tarak Protection Forest. **(103-2; 103-3)**



Our biodiversity and conservation programs are managed and implemented by a dedicated conservation team led by a Head of Conservation with the assistance of one manager to cover all operational areas. At each business unit, a dedicated conservation staff member monitors biodiversity, HCV areas, and conservation issues on the ground. The key managers in our conservation team have extensive professional experience in nature conservation and have wide networks in the conservation sector in Indonesia. The team reports directly to the Head of Conservation, and ultimately to the Sustainability Director. **(103-2)**

Biodiversity conservation requires the involvement of stakeholders to be truly effective. Part of our approach is through communication and building a shared understanding among stakeholders. Managed by the conservation staff in each business unit, we promote and educate the importance of protecting biodiversity and tackling biodiversity loss to both our employees, contractors, suppliers, and local communities, including school children. This includes addressing issues such as illegal logging or hunting and trapping of endangered species carried out by offenders among surrounding communities. Local community members are involved and employed in patrolling and monitoring conservation areas, therefore, promoting their engagement with the issue. **(103-2)**

We measure the success of our conservation interventions through biodiversity monitoring and the management performance in the protection of our conservation areas. We evaluate programs based on their clear impact on restoring biodiversity evidenced by, for example, the increase in certain species populations, such as the increased number of orangutans in the conservation areas in KAL or the number of water birds making use of the sedimentation ponds and waterways within our estates. **(103-3)**



▲ SMM conservation staff monitoring biodiversity around the operational area.

Evidence of our partnerships with external stakeholders to better manage our HCV areas is exemplified at our estates. At ANJAS, in North Sumatra, the management and monitoring of HCV areas is carried out in conjunction with the local community, the Forest Management Unit of South Tapanuli, the South Tapanuli Natural Resources Conservation Center (*Balai Konservasi Sumber Daya Alam/BKSDA*) and Conservation International (CI). Isner Manalu, North Sumatra Program Manager of CI, appreciates the successful partnership with ANJ in carrying out conservation monitoring, awareness building, and other activities at Binasari Village, South Angkola. "From our monitoring, we can see a decrease in deforestation around Binasari village," Isner added. **(103-3, 304-3)**

At KAL, in West Kalimantan, the management of HCV areas, which were designated as part of KEE by the Governor of West Kalimantan in 2017, is also carried out with the community, BKSDA region III Ketapang, Ketapang local government, and non-governmental institutions, namely Tropenbos Indonesia and Yayasan Inisiasi Alam Rehabilitasi Indonesia (YIARI). Agustinus Batubara, from the Ketapang BKSDA, expressed his general satisfaction with KAL's conservation activities such as patrolling, community development initiatives, or ecotourism development. "In most cases, companies have yet to implement anything like these", he added. ANJ has worked with Tropenbos Indonesia since 2018 to manage HCV areas at KAL and plans to continue this partnership in the future. "Next, Tropenbos will work with KAL to facilitate community groups at Laman Satong Village and its surroundings to collaborate in the management of HCV area 657 as a tourism destination", said Edi Purwanto, Director of Tropenbos Indonesia. **(103-3, 304-3)**

In West Papua, we have recently commenced the process of establishing cooperation with stakeholders, such as the South Sorong local government, regarding management of our HCV-HCS areas. **(103-3)**

## Biodiversity Monitoring

Flora and fauna species with confirmed presence in our operational sites, including conservation areas (HCV areas), riparian buffer zones, and planted areas, are thoroughly documented. We maintain records of all species listed according to the IUCN Red List, the Convention on International Trade of Endangered Species (CITES) list, and government regulations. The monitoring of these flora and fauna, as well as the identification of additional species, is an ongoing part of our biodiversity monitoring, led by our conservation staff with the assistance of our employees and local communities. **(103-2)**

Our staff are trained in species identification and biodiversity/habitat management. They receive support from various scientists who engage with ANJ and they are also given various

opportunities to attend external workshops and seminars. The COVID-19 pandemic has impacted the opportunity to participate in such trainings, workshops, or seminars. Nevertheless, in 2020, there were 121 sustainability and biodiversity-related training sessions covering RSPO and ISPO training seminars, HCV management, biodiversity inventory and monitoring, and bird identification workshops. These training sessions were attended by a total of 5,920 employees.

In addition to monitoring from our well-trained conservation staff, we introduced the Pendaki or *Peduli Keanekaragaman Hayati* (Care for Biodiversity) program in 2019. Pendaki offers an innovative citizen science approach to biodiversity monitoring by seeking the participation of employees track and record flora and fauna they might encounter in their daily activities in our conservation and plantation areas. In 2019 the conservation team received basic trainings about conservation, such as training on biodiversity and bird identification to enhance their capabilities in the Pendaki program. In 2020, through the Individual Development Plan (IDP), employees involved in Pendaki conducted self-learning and received coaching from the Head of Conservation to enhance capacity. The program improved our monitoring performance, leading to an increased record of IUCN Red List "Threatened" (Critically Endangered,

Endangered and Vulnerable species) fauna and flora species in our operational and conservation areas from 64 in 2019 to 129 in 2020. **(103-2)**

The experiences and lessons learned from the Pendaki approach have been shared in national and global webinars, facilitated by Tropenbos Indonesia and IUCN, as good practices in managing conservation in the Palm Oil sector. Agustinus Batubara, from the BKSDA in Ketapang, expressed his appreciation about the Pendaki program, saying that "The Pendaki Program can increase the curiosity of employees, students, and guests about flora and fauna. It is hoped this initiative will raise and increase awareness to join efforts in protecting flora and fauna". Professor Erik Meijaard from Borneo Futures stated that, "ANJ's Pendaki Program is a cutting-edge citizen science program that has not been implemented in any other palm oil companies. ANJ has taken important first steps towards making biodiversity observations and data collecting a fundamental part of the day-to-day company operations." **(103-3)**

Our biodiversity monitoring is carried out either through field surveys, the Pendaki program, or the results of camera trapping. Table 27 shows the total number of IUCN Red List flora and fauna identified in each of our subsidiaries **(103-2)**

**Table 27. IUCN Red List and national conservation list species (304-4)**

FAUNA														
Subsidiary	Total identified fauna species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)							Species not on the IUCN Red List	Total	CITES (Appendix)			Prot. under PP7/1999	Prot. under Ministry Reg. P.18/2018
	CR	EN	VU	NT	LC	DD	NE			I	II	III		
ANJA	1	2	12	4	95	0	1	3	118	3	22	1	24	23
ANJAS	2	7	21	20	149	2	9	26	236	11	37	3	52	54
SMM	1	2	14	13	169	0	0	1	200	2	27	1	50	42
KAL	2	6	14	39	187	0	23	14	285	8	40	1	57	51
GSB	0	2	1	3	41	0	1	0	48	1	6	0	10	7
PPM	2	2	11	6	181	2	7	14	225	6	44	0	59	63
PMP	1	1	8	4	139	1	2	2	158	3	40	0	46	46
ANJAP	2	1	4	4	170	0	2	2	185	3	28	0	43	45

FLORA														
Subsidiary	Total identified flora species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)							Species not on the IUCN Red List	Total	CITES (Appendix)			Prot. under PP7/1999	Prot. under Ministry Reg. P.18/2018
	CR	EN	VU	NT	LC	DD	NE			I	II	III		
ANJA	0	1	2	0	6	0	0	194	203	0	2	0	1	0
ANJAS	2	5	6	3	17	0	1	58	92	0	9	0	8	2
SMM	2	1	3	2	9	0	0	200	217	0	2	0	1	0
KAL	4	3	10	4	34	1	0	271	327	0	20	0	8	3
GSB	0	0	1	0	7	0	0	218	226	0	6	0	0	0

FLORA														
Subsidiary	Total identified flora species on the IUCN Red List (CR, EN, VU, NT, LC, DD, NE)							Species not on the IUCN Red List	Total	CITES (Appendix)			Prot. under PP7/1999	Prot. under Ministry Reg. P.18/2018
	CR	EN	VU	NT	LC	DD	NE			I	II	III		
PPM	0	1	1	3	22	1	1	71	100	0	55	0	5	1
PMP	2	3	6	1	14	0	3	72	101	0	68	0	4	0
ANJAP	1	1	2	0	16	1	1	49	71	0	34	0	5	0

**Table 28. Number of Threatened Species Identified from Biodiversity Monitoring Activities**

	2020	2019	2018	2017
Number of IUCN Red List Threatened Fauna Species	129	64	41	37
Number of IUCN Red List Threatened Flora Species	49	33	18	15

## Operational Impacts on Biodiversity

We recognize that our operations could, either directly or indirectly, have an adverse impact on the flora and fauna in our development areas as well as in areas we have set aside for protection (HCV areas, buffer zones, river systems, and any areas in the vicinity that are inhabited or traversed by wildlife). These potential impacts are identified, managed, and mitigated as described in Table 29 below. (304-2)

**Table 29. Significant Impacts of Operations on Biodiversity (304-2)**

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

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

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

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

#### Sago Forest (ANJAP)

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



Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact	Impact Mitigation (103-2)	Evidence/ Results (103-3)
					<ul style="list-style-type: none"> <li>Engagement with local communities</li> <li>Use of Pendaki program to increase awareness among staff</li> </ul>	<ul style="list-style-type: none"> <li>Presence of species that are overhunted elsewhere (e.g., hornbills, magpie robin, hill mynahs, cassowary and dusky pademelon)</li> </ul>

## Protection of Habitats and HCV areas

At its core, our HCV management aims to maintain biodiversity values by focusing on key species and upholding the sustainability of conservation areas/HCV in each of the business units. For each unit, we have selected a focus species as an icon for management, which is used as a means of promoting biodiversity messages. The icon species varies according to the business units and can be seen in Table 30 below. (103-2)

**Table 30. Focus Species in Each Unit**

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

In our West Papua concessions, we have an internal policy which aims to balance development and conservation based on a 2:1 ratio. This means we will allocate independently identified HCV and HCS areas as conservation areas at a maximum of one hectare of conservation area (including forests) for every two hectares of planted land. We will augment our financial and management capacity by seeking collaboration with government agencies, non-governmental organizations, and other stakeholders to keep these conservation areas intact. (103-2)

The total area of HCV forest which we have set aside for the protection of flora, fauna and their habitats is 57,259.77 ha (see Table 31). There is a slight reduction in the total conservation area compared to last year when we recorded an area of 58,390 ha for conservation. This is due to adjustments made based on our review on the ground identifying that some areas previously marked for conservation are in fact located outside our operational areas and are not suitable to be designated as conservation areas. We manage the HCV areas in a collaborative way with external stakeholders such as local communities, government, conservation experts, and NGOs, such as CI, Tropenbos Indonesia, PONGO Alliance, and YIARI. (304-3)



▲ Installing a wildlife camera trap in the forest at KAL.

Our program intervention and targets for the conservation and protections of habitats and HCV areas are described in Table 31 below.  
[304-3]

**Table 31. Size and Location of HCV Areas in Operational Sites (304-3)**

Operational site (103-1)	Conservation area (Ha)	HGU Area		% of total HGU area	Management	Local community involvement	Program interventions/ targets in 2020 (103-2)	Results (103-3)
		Nucleus	Plasma					
ANJA	642.65	9,465	-	6.8%	ANJA	Yes	<ul style="list-style-type: none"> <li>• Reforestation of river buffer, biodiversity inventory, development of jungle track and monitoring of replanting project.</li> </ul>	<ul style="list-style-type: none"> <li>• The Company allocated 50 meters on the riverbank as a river buffer area.</li> <li>• The river buffer was planted with forest and fruit plants. Jungle track has been developed in a conservation area.</li> </ul>
ANJAS	1,464.03	9,182	157.5	15.9%	ANJAS	Yes	<ul style="list-style-type: none"> <li>• Developing Environment Education Center, biodiversity inventory and development of Community Conservation Agreement program in Binasari village with stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• A Green Environmental Education Center has been established in the conservation area.</li> <li>• Student visits were conducted twice in 2020.</li> <li>• Biodiversity has been inventoried in collaboration with the community and Conservation International.</li> <li>• Together with Conservation International, the Company has developed a Conservation Community program.</li> </ul>
SMM	1,385.91	16,277	948.1	8.5 %	SMM	Yes	<ul style="list-style-type: none"> <li>• Management of Balok forest for ecotourism education purposes "Bentara".</li> <li>• Study on Tarsier population, biodiversity inventory and reforestation of river buffer.</li> </ul>	<ul style="list-style-type: none"> <li>• Balok forest has been developed as a tourist destination in collaboration with the community of Balok village "Bentara".</li> <li>• The monitoring of Tarsier was carried out by the conservation department of PT SMM.</li> <li>• The river buffer area was planted with forest and fruit plants.</li> </ul>
KAL	3,844.52**	10,920.12	2,958.12	27.70%	KAL	Yes	<ul style="list-style-type: none"> <li>• Management of orangutan population,</li> <li>• Biodiversity inventory,</li> <li>• Management of Essential Ecosystem Area with stakeholders</li> <li>• Development of local plant nursery with stakeholders,</li> </ul>	<ul style="list-style-type: none"> <li>• In collaboration with Yayasan Inisiasi Alam Rehabilitasi Indonesia (YIARI), the Company conducted study on orangutan population</li> <li>• Monitoring of orangutans and other wildlife using camera traps and regular patrols were carried out by Company forest rangers.</li> </ul>

Operational site (103-1)	Conservation area (Ha)	HGU Area		% of total HGU area	Management	Local community involvement	Program interventions/ targets in 2020 (103-2)	Results (103-3)
		Nucleus	Plasma					
							<ul style="list-style-type: none"> <li>Environment education for students.</li> </ul>	<ul style="list-style-type: none"> <li>A forest plant nursery was developed with the community and Tropenbos Indonesia. The degraded land was planted with forest and fruit plants.</li> </ul>
GSB	1,373.06	12,800	-	10.72%	GSB	Yes	<ul style="list-style-type: none"> <li>HCV area delineation at land clearing block, biodiversity inventory, dissemination and placement of HCV sign boards.</li> </ul>	<ul style="list-style-type: none"> <li>The Company delineated the HCV area in the land clearing block.</li> <li>Stakes and sign boards were installed around all of the HCV area in the land clearing blocks.</li> <li>Biodiversity monitoring has been carried out regularly every month.</li> </ul>
ANJ (West Papua)	Not yet determined	30,515.8	5,990.18				No activities yet	No activities
PMP	14,804.2	18,860.3	3,818.11	65.28%	PMP	Yes	<ul style="list-style-type: none"> <li>HCV area ground verification biodiversity inventory and dissemination.</li> </ul>	<ul style="list-style-type: none"> <li>Delineation of the HCV area in the planting block has been completed.</li> <li>Biodiversity inventory has been carried out and data available.</li> <li>Dissemination has been carried out to all stakeholders, except for areas that we have not developed.</li> </ul>
PPM	25,595.4	26,570.7	5,454.48	79.92%	PPM	Yes	<ul style="list-style-type: none"> <li>HCV area ground verification biodiversity inventory and dissemination.</li> </ul>	<ul style="list-style-type: none"> <li>Delineation of the HCV area in the planting block has been completed.</li> <li>Biodiversity inventory has been carried out and data available.</li> <li>Dissemination has been carried out to all stakeholders, except for areas that we have not developed.</li> </ul>
ANJAP (Sago)	8,150	40,000		20.38%	ANJAP	Yes	<ul style="list-style-type: none"> <li>Biodiversity inventory and dissemination</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity inventory has been carried out and data is available</li> <li>Dissemination has been carried out to all stakeholders</li> </ul>

\* includes 288 ha of conservation area outside ANJAS HGU

\*\* includes 2,330.88 ha of conservation area under KAL's Plantation Business Permit area but outside KAL's HGU

In 2020, we allocated USD 75,985 to conservation initiatives with partners. This spending is shown below:

**Table 32. Spending for Conservation Initiatives in 2020**

Subsidiary	Expenditure (USD)	Conservation Programs
ANJA	5,025	<ul style="list-style-type: none"> <li>Building HCV area patrol and monitoring facilities</li> <li>Carrying out biodiversity inventory and installing barcode scanners on trees in HCV areas</li> <li>Reforestation of riparian area with food trees and local plants</li> </ul>
ANJAS	17,768	<ul style="list-style-type: none"> <li>Implementing conservation agreements with local communities</li> <li>Organizing and developing an Environmental Education Center in HCV areas</li> <li>Developing a youth environmentalist group in Binasari village</li> <li>Reforestation of degraded areas in the HCV area of Binasari Hill</li> </ul>

Subsidiary	Expenditure (USD)	Conservation Programs
<b>SMM</b>	9,135	<ul style="list-style-type: none"> <li>• Community involvement in Tarsier monitoring</li> <li>• Involvement of fishermen group in river patrols</li> <li>• Community involvement in forest plant inventory and QR code installation in jungle track areas</li> <li>• Environmental education for students around the company in collaboration with the Environmental Agency of Bangka Belitung Province</li> </ul>
<b>KAL</b>	28,308	<ul style="list-style-type: none"> <li>• Orangutan population survey with partners</li> <li>• Patrolling in forest areas and national park with partners</li> <li>• Planning of Laman Satong village ecotourism management</li> <li>• Inventory of community non-wood forest products</li> <li>• Environmental and conservation education for communities and students</li> </ul>
<b>PPM</b>	1,075	<ul style="list-style-type: none"> <li>• Delineation of HCV areas</li> <li>• Building environmental education facilities</li> <li>• Socialization of HCV area to the community around the company</li> </ul>
<b>PMP</b>	10,060	<ul style="list-style-type: none"> <li>• Building environmental education facilities</li> <li>• Socialization of HCV area to the community around the company</li> <li>• Management of High Carbon Stock recovery site (re-inventory of biodiversity, installation of boundary markers, signboards placement, and reforestation of degraded area)</li> </ul>
<b>ANJ (Papua Barat)</b>	4,380	<ul style="list-style-type: none"> <li>• Re-assessment of the existence of High Conservation Value (HCV / HCV) and Social Environment Impact Assessment (SEIA)</li> </ul>
<b>ANJAP</b>	202	<ul style="list-style-type: none"> <li>• Building environmental education facilities</li> <li>• Developing the Nagae Anomo environmentalist group</li> <li>• Socialization of HCV area to the community around the company</li> </ul>
<b>Total</b>	<b>75,985</b>	

In our producing estates in North Sumatra, Belitung and West Kalimantan, we engage with external stakeholders and implement our ongoing efforts to ban hunting, trapping and snaring throughout the plantation and conservation areas. Around our young mature plantation estates in West Papua, forest-dependent livelihoods and customs are still strong, which includes animal trading. Respectful of local cultures, we are

implementing environmental education initiatives with an aim to reducing the hunting of endangered and protected species. Through Pendaki, a local Community-Based Organization (CBO), 'Nagae Anomo', was established to support us with socialization of our conservation programs, as well as to monitor and prevent hunting activities in the community.

## Protecting and Managing HCV-HCS Forests and Peatlands



▲ SMM Conservation Staff planting tree saplings in a polybag in the nursery.

**As a member of the RSPO since February 27, 2007, we are committed to following the latest Principles and Criteria (P&C) that were adopted and ratified by the RSPO in November 2018. We are also committed to follow the New Planting Procedures (NPP) issued by the RSPO in November 2015. (103-2)**

The NPP involves clear guidance to responsible planting practices by giving a set of assessments and verification activities to be carried out before the development of new oil palm plantations. These comprehensive and participatory assessments are conducted by external and independent experts and include Social and Environmental Impact Assessment (SEIA), HCV-HCSA assessment, Land Use Change Analysis (LUCA), soil suitability survey, and GHG assessment. Following the NPP, we are required to submit the results of these assessments prior to the commencement of any development. **(103-2)**



Our Sustainability Policy includes provisions related to 'No Deforestation, No Peat, No Exploitation' (NDPE). We will not develop primary forests, and conservation of these forests is a priority. Independently identified HCS areas will not be cleared for oil palm development, in accordance with RSPO protocols. Development of identified HCS areas pertaining to legacy cases will strictly comply to RSPO's requirements. **(103-2)**

ANJ has not carried out any new development for planting activities since November 29, 2018.

## Development on Peatlands

As our efficiency and productivity measures take sustainability into account, it is our policy that new palm oil development, as of January 1, 2016, will not be carried out on peatlands. This is further supported by RSPO rules and P&C, where palm oil development on peatland on any depth was prohibited after November 15, 2018, and that existing peatlands must be managed sustainably. Government regulations also require that peatland must be managed as a High Conservation Value Area (*Kawasan Bernilai Konservasi Tinggi/KBKT*), able to fulfill its environmental functions and contribute to the absorption of GHG emissions. **(103-2)**

Peatland areas that were already planted before regulations came into force are managed according to RSPO's Best Management Practices, which includes environmental remediation and restoration. Our peat policy and management practices extend to all our suppliers, including smallholders. **(103-2)**

According to the Indicative Map of the Moratorium on Issuing New Licenses (*Peta Indikatif Penundaan Pemberian Izin Baru/*

PIPIB) from the Ministry of Environment and Forestry as well as a preliminary soil evaluation by external consultants, several areas in our PPM estate were provisionally considered to be peatland. Subsequently, a detailed soil investigation study and in-depth monitoring of 20 points by an independent third party, however, found that only three points may qualify as peat. Further validation on the ground determined that these points do not behave as peat on a landscape level. Hence, there was sufficient evidence to conclude that there are no peat areas at PPM. These findings have been clarified in the peat area inventory submitted to the RSPO in 2020.

Our sago plantation applies 'paludiculture' where sago trees naturally grow in swamp areas (peatland and non-peatland). The harvesting of sago, as a naturally growing forest in Papua, requires canals as a means to transport sago stems. These canals are closed canals designed to prevent water intrusion and help maintain water levels to avoid peat decomposition. **(103-2)**

## Reforestation efforts

As a part of our effort to reduce Greenhouse Gas emissions, we carry out reforestation initiatives to restore and remediate forests and ecosystems and increase biodiversity values in both HCV areas and degraded areas as described in Table 33. In 2020, we planted native forest species and local fruit species favored by wildlife, covering a total area of approximately 294 ha. Our reforestation activities were executed with the involvement of local communities, the government, and NGOs to nurture a sense of ownership of biodiversity and environmental issues. **(103-2)**

**Table 33. Reforestation Initiatives in 2020**

Business Unit	Reforestation programs
<b>ANJA</b>	<ul style="list-style-type: none"> <li>Replanting of river buffer zone involving local community</li> </ul>
<b>ANJAS</b>	<ul style="list-style-type: none"> <li>Reforestation of degraded land in South Angkola protected forest with local communities, government, and NGOs</li> </ul>
<b>SMM</b>	<ul style="list-style-type: none"> <li>Mangrove reforestation with local communities, government, and Keretak Nibong fishermen group from Balok Village</li> <li>Replanting of river buffer zone involving local community</li> <li>Innovative utilization of palm oil waste for forest plant seeding</li> </ul>
<b>KAL</b>	<ul style="list-style-type: none"> <li>Building a community-based nursery of forest plants and local fruits</li> <li>Reforestation of degraded areas with local communities</li> <li>Reforestation of village forests</li> </ul>
<b>GSB</b>	<ul style="list-style-type: none"> <li>Holding school program for tree planting in hilly areas</li> </ul>
<b>PPM</b>	<ul style="list-style-type: none"> <li>Building orchid cultivation infrastructure</li> <li>Greening activities in HCV and open areas</li> </ul>
<b>PMP</b>	<ul style="list-style-type: none"> <li>Greening activities in river buffer zones</li> </ul>
<b>ANJAP</b>	<ul style="list-style-type: none"> <li>Greening activities with local communities</li> </ul>

### HCS Area Loss and Recovery Plan – Proactively Enhancing our Sustainability Policy Commitments

In 2020, building on our Sustainability Policy commitments, we commenced implementation of an HCS Loss Declaration and Recovery Plan. We designed this voluntary initiative as part of the re-entry protocol determined by our buyers who uphold NDPE and HCSA commitments. The mapping process started in 2019 with the identification of HCS area loss incurred across ANJ's eight oil palm concessions between January 1, 2016 and December 31, 2018. The study concluded that a total area of 2,530.55 hectares was cleared for oil palm development. This loss was detected at SMM, PMP, and PPM, while no significant loss was detected at KAL. The HCS liability was independently verified and presented to our supply chain stakeholders openly and transparently.

The HCS Recovery Plan, which was launched in April 2020, is based on the study results as well as input and feedback from our suppliers and related stakeholders. The Plan, which is publicly available on the ANJ website, identifies an offset area in our PMP concession to compensate for the total HCS loss across our subsidiaries. The size of the compensation block amounts to 3,004 ha, some 473.45 ha more than the currently calculated loss. We have deliberately set aside a larger area at this point as we realize that the current loss calculations may evolve as further checks and validations take place on the ground.

The HCS recovery area at PMP was selected for several reasons. Firstly, it was originally earmarked for oil palm development and was approved through the RSP0 process on October 13, 2014, however, based on stakeholder inputs, all activities were suspended under a moratorium on further clearing. Secondly, we consider this site to be ideally suited with its good quality

habitat and biodiversity value, as well as its potential for landscape-level conservation management.

The first progress report was completed in October 2020 and was made publicly available on our website. Despite delays due to COVID-19 restrictions, the report documents progress on Phase 1 base-setting activities such as the investigation of legal requirements, social and ecological surveys, and community consultations.

We recognize that the recovery plan will require extraordinary efforts on our behalf to ensure success for what is a challenging initiative to implement. We will involve, engage, and work closely with multiple stakeholders to achieve consensus and ultimately a successful outcome for the Group's sustainability commitments. We have already received encouraging feedback from our supply chain and other stakeholders who recognize our proactive approach. Early testament to this fact is that we have now resumed sales of our certified palm oil to Golden Agri-Resources and several other sustainable palm oil buyers.

"GAR appreciates the ANJ management for their commitment to sustainable production in line with our responsible sourcing policies. We believe that downstream buyers must send the right market signals to suppliers, who can then feel confident to embark on and to invest in their sustainability journey. We are encouraged by the progress made by ANJ to date and we look forward to them achieving all their sustainability goals, including the implementation of their recovery plan," said Agus Purnomo, Managing Director for Sustainability and Strategic Stakeholder Engagement, Golden Agri-Resources.

## Fire Prevention and Management

Our Sustainability Policy commits to Zero Land Burning as per the prevailing laws and regulations as well as RSP0, ISPO and ISCC principles and criteria regarding forest fires. Fire, however, remains a substantial material risk during dry seasons and extended drought conditions due to the risk of fires encroaching from outside our operational boundaries. **(103-1)**

Based on observations and weather predictions, the dry season conditions in 2020 were not extreme when compared to 2019. Weather conditions were normal and leaned towards La Niña conditions according to the Meteorology, Climatology, and Geophysical Agency (*Badan Meteorologi, Klimatologi dan Geofisika/BMKG*) predictions of El Niño Southern Oscillation/

Indian Ocean Dipole (ENSO/IOD). Nevertheless, establishment of a robust fire prevention and management system continues to be a focus as risk of fire continues to be a threat to both the palms in our planted areas and the social and environmental values in our conservation areas.

In 2019, we conducted a fire risk assessment which found that fire risk varied across our operations due to the different physical and social landscapes of each estate. Our KAL estate is the most at-risk among all estates because it is surrounded by high fire-risk land use types and peatlands. SMM and ANJAS are also prone to fire encroachment. Fire prevention and management protocols are implemented in each estate corresponding to their level of fire risk. These include trained firefighting and patrol teams, fire look-out towers, remote sensing using satellite data, fire warning signs, readiness of fire-fighting equipment, internal and external communication, and awareness programs before and during the dry season. **(103-2)**



▲ An Officer of ANJAS' Rapid Response Team watching for hot spots from a fire tower.

## Integrated Fire Management System



▲ The Farmer Firefighting Group at SMM practicing fire drills in the field.

In 2020, building on the findings of the fire risk assessment, we implemented our Integrated Fire Management (IFM) system. This fully integrated approach comprises prevention, mitigation, preparedness, early detection activities, and its response. The IFM was launched with two months of training given by fire management consultants for all firefighters and KAL's top managers. Following this, ANJAS, SMM, ANJA, PMP, PPM and ANJAP sent three representatives to be trained for two weeks. **(103-2)**

Our emphasis is on fire prevention that goes beyond campaigns, education, the establishment of smallholder farmer firefighting groups (*Kelompok Tani Peduli Api/KTPA*), and village- or community-based fire prevention. Early detection is a crucial part of the IFM; we use satellite-based monitoring of fire hotspot activity and conduct our own local monitoring using fire towers and Unmanned Aerial Vehicles (UAVs). With the introduction of the IFM this year, we are now not only monitoring hotspots but also provide daily, weekly, and monthly fire hotspot prediction reports directly to the estates. **(103-2)**

Aside from prevention, we also apply a range of mitigation measures to minimize fire risk. At KAL for example, which is our highest fire risk estate, we have mapped areas prone to forest and land fires (*Peta Area Rawan Kebakaran*), based on detailed fire risk mapping across the estate. This map has informed our mitigation measures on the ground. Mitigation measures include improving firefighting access to areas mapped as being vulnerable to fire, creating fire breaks (*sekat bakar*) to slow the spread of fire, and the building of water reservoirs in strategic locations to ensure water availability for fire suppression during the dry season. In 2020, to better respond to fire outbreaks in difficult to access areas, such as the conservation areas, we procured four 25-kg portable pumps that can easily be carried by one individual. These portable pumps deliver the same power as the larger 80-kg pump. We have also identified landing pads at various location to easily deploy our teams by helicopter. **(103-2)**

Starting in 2022, we plan to extend our fire mitigation approach to include drip fertigation. Drip fertigation is a method of applying fertilizers to palms using a drip irrigation system. Such a system can hydrate the soil sufficiently during dry months in our estates which mitigates the risk of fire starting from within our areas, including peat areas. In 2020, we have successfully trialed fertigation at our ANJA and SMM estates with success and hope to expand to KAL.



▲ A firefighting officer instructing to shut down the water flow in a fire drill.

## Community Involvement in Fire Fighting

We work with all stakeholders in high fire-risk estates and landscapes and have implemented initiatives which are based on making agreements and building collaboration with local authorities, communities, and law enforcement agencies (police and military forces), including local fire brigades (*Manggala Agni* trained). By the end of 2020, we had a total of 13 community-based fire-fighting groups called KTPA and *Masyarakat Peduli Api (MPA)* established across both Western and Eastern Region estates. Table 34 below lists the number of KTPA/MPA by estate.

**Table 34. List of KTPA/MPA**

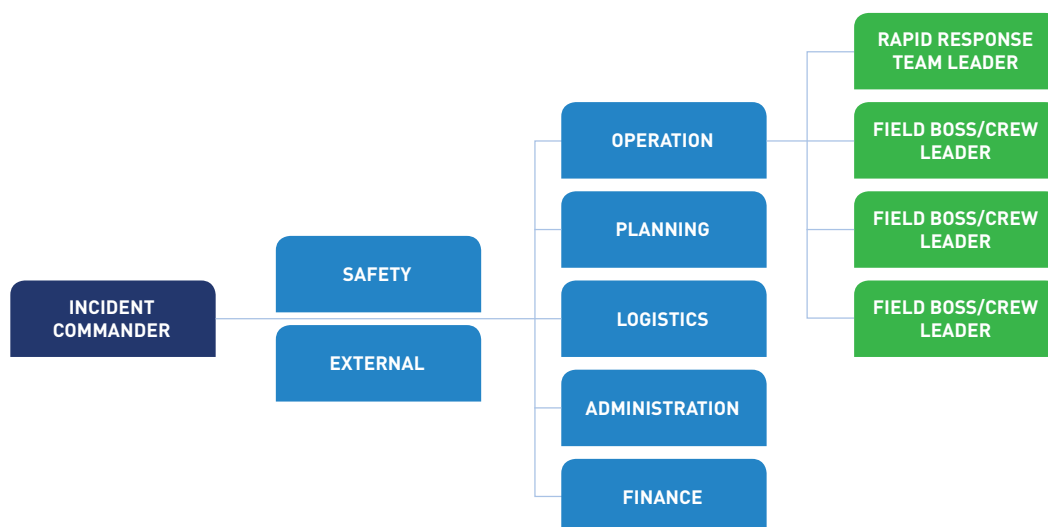
Estate	Number of KTPA/MPA	Village
ANJA	1	KTPA Desa Mandasip
ANJAS	1	KTPA Lingkungan IX Parupan (Binasari)
SMM	5	KTPA Jangkang
		KTPA Balok
		KTPA Nyuruk
		KTPA Dendang
		KTPA Simpang Tiga
KAL	3	KTPA Laman Satong
		KTPA Kuala Satong
		KTPA Kuala Tolak
PPM	1	MPA Kampung Benawa
PMP	1	MPA Kampung Karekano
ANJAP	1	MPA Kampung Saga

## Fire Incident Management and Rapid Response

Commencing early in 2021, we implemented an Incident Command System (ICS) by creating an Incident Management Team (IMT) with structured and systematic functions and tasks. The IMT is composed of Incident Commander, safety, external, logistics, operations, planning and administration/finance roles as shown in the following diagram. Activities before, during, and after fire incidents are reported daily, weekly, and monthly.



## Incident Management Team Structure



The Incident Management Team is put on 'stand-by' based on Fire Danger Rating (FDR) information obtained from satellite monitoring and manual data from the Automatic Weather System (AWS), and will be activated when a fire incident occurs based on field analysis of the incident. Under extreme weather conditions, teams are moved from their regular posts to remain on stand-by at watch posts built and placed near high-risk zones.

A Rapid Response Team is at the ready and on 'stand-by' with full equipment. As soon as information about a fire is obtained, the Rapid Response Team will promptly reach the incident site for initial management or initial attack of the fire before reporting to the Firefighting Command Post (*Pos Komando Pemadam Kebakaran/Posko DAMKAR*) in a "Size Up" report. Meanwhile,

the IMT will be activated after an incident is reported and support from other teams is required based on reports about the field conditions and/or following After Action Review (AAR) of the initial response.

To maintain and increase the physical endurance of our Rapid Response Team, we routinely carry out general exercises and pack tests where a 20 kg load must be carried over a 4.8 km in 45 minutes. The team is also trained to be able to clearly report incidents verbally and in writing, to precisely analyze fire incidents, and to make detailed planning in the Incident Action Plan document. If fire incidents are avoided and responsiveness is constantly maintained when handling fire within and outside our areas, the KTPA team and the Company firefighting team receive rewards of appreciation. **(103-3)**

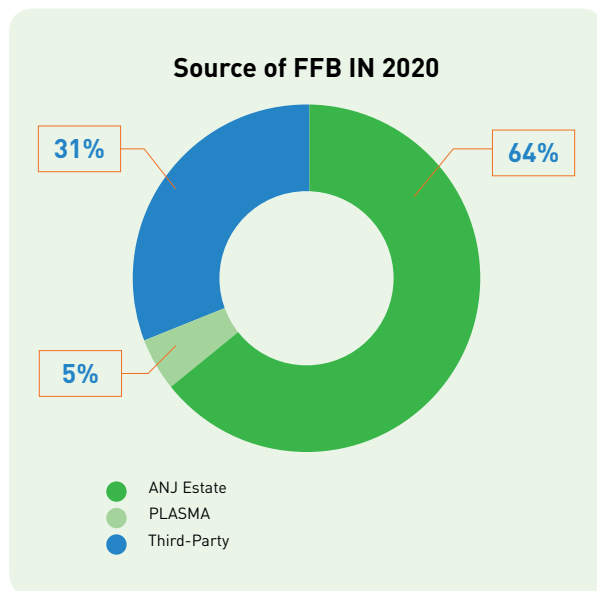
## Traceability and Supply chain impacts



▲ The EPMS card digitizes the recording of harvests and FFB delivery data.

There is an increasing demand from the international market for more transparency in the supply chain through product traceability. For our palm oil segment, this is about understanding and providing information about where the FFB that we use to process our CPO are sourced from. Our sustainability practices as a palm oil company extend to all our FFB suppliers because being plantation businesses as well they have the same social and environmental impacts as ours. Their performance in managing those impacts directly affects our overall performance in developing sustainable palm oil. Our CPO customers are refineries, and many of them have published their traceability to plantation commitments and progress to meet market requirements and demand for sustainable palm oil. In addition, as an RSPO member, ANJ should meet the mandatory implementation date for full traceability by November 15, 2021. For this reason, traceability is a material topic and a key matter of concern to us. **(103-1, 308-2, 414-2)**

We produce CPO and Palm Kernel by processing FFB sourced from our company-owned plantations (nucleus), smallholder plantations managed by ANJ (plasma and partnership) and third-party suppliers, as shown in the figure below. Our third-party FFB suppliers include plantation companies, agents, cooperatives, and independent smallholders. Our perspective is that the involvement of local actors, cooperatives, and smallholders is an essential part of our contribution to local economic growth and development. In line with our commitment to responsible development and sustainability, and recognizing the social and environmental impacts of our FFB suppliers, we believe it is necessary to balance local economic growth with environmental protection and social welfare. Traceability promotes responsible sourcing of FFB which is crucial in reducing the risk of forest encroachment by smallholder plantations. **(103-1)**



As a company, we are responsible for the traceability of the FFB that we process in our mills. With regard to independent smallholder farmers, our role is to make suppliers and intermediaries aware of the traceability and sustainability standards we adhere to, and as a result the necessary data we require from them to establish traceability to plantation. We do not monitor supply chain actors further downstream in the supply chain of our CPO and palm related products after it has been sold to our buyers. **(103-1)**

In following RSPO requirements and our Sustainability Policy, we commit to ensure full traceability of our supply chain and systematically ensure that sustainability protocols are adhered to. More specifically: **(103-2)**

- We ensure detailed land mapping and documentation of the legality of our concessions. We are also developing systems to include smallholder producers from which we source FFB to ensure that there is no planting in areas in which it is not legally permitted to do so by smallholders.
- We exclude any illegally developed smallholder oil palm in all new engagements with smallholders. For existing

smallholders who cannot prove the legality of their land use, we will assist in clarifying the legal land status by working with the government authorities. If this does not succeed, we will cease purchasing from the respective smallholders after due consideration of the conditions as described below.

- The 'No Purchasing' policy is only used when it will not harm the livelihoods of the related smallholders or threaten to escalate into conflict, and as long as it is in line with the applicable regulations.
- Our traceability policies also extend to other third-party suppliers of FFB.

## Traceability Project

To fulfill our commitments, we embarked on our traceability project in 2019 to establish traceability to plantation in our Palm Oil business units that are in commercial operations in North Sumatra (ANJA and ANJAS), West Kalimantan (KAL), Belitung (SMM), and West Papua (PPM and PMP). Our program aims to create a reliable system which can capture, process, and report data transparently, thus increasing trust with our supply chain stakeholders and promote the good reputation of the Company. The project is implemented cross-functionally, led by Business Process and Information Communication and Technology departments. The operation of the traceability system is managed by Mill Operations, specifically the Commercial and Sustainability functions at the estates. **(103-2)**

Our approach is to work together with vendors and agents to record the necessary information, as required for the traceability system, when collecting FFB from surrounding plantations and villages. Most parties in our supply chain are in rural areas that do not have proper administrative measures in place for traceability. We therefore believe that the approach should start with intensive socialization and education to smallholders, intermediaries, and collectors. We invest in our efforts to reach out and engage with our FFB supply chain at every level to educate them about sustainability issues that all actors in the palm oil supply chain need to manage. This process is necessary to obtain their buy-in and participation in establishing reliable traceability data. **(103-2)**

The collected traceability data is stored in the ANJ Traceability web application system for assessment and analysis. For the next steps, we plan to implement a user-friendly digital smartphone application allowing direct recording and single data entry to assist our FFB suppliers with data collection and reporting. The response from our partners is positive, as Wawan Trisno, supervisor at the Anugrah cooperative in East Belitung, believes that "With the application system it will be easier for us as supervisors of the cooperative to control the flow of palm fruit more clearly and accurately". Sutrisno, Chairman of the Anugrah Cooperative, hopes that the traceability application can help increase farmers' productivity. "I hope that the application program can provide productivity information with

accurate data as company support to independent oil palm smallholders", he said. We believe digital technology will help to streamline the process for all parties involved and increase data reliability. We plan to start the implementation of our electronic traceability system in 2021 and we are targeting to complete the implementation in 2022. **(103-2)**

Our traceability project has met several challenges, initially because the process involves many supply chain actors. A key challenge was to raise awareness among smallholders regarding traceability and overcome their concerns to share their plantation data with ANJ. We also needed to maintain the trust of every party within the supply chain, each with their varying perspectives, interests, and backgrounds. Finally, collecting field data during the COVID-19 pandemic was also a more challenging task due to the travel restrictions. **(103-3)**

These challenges were largely overcome, and the traceability process was implemented in all palm oil estates in 2020. By December 2020, the progress for traceable FFB from all external crops reached 84%. With the assistance from an

external consultant, we have also benchmarked the ANJ traceability system with the general practice in the industry, acknowledging that the practice in the industry is still evolving. Although the ANJ traceability system in general meets the industry practice, we have taken onboard recommendations for future improvements. Lucas Kurniawan, Finance Director of the ANJ Group, commented that, "benchmarked against our peers, we are at the forefront of this program with key metrics traceable to plantation and achievement higher than 90%. The e-Trace application will also put ANJ Group at the forefront of digital technology utilization." **(103-3)**

Throughout this project, we learned that the traceability program is not only important for supply chain transparency, but also helps us to have more constructive engagement with our supply chain actors. Improved engagement with our smallholders provides opportunities to give training and consultation on improving agronomic practices. In this way, we can also help smallholders improve the productivity of their plantation while requiring them to apply higher sustainability standards. **(103-3)**

## Supply Chain Requirements and Smallholder Empowerment



▲ An ANJ employee socializing the RSPO standard to plasma smallholder farmers.

Aside from tracing our FFB source to the plantation, we also require technical, financial, administrative, and legal criteria to screen the plantations from which we source in terms of land use type. For example, we should not source from land designated by the government as state forest area. All new FFB sources must fulfill these requirements before signing a contract with us. Furthermore, our vendors must meet our environmental, health, safety, and quality standards as

well as our Sustainability Policy. For large FFB suppliers, we screen their performance against the environmental and social requirements and commitments in line with RSPO and our Sustainability Policy.

Similarly, all plasma and partner smallholders must meet social and environmental standards as per RSPO requirements. To ensure that partner suppliers live up to our sustainability principles, we encourage and assist them to meet RSPO standards and be audited by an independent agency to obtain certification. This approach has shown promising results as evidenced by the three ANJ Partner Cooperatives in Belitung, and one in Ketapang that have received RSPO certification, covering a total area of 2,161.47 ha and consisting of 734 smallholder farmers. In 2020, we have not identified any significant environmental and social issues that need to be addressed or corrected by our large FFB suppliers as well as our plasma and partner smallholders. **(308-2, 414-2)**

We practice screening and due diligence of all our suppliers before beginning our contract, which will then be reviewed or assessed periodically. There were no new FFB suppliers in 2020 as we fully sourced from parties we have been working with previously. However, we have rejected one supplier as we discovered during our screening that they are planting in protected forest areas. Vendors are also required to sign an Integrity Pact, included in the contract, stating that they will follow our standards on business ethics. Failure to comply with the Integrity Pact will result into unilateral termination of their contract with the Company. **(308-1, 414-1)**

As for our individual smallholder suppliers, we apply the 'No Purchasing' policy with prudence as we understand that a sudden halt of relationships with them might harm their livelihoods and the issue might escalate into conflict. Instead, our preferred approach is to assist individual suppliers to comply with our requirements and encourage them to adopt sustainability principles. This will help them increase their productivity while enabling a minimization of risks of environmental damage and social issues. **[308-2, 414-2]**

In 2020, we have awarded a Premium Price for RSPO Certified FFB sold by farmers in Belitung to SMM. The total Premium Price amounts to USD 3.26/ton of CPO produced. This was the first time we awarded a premium to our smallholders. We hope this evidence of premium pricing delivered to smallholders can encourage more farmer groups and cooperatives to strive for RSPO certification and apply sustainable palm oil practices in their plantations.

### RSPO Certification of Smallholder Farmers – Bringing the benefits of Sustainable Oil Palm to Smallholder Farmers

As part of our mission to promote sustainable practice in agribusiness, ANJ invests in smallholder farmers to ensure that they can meet the requirements for RSPO certification. In November of 2020, SMM, a subsidiary of ANJ located on the island of Belitung, presented local farmers, with whom they are currently collaborating, with a premium price share for their sustainable palm oil. During the ceremony, SMM distributed Rp19,677,149 to three local RSPO certified cooperatives, namely, Mitra Lestari Cooperative (KML), Anugrah Partner Cooperative (KMA) and Sambar Jaya Makmur Cooperative (KJSM).

Obtaining RSPO certification is a demanding but essential process in our opinion. Certification begins with meeting all administrative and legal requirements, which includes proof that the production area of the cooperative has sustainable management concerning the environment, society, and employee wellbeing. This process, called the New Planting Procedure (RSPO NPP) is carried out prior to planting in the area. Once requirements are fulfilled by the cooperative, certification can be granted, providing the appropriate authorities with a premium price, calculated on a cumulative basis.

Our Company recognizes that striving for certification may seem an unattainable and, therefore, unprofitable goal to many. To achieve sustainability on a global scale, however, it is our duty, as a prominent agribusiness company, to facilitate the integration of good practice into every level of our business. For this reason, we prioritize our work with smallholders, acknowledging the bi-lateral benefit that partnership reaps. Fostering partnerships with farmers has a positive impact on their welfare and surrounding environment while providing our Company with a reliable and transparent source of Fresh Fruit Bunches (FFB). The FFB supplied to SMM from the smallholder farms are processed into Crude Palm



▲ Distribution of the premium price for sustainable palm oil to partnership farmers at SMM.

Oil (CPO) and Palm Kernel (PK) products. The resulting products are then sold at a premium price with RSPO certified CPO and PK labels. In addition to physical sales, the premium products are also traded through Palmtrace, an online network established by the RSPO.

Through this development program, SMM coaches smallholder farmers through a training program on best plantation management, which includes environmental, societal, legal, and human welfare aspects of sustainability. The initiative also allows farmers to engage with the management aspects of their operations, so that they not only increase their income but their understanding of responsible plantation management too.

"The provision of premium sustainable palm oil by SMM has encouraged cooperative members to take ownership of the cooperative's plantations. This takes the form of members actively maintaining the RSPO certificate and high production standards. We would like to thank SMM for distributing the premium price share for sustainable palm oil, this proves the company's commitment to providing guidance to our cooperative members" said Nizar, Chairman of the Cooperative, Sambar Jaya Makmur.

As of the final quarter of 2020, SMM has overseen RSPO certification of eight smallholder institutions, consisting of seven cooperatives and one village-owned enterprise



(BUMDES). The total area of the partnership plantation covers 859.67 ha, 169.5 of which have received RSPO certification, and a further 430 ha nearing this target. At present, three cooperatives have been certified under SMM and two further cooperatives are due to receive certification by RSPO in early 2021. This program has subsequently benefited 519 farmers, 100 of whom have now received a premium price.

Moving forward, SMM is committed to facilitating RSPO certification in all of their fostered smallholder farms. We believe that this project is a leading example demonstrating that promoting best practices in sustainability is a worthwhile investment, generating great benefits at all levels of the supply chain.

## Addressing Climate Change



▲ The POME wastewater pond at AANE biogas power plant, which supplies electricity to PLN's local grid in Belitung.

### Our GHG Commitment and Initiatives

The agriculture sector contributes to GHG emissions from land use change, oxidation of peat, fertilizer use, and the mills, including effluent such as POME, and to a lesser extent, from vehicles. It is our responsibility to increase our efforts in reducing GHGs emissions following international best practices and standards. At the same time, we are affected by climate change as an agribusiness company because climate impacts are putting our plantations, productivity, and business at risk. These impacts include adverse weather, rising sea levels, rising temperatures, new pests, and even new diseases as exemplified by the COVID-19 pandemic we are currently experiencing. **(103-1)**

We recognize that climate change is a real risk that requires urgent action. Emissions and climate change is a major concern and a material topic to the entire ANJ group, that encompasses our emissions as well as our energy use. In keeping with our commitments under the terms of our RSPO, ISPO and ISCC certification, and in line with government regulations and the Indonesian government's GHG reduction targets, we have made corporate commitments to reduce our GHG emissions. With regards to emission due to forest and land fires, our

Sustainability Policy commits to Zero Land Burning as per the prevailing laws and regulations as well as RSPO, ISPO and ISCC principles and criteria. However, fire remains a substantial material risk during dry seasons and extended drought conditions due to the risk of fires encroaching from outside our operational boundaries. **(103-1)**

In 2020, we developed an improved GHG Standard Operating Procedure to take into consideration the latest developments with regards to GHG. This includes improving our data monitoring system and GHG calculations to ensure the effective and efficient reduction of emissions. We plan to implement this new GHG SOP at the beginning of 2021. **(103-2)**

We apply a range of initiatives to reduce our GHG emissions through our energy usage, water consumption and waste management, in line with the concept of the circular economy. We have an on-going waste-to-energy approach, through which we are phasing out the use of diesel to power our mills by using our own recycled biomass from palm oil processing waste, such as palm shells and fibers, as well as biogas from POME at our AANE power plant. We compost our Empty Fruit Bunches (EFB) to be utilized as organic fertilizers and decrease our use of

inorganic fertilizers. On peatland, our continuous improvement approach in peatland management in our mature producing estates, such as ANJAS and KAL, has contributed to a drop in emissions from peat oxidation. **(103-2, 201-2)**

Other emissions reduction initiatives include the introduction of an Electrostatic Precipitator (ESP) at KAL mill and our new mill at PMP. The ESP can reduce particulate matter (PM) pollution to comply with international emission standards. The introduction of the ESP is not only beneficial to the environment but also for our employees working in the mills who are exposed to particulate matter. To manage wildfires, we have implemented an integrated fire management system, which is described in detail in other sections in this report (see pages 70-73). **(103-2, 201-2)**

## GHG Emissions and Intensity

Currently we only conduct GHG emission calculations for the mature producing oil palm subsidiaries of ANJA, ANJAS, SMM, KAL, PMP and PPM. The palm oil mill at PMP started operating in September 2019 to process FFB from PMP and PPM. Therefore, this will be the first year that the GHG emissions of PMP and PPM are incorporated in our total calculations. We also include emissions from our sago and edamame businesses, as well as emissions from our offices in Jakarta, Medan, and Sorong. We hope these inclusions will provide a more complete view of ANJ's total GHG emissions as a group. However, we do not count emissions from our renewables business (AANE) to prevent double counting considering that the sequestration of methane from POME is already calculated in our Palm Oil GHG emissions measurements.

The emissions we calculate are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), all of which have been converted to CO<sub>2</sub> equivalent. For chlorofluorocarbons (CFCs) and hydro chlorofluorocarbons (HCFCs), which are commonly used in air conditioners and refrigerators, calculations have not been made because the methods used (RSPO PalmGHG) do not take these gases into account. **(103-2)**

We use the financial control using asset value to consolidate emissions from our entire group as we produce different crops.

Because this is the first time that we calculate emissions for the whole ANJ group, the information about our GHG emissions in previous years are restated, including our calculations of our base year in 2015. **(103-2, 305-1)**

The GHG calculations presented below for Scope 1, Scope 2 and Scope 3 emissions are made using the RSPO PalmGHG version 4 with some modifications. Considering that Palm Oil is our largest business, PalmGHG seems to be most relevant approach for measuring our GHG emissions. Additionally, PalmGHG calculations are reviewed yearly by an independent party as part of the RSPO Audit Surveillance/Recertification process. As a result, this provides assurance that the method and data we are using are valid and in line with PalmGHG requirements. Nevertheless, we have made some modifications to follow requirements from the GRI Standards. These modifications include the exclusion of carbon sequestration from Palm Oil, GHG parameters for scope 3 emissions are grouped as per ISO 14064, and GHG intensity is calculated using current assets. The emission factors used in this GHG calculation can be seen in Appendix I at the back of this report.

We are committed to understanding our contribution to climate change by evaluating our carbon emissions each year. We have conducted GHG Monitoring since 2013 using ISCC GHG calculations and started using RSPO PalmGHG in 2015. As a result, for comparability reasons, we have determined 2015 as the base year to track our performance over time. **(102-3, 305-1)**

Scope 1 emissions are those related to land use change (European Union Commission 2009. Directive 2009/28/EC); fertilizer (Ecoinvent v2- GHG Based on IPCC 1007 and IPCC 2006); Peat Soil (Current and Future CO<sub>2</sub> Emissions from Drained Peatlands in South East Asia 2010); Fuel Consumption (JEC 2011); POME (IPCC 2007). In 2020, our Scope 1 emissions amounted to 1,411,657 tons CO<sub>2</sub> eq, which includes 591,453 tons CO<sub>2</sub> eq from land use change,

Scope 2 emissions are based on usage of electricity from the national grid (IEA Emissions Factors 2012). Scope 3 emissions are based on Sinks (Regional Conservation Sequestration, recommended by RSPO), such as carbon sequestration in our HCV areas.

**Table 35. GHG Emissions and Intensity Ratio (305-1, 305-2, 305-3, 305-4)**

Items	Unit	2020	2019*	2018*	2017*	2015* (Baseline)
<b>GHG Emissions</b>						
Scope 1	Ton CO <sub>2</sub> eq	1,411,747	1,179,013	1,181,030	1,171,164	1,450,786
Scope 2	Ton CO <sub>2</sub> eq	2,789	36,792	6,456	4,083	1,876
Scope 3	Ton CO <sub>2</sub> eq	(471,635)	(71,925)	(77,809)	(70,882)	(56,251)
Total	Ton CO <sub>2</sub> eq	<b>942,901</b>	<b>1,143,879</b>	<b>1,109,677</b>	<b>1,104,366</b>	<b>1,396,411</b>
<b>Emission Intensity</b>						
Asset	USD (million)	636.14	625.71	602.20	569.50	470.44
Scope 1	Ton CO <sub>2</sub> eq/million USD	2,219.23	1,884.29	1,961.18	2,056.49	3,083.86

Items	Unit	2020	2019*	2018*	2017*	2015* (Baseline)
Scope 2	Ton CO <sub>2</sub> eq/million USD	4.38	58.80	10.72	7.17	3.99
Scope 3	Ton CO <sub>2</sub> eq/million USD	[741.40]	[114.95]	[129.21]	[124.46]	[119.57]
Total	Ton CO <sub>2</sub> eq/million USD	<b>1,482.21</b>	<b>1,828.14</b>	<b>1,842.69</b>	<b>1,939.20</b>	<b>2,968.28</b>

Note: \*Restatement of information from previous years due to improved measurements

The emission intensity ratio used is ton CO<sub>2</sub> eq/ton CPO. The gases calculated using this intensity are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, all of which have been converted to CO<sub>2</sub> equivalent. Emissions of ozone-depleting substances such as CFC gases found in air conditioners and refrigerators, are not included in these calculations because RSPO PalmGHG does not consider these gases. We did not include CFC emissions from our frozen food division of GMIT as GMIT is still in the initial stages of its operations. **(305-6)**

**Table 36. Reduction of GHG Emissions (305-5)**

Scope	Unit	Baseline (2015)	2020		2019		2018		2017	
			Emission	Change*	Emission	Change*	Emission	Change*	Emission	Change*
Scope 1	Ton CO <sub>2</sub> eq	<b>1,450,786</b>	1,411,747	-2.7%	1,179,013	-18.7%	1,181,030	-18.6%	1,171,164	-19.3%
Scope 2	Ton CO <sub>2</sub> eq	<b>1,876</b>	2,789	48.7%	36,792	1860.8%	6,456	244.1%	4,083	117.6%
Scope 3	Ton CO <sub>2</sub> eq	<b>(56,251)</b>	[437,887]	678.4%	[71,925]	27.9%	[77,809]	38.3%	[70,882]	26.0%

Note: \*relative to baseline.

Although we have reduced our Scope 1 emissions in 2020 when compared to the baseline, our emissions have increased by 232,734 Ton CO<sub>2</sub> eq compared to 2019. This is due to the addition of the PMP mill in West Papua that started operating this year. However, if we only calculate emissions from our mill units in Western Region (the same as last year), there is a decrease of 48,125 Ton CO<sub>2</sub> eq this year compared to 2019. This decrease was made possible by efficiencies in fertilizer use, fuel efficiency, and better management of POME. Meanwhile, Scope 1 emissions from our sago operations is not significant relative to our overall emissions, which is due to the smaller scale of our sago operations.

Scope 2 emissions have increased compared to the baseline in 2015 due to electricity use at our edamame factory and our offices, which mainly use energy from the grid provided by the State Electricity Company. In 2015, our edamame unit was not yet operational which explained why Scope 2 emissions was much lower in the baseline when compared to the last three years.

The biggest change increase can be seen in Scope 3, with regards to carbon sinks, as sequestration from our conservation areas has sharply increased by 678.4%. The reason for this is that this year for the first time we have included emissions calculated for PMP and PPM which includes the sequestration from the large forest areas (HCV) within these estates.

We measure particulate matter (PM), nitrogen oxides (NOx), and sulfur oxides (SOx), every six months in the work environment (factories and offices) as well as in residential areas close to the factory, at the source in the electricity generator and boiler chimney. The results of these measurements are reported regularly to the local Environment Agency as per the regulatory requirements. Reporting on these emissions is managed by the Environment, Health and Safety (EHS) department. It should be noted that, our NOx and SOx emissions have markedly increased in 2020 due to the inclusion of PMP's mill in the calculations. This mill currently has a high electricity generator usage which will eventually reduce when its operations start to run normally.

**Table 37. Nitrogen oxides, sulfur oxides, and other significant air emissions (305-7)**

Emissions	Unit	2020	2019*	2018*	2017*
NOx	Kg	424,091.52	202,678.53	126,013.15	201,766.36
SOx	Kg	208,269.57	98,568.48	173,357.40	222,686.21
Particulate Matter	Kg	211,219.69	168,723.60	115,140.03	160,908.28

Notes:

- \*Restatement of information due to improved measurements
- These emissions cover SMM, ANJAS, ANJA, KAL, and PMP only
- Calculation factors are flow rate (in m<sup>3</sup>/s), operational duration (in hours/year), and concentration (in mg/m<sup>3</sup>)
- Calculations are made based on direct measurements by accredited laboratories and site-specific data.

## Energy Use and Efficiency Initiatives

We make clear commitments, through our Sustainability Policy, to reduce the use of fossil fuels and to seek alternatives based on a waste-to-energy policy. We recognize that the use of fossil fuels is a major contributor to increased GHG emissions that cause intensification of human-induced climate change and warming of the planet. The majority of our energy consumption comes from the processing and logistical transport of palm FFB, palm oil and sago at our mills as well as from plantation maintenance and management. In comparison, non-processing activities, such as employee housing, health clinics, company cooperatives, club houses, places of worship and offices, have a lower energy demand. The topic boundaries for energy extend across the entire business. Energy use reporting is consistent for our mature producing estates in West Region namely SMM, ANJA, ANJAS, and KAL. This year, we have extended our energy use records in the East Region (PPM and PMP), our Head and Regional offices, our sago unit (ANJAP), our vegetables unit (GMIT), as well as our renewable energy unit (AANE) in Belitung. **(103-1)**

Our main policy in energy utilization is to reduce fossil fuel usage, especially the use of diesel. To achieve this goal, the

Company has facilitated the development of biowaste as a source of energy for our processing activities. Biological by-products of processing, such as palm shell, palm fiber, and sago tree barks are utilized for biomass combustion in our boilers, which powers our turbines. Currently, bio-waste materials are our main source of alternative and renewable energy. **(103-2)**

Meanwhile, to a lesser extent, POME is used in our biogas plant, AANE, which is connected to supply power to the PLN local electricity grid in Belitung. In 2020, we have sold 33,842.38 GJ of electricity produced by AANE, which has reduced the overall energy intensity of SMM by 1.79 GJ/ton of CPO produced. In the future, we hope to add additional biogas plants and utilize the electricity generated for our own use. **(103-2)**

The calculation of energy produced from palm shell, palm fiber, and sago tree bark is calculated by recording the turbine running engine units in kilowatt/hour (kWh) converted to Giga Joule (GJ) [WRI, 1987]. As for diesel energy consumption in GJ, we use the following calculation: Total diesel (liter) x 0.9 kg/liter x 44 MJ/Kg x 10<sup>-3</sup> GJ/MJ. **(302-1)**

Table 38 below presents the Total Energy Consumption and Energy Intensity across our entire business for the past four years.

**Table 38. Total Energy Consumption\* (302-1)**

Year	Renewables (in GJ)			Non-renewables (in GJ)			Purchased electricity (in GJ)	Electricity Sold to National Grid (in GJ)	Total energy consumption (in GJ)
	Biogas	Biomass	Solar Power	Total	Gasoline, Peralite, Kerosene	Diesel	Total		
2017	2,660	74,737	5	77,402	5,438	159,164	164,602	12,332	225,862
2018	3,123	99,836	8	102,967	5,874	144,389	150,263	21,814	243,600
2019	2,646	100,309	8	102,963	6,443	162,236	168,679	15,347	261,405
2020	3,279	113,952	8	117,239	25,560	113,724	139,284	7,946	230,627

**Notes:**

1. \*Information restated due to inclusion of PPM, PMP, ANJAP, GMIT, AANE, Head Office, and Regional Offices
2. Biogas, biomass, and electricity consumption are measured in kWh, the conversion factor is 1 kWh = 3.6 MJ [WRI, 1987]
3. Solar power use is estimated based on a 10 hour/day usage of 9W light bulbs, for 30 days/month, measured in kWh. The conversion factor is 1 kWh = 3.6 MJ [WRI, 1987]
4. Diesel consumption is measured in liters, the conversion factor is 1 liter = 0.036 GJ [IPCC, 2006]
5. Kerosene consumption is measured in liters, the conversion factor is 1 liter = 0.03768 GJ [Statistic Canada, 2005]
6. Gasoline consumption is measured in liters, the conversion factor is 1 liter = 0.03466 GJ [Statistic Canada, 2005]
7. Peralite consumption is measured in liters, conversion factor is 1 liter = 0.03276 GJ [deepresourse.wordpress.com, 2012; WRI, 1987]

As for energy consumption within our supply chain and other outside vendors, we do not currently measure this. We also do not report on energy requirements of products and services which we utilize, as this is not relevant to our business and our main products. **(302-2, 302-5)**

**Table 39. Energy Intensity by Total Asset (302-3)**

Year	Total Energy Consumption (in GJ)	Total Asset (in million USD)	Energy Intensity (in GJ/million USD)
2017	225,862	569.5	396.6
2018	243,600	602.2	404.5
2019	261,405	625.7	417.8
2020	230,627	636.1	362.6

We use 2015 as our base year to evaluate our energy consumption trends. We have chosen the same year as baseline for energy consumption and for GHG emissions because both are closely related to each other. As shown in Table 38, our main alternative energy initiative is the use of waste biomass at our mills at ANJA, ANJAS, SMM, KAL, PMP, and ANJAP. This has resulted in an increase of renewable energy use over the years, achieving a proportion of 50.8% renewables in our total energy mix in 2020, an increase from 39.4% in 2019 and from 18.8% in our base year. Most of the renewable energy we use is biomass from palm shells and fibers. Between 2017-2020, our calculations show that 10,800 tons of diesel have been replaced by biomass. This is evidence of our commitment to increase renewable energy alternatives. We plan to further reduce our use of fossil fuel through various policy initiatives leading to a further increase of the use of biomass in our turbines. **(103-3, 302-4)**

When processing energy demands are low, we switch the use of energy produced from the biomass-powered turbines for non-processing needs, such as electricity for housing, shops, places of worship, and other facilities in our estates. This has resulted in non-renewable energy savings of 17,561 GJ or equal to 489 metric tons of diesel fuel. **(302-4).**

Additionally, we proactively implement other energy saving initiatives in our non-processing activities. This includes replacing fluorescent lamps with light-emitting diodes (LED) lights in all our mills and biogas facilities; utilizing teleconferences for meetings; utilizing solar cells for lighting in the estates; and replacing older air-conditioning units with newer energy-saving models. Table 40 below shows the energy reductions achieved by each of our initiatives. These reductions are calculated as the difference between actual energy used as a result of our initiatives and the energy potentially consumed if no initiatives were implemented. In 2020, we saved a total of 18,120 GJ of energy due to our energy efficiency initiatives. **(302-4)**

**Table 40. Energy Reduction (302-4)**

No	Program	Type Of Energy Reduced	2017	2018	2019	2020
			(GJ)	(GJ)	(GJ)	(GJ)
1	Using biomass turbines for non-processing energy	Diesel fuel	9,010.44	14,589.55	12,640.19	17,561.84
2	Switch to energy saving light bulbs at Mills	Electrical	79.60	95.32	56.77	39.05
3	Teleconferencing	Diesel fuel	1.80	3.35	7.60	13.62
4	Modification of machines from diesel to electric	Diesel fuel	-	-	46.14	46.14
5	Installation of solar cells in the estates	Electrical	0.47	0.47	0.47	0.23
6	Switch to energy saving AC	Electrical	-	6.29	10.78	0.67
7	R2G (Rotary Removal Grit)	Electrical	-	927.00	805.98	278.13
8	Switch to energy saving light bulbs at biogas facilities	Electrical	-	-	5.43	0.14
9	Switch energy saving light bulbs at CWT facilities	Electrical	-	-	24.82	0.89
10	Modification of unconventional tin pump system from diesel to electric	Diesel fuel	-	-	534.85	108.19
11	SCADA for Automatization	Electrical	-	-	33.71	16.63
12	AutoMix Treatment	Electrical	-	-	6.44	15.95
13	Operational Transport Restrictions for Guest and Staff Pickup Service	Diesel fuel	-	-	11.72	38.10
<b>Total Reduction Of Energy Consumption</b>			<b>9,092.30</b>	<b>15,621.98</b>	<b>14,184.89</b>	<b>18,119.58</b>

Note: Methodologies and conversion factors are described in Appendix I



## Waste Management

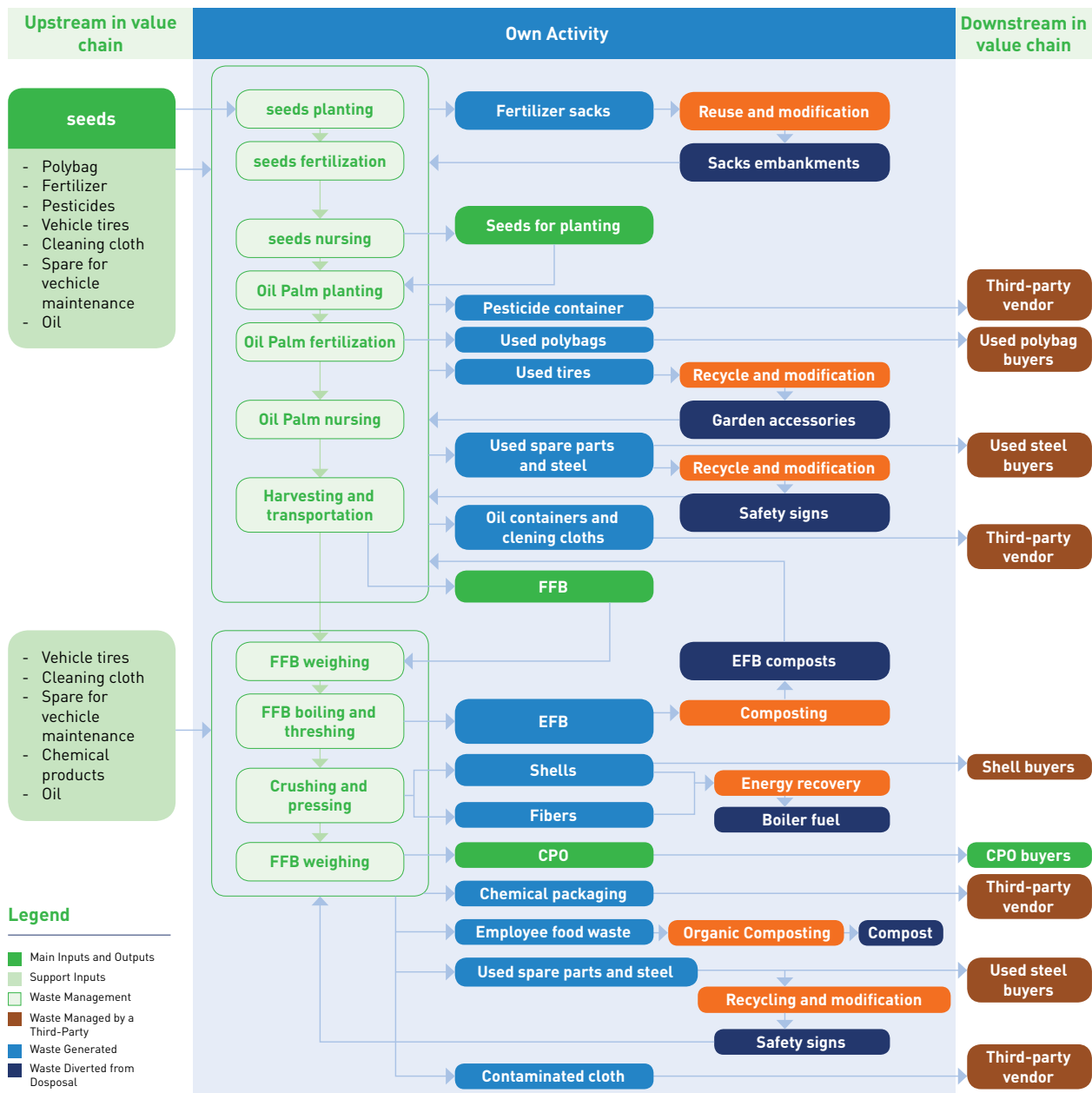
Our Sustainability Policy articulates commitments to both efficient waste management processes through implementation of the 3Rs (Reduce, Reuse, and Recycle), as well as commitments to reducing the volume of solid waste from the harvesting and processing of oil palm and sago. We have Zero Waste programs functioning in each business unit and to support this effort we have mapped in detail how our operational and domestic activities generate solid waste. This is described in the flowchart below. **(103-1, 103-2)**

The effectiveness of our waste management is monitored and evaluated by independent external auditors. RSP0, ISPO, and ISCC certification institutions review our performance annually because responsible waste management is one of the criteria

for obtaining those certifications. Similarly, to meet with ISO 14001 standards our waste management and monitoring is audited each year. Audit and review results in 2020 found no major issues that need adjustments or improvements in our waste management. **(103-3)**

We classify solid waste into two categories, namely hazardous and non-hazardous. Management of solid waste is adjusted according to the type of waste. For non-hazardous solid waste, we have implemented several management initiatives based on the 3Rs principle. These are, among others, the plastic use reduction initiative; Electronic Plantation Mobile System (EPMS); reuse of fiber, kernel shells, fertilizer sacks and EFB waste as boiler fuel; and recycling initiatives such as composting. **(306-2)**

### Waste generation and significant waste-related impacts (306-1)



The main types of hazardous waste are used oil and neon bulbs, medical waste, and pesticide packaging such as sacks. The hazardous and toxic waste is stored on-site in licensed temporary storage facilities. No hazardous waste is reused, recycled, incinerated, or sent to landfill. We work with a licensed third party to manage the disposal of our hazardous waste.

Each subsidiary has a contract with a third-party vendor that is confirmed to have met the legal requirements to transport, recycle, or process hazardous waste. All toxic and hazardous waste is disposed of according to the government regulations.

**(306-2)**

**Table 41. List of 3R Initiatives (306-2)**

No.	Initiative	Description
1.	Plastic Use Reduction	Reducing plastic by enacting a policy of not providing plastic bags for buyers of employee cooperatives and not providing packaged drinks at the office.
2.	EPMS (Electronic Plantation Mobile System)	Application of a barcode system for OPH (Oil Palm Harvesting) that reduces paper use.
3.	Fiber and kernel shell Waste for boiler fuel	Palm fiber and kernel shell generated from CPO processing are reused as boiler fuel to eliminate waste and reduce diesel fuel consumption.
4.	Reuse of fertilizer sack	Empty fertilizer sacks are reused for stabilizing slopes and embankments on company plantation lands as an effort to prevent erosion and to strengthen the area.
5.	Direct application of EFB as organic fertilizer on oil palm plants	Empty fruit bunches are directly applied as organic fertilizers in oil palm plantations
6.	Composting of EFB	EFB are recycled into compost which is then applied to oil palm plants as organic fertilizer to reduce the use of chemical (inorganic) fertilizers on oil palm plants.
7.	Use of re-purposed rubber tires for plant pots and garden accessories	Used tires from vehicle maintenance activities are modified and used as plant pots and garden accessories.
8.	Food waste composting	Organic solid waste food waste is processed into compost as organic fertilizer for ornamental plants in company gardens.
9.	Waterpass from used Ebor Gold 3 in 1	Utilization of used Ebor gold pole fiber for making waterpass. The waterpass are used for double terrace measurement in the replanting area
10.	Plastic Paving Block	Utilization of plastic waste with a mixture of boiler ash as raw material for making paving blocks.
11.	Plastic Chopper	Utilization of scrap metal for making plastic chopping tools. Plastic choppers are used to cut or chop plastic waste into plastic waste of a certain size.

The monitoring and reporting of the life cycle of hazardous waste is automated through the online electronic manifest reporting system of the Ministry of Environment and Forestry (MoEF) called “*Festronik*”. Each subsidiary also reports its toxic and hazardous waste balance on a three-monthly basis to both the district and provincial environmental agency. **(306-2)**

Table 42 below details solid waste which is generated from the company’s oil palm and sago plantation and processing factories, the volume which is diverted from disposal through the 3R initiatives discussed in the preceding section as well as the remaining volume that are directed for disposal. All our 3R initiatives below are carried out onsite in our own facilities.

**(306-4)**

**Table 42. Waste Generated, Diverted from, and Directed to Disposal in Metric Tons (306-3, 306-4, 306-5)**

Year	Category	Waste generated	Diverted from disposal	Reused	Recycled	Other recovery	Directed to disposal
		Ton	Ton	Ton	Ton	Ton	Ton
2017	Production	437,891.7	379,557.6	57,046.2	176,717.0	145,794.4	58,334.1
	Non-production	177.2	89.4	0.0	89.4	0.0	87.8
	Hazardous	44.2	0.0	0.0	0.0	0.0	44.2
	<b>Total</b>	<b>438,113.1</b>	<b>379,647.0</b>	<b>57,046.2</b>	<b>176,806.4</b>	<b>145,794.4</b>	<b>58,466.1</b>

Year	Category	Waste generated	Diverted from disposal	Reused	Recycled	Other recovery	Directed to disposal
		Ton	Ton	Ton	Ton	Ton	Ton
2018	Production	537,879.8	480,795.8	101,923.3	211,702.1	167,170.4	57,083.9
	Non-production	268.5	188.3	34.1	154.2	0.0	80.2
	Hazardous	40.3	0.0	0.0	0.0	11.3	40.3
	<b>Total</b>	<b>538,188.5</b>	<b>480,984.1</b>	<b>101,957.4</b>	<b>211,856.3</b>	<b>167,181.7</b>	<b>57,204.4</b>
2019	Production	534,038.0	487,356.3	124,684.3	180,463.7	182,208.3	46,681.8
	Non-production	194.7	106.9	56.1	50.8	0.0	87.8
	Hazardous	41.1	0.0	0.0	0.0	0.0	41.1
	<b>Total</b>	<b>534,273.8</b>	<b>487,463.2</b>	<b>124,740.4</b>	<b>180,514.5</b>	<b>182,208.3</b>	<b>46,810.6</b>
2020	Production	568,848.2	511,437.3	167,355.8	165,027.3	179,054.2	51,029.0
	Non-production	222.2	142.0	80.0	62.0	0.0	30.7
	Hazardous	32.1	0.0	2.0	0.0	0.0	38.7
	<b>Total</b>	<b>569,102.5</b>	<b>511,579.3</b>	<b>167,437.8</b>	<b>165,089.3</b>	<b>179,054.2</b>	<b>51,098.4</b>

**Note:** Data sourced and processed from ANJ's oil palm and sago estates between 2017-2020. Measurement methods and conversion factors are described in Appendix I.

The overall solid waste that ANJ generates from its operations amounts to 569,102.5 tons. Of these, 551,581.3 tons, or 90% of our total solid waste, has been recycled or reused or otherwise recovered, while 51,098.4 tons have been directed to disposal. Most of our production waste that are diverted from disposal are reused as boiler fuel or recycled as organic fertilizers. The biomass used as boiler fuel has generated 133,952 GJ of energy equivalent to about 9.5 million liters of diesel fuel. Assuming that the price of industrial diesel fuel is IDR 13,783.59/liter (solarindustri.co.id), we have calculated that our waste-to-energy program has resulted in IDR 131 billion, or about USD 9 million, in energy savings in 2020. Meanwhile, our composting

program has reduced our use of inorganic fertilizers with an estimated value of IDR 21 billion, or about USD 1.45 million, in 2020. As part of achieving our Zero Waste aspirations, we hope to continue increasing our waste-to-energy and composting initiatives. **(201-2)**

Our total waste directed to disposal amounts to 51,098.4 tons in 2020. Most of these are non-hazardous waste disposed onsite in our own landfill. A smaller portion of non-hazardous waste is sold to third parties. In terms of hazardous waste, the total waste generated is 38.7 tons which were all managed offsite as we handed them to third parties. **(306-5)**

**Table 43. Waste Directed to Disposal in Metric Tons (306-5)**

Year	Category	Directed to Disposal		
		Onsite	Offsite	Total
		Ton	Ton	Ton
2017	Non-Hazardous	56,779.2	1,642.7	58,421.9
	Hazardous	-	44.2	44.2
	<b>Total</b>	<b>56,779.2</b>	<b>1,686.9</b>	<b>58,466.1</b>
2018	Non-Hazardous	53,762.1	3,402.0	57,164.1
	Hazardous	-	40.3	40.3
	<b>Total</b>	<b>53,762.1</b>	<b>3,442.3</b>	<b>57,204.4</b>
2019	Non-Hazardous	42,077.9	4,691.6	46,769.6
	Hazardous	-	41.1	41.1
	<b>Total</b>	<b>42,077.9</b>	<b>4,732.7</b>	<b>46,810.7</b>
2020	Non-Hazardous	47,308.3	3,751.4	51,059.7
	Hazardous	-	38.7	38.7
	<b>Total</b>	<b>47,308.3</b>	<b>3,790.1</b>	<b>51,098.4</b>







86-125

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# People

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▲ COVID-19 handling training at PMP, West Papua.

People represent one of the three foundational pillars of our Responsible Development approach, the other pillars being environment and economic prosperity. Responsible Development means supporting long-term social, environmental and economic outcomes. We achieve this by ensuring the well-being of our people and the communities around us, and providing jobs and economic benefits whilst making certain we manage the environment responsibly without compromising its ability to support future generations.

Our Sustainability Policy contains commitments to both our employees and the communities in and around our operational areas. For employees, this translates into supporting their wellbeing through the creation of an inclusive and fair work culture which adheres to the values and practices of gender equality, human rights, labor rights, security and safety, and positive engagement. **(103-2)**

To communities and direct stakeholders associated with our business, our Sustainability Policy commits to creating and contributing to social value in the communities where we operate through positive social, environmental and economic benefits generated by our business and our engagement. We seek meaningful and long-term relationships that respect local cultures. In line with RSPO standards and procedures, it is our policy to meet internationally recognized community engagement standards and requirements, notably in terms of respecting land rights, customary rights, local culture, community livelihoods, and community involvement and development. This includes practicing Free, Prior and Informed Consent (FPIC) and facilitating grievance and conflict resolution.

**(103-2)**

## Occupational Health and Safety

The COVID-19 pandemic presented an unprecedented health challenge in 2020 and introduced many uncertainties. The government mandated lockdowns and restrictions on trade and movement, and our operations, like many businesses around the world, presented us with difficulties. However, the safety of our employees remained our focus as we adapted promptly to a new normal. Our employees are the foundation of our business thus we place a high priority on their health, safety and well-being, and consider this aspect as a business-wide material topic. Our concern for health and safety naturally extends to our suppliers, contractors, as well as communities in our operational area. We achieve nothing if we do not do it safely. **(103-1)**



▲ Provision of hand washing facilities in an employee housing area.



*Nepenthes*, also called tropical pitcher plant, genus of carnivorous pitcher plants was found in ANJ Group operational areas.

# Kantong Pemas

(*Nepenthes*)

**ANJ is committed to elevate the lives of nature by protecting the biodiversity within and around our plantation.**

In 2019, ANJ developed the Pendaki - Peduli Keanekaragaman Hayati (Care for Biodiversity), a citizen science program. The Pendaki program engages and encourages team members from across six palm oil and sago estates to share their flora and fauna sightings from within ANJ's operational areas.



**ANJ**





Each of our estates and offices went beyond government requirements for health and safety in response to the COVID-19 pandemic, even extending our measures to the surrounding local communities. Rigorous safety measures were implemented at all of our operating sites. In addition to mandatory Personal Protective Equipment (PPE), we provided opportunities for rapid diagnostic tests; health-screening; routine health

education schemes, provided in a socially distanced manner; and relief packages for those struggling under the economic and social impacts of the virus. We believe we have succeeded in minimizing the pandemic effects on our operations as our Company continued CPO production uninterrupted throughout the year. **(103-2)**

## Health and Safety Management System



▲ Company healthcare provision for employees and the community.

We have in place an Occupational Health and Safety (OHS) management system, built around the workplace risks we have identified. Our OHS management system is comprised of a hierarchy of policies, plans, associated SOPs, health and safety manuals, and programs, which are developed and implemented based on the Hazard Identification, Risk Assessment & Risk Control (HIRARC) method. It is applied to comply with the provisions of government regulations and to meet with certification requirements, namely Indonesian Labor Law No. 13/2003, and Government Regulation No. 50/2012 on Occupational Safety and Health Management Systems, as well as standards and criteria from various health and safety, environmental, and palm oil certification bodies such as ISO 14001, ISO 45001, SMK3, and the RSPO. The system is regularly reviewed and audited against those national and global standards and best practices. **(403-1)**

The OHS management system covers all activities in ANJ's operational areas and workplaces, as well as activities outside our areas, but is controlled and supervised by our company,

such as transportation and travel activities. Our OHS system is applicable to all of our 8,918 employees and no employee category is excluded. Internal audits were carried out at ANJA, ANJAS, SMM, KAL, PMP, PPM, and ANJAP units, employ 8,661 workers or 97.1% of total employees. Four of our units (ANJA, ANJAS, SMM and KAL) had external OHS audits, thus covering 6,467 people or 72.5% of employees. **(403-1, 403-8)**

The OHS system also applies to contract workers and contractors whose work and/or workplace is controlled by the Company. However, contractor activities, such as harvesting, fertilizing, or maintenance, that takes place outside of our operational areas are not covered and are the responsibility of our contractors. Our records show that there were a total of 1,984 contract workers and contractors employed in 2020, all of which were covered by our OHS management system, with 1,842 of those workers (92.8%) covered by an internally audited system, and 249 people (12.6%) under an externally audited system. **(403-1, 403-8)**

The assessment of OHS risks is carried out following health and safety SOPs which reference ISO 45001 standards. We apply the HIRARC method and the Job Safety Analysis (JSA) process in our assessment consisting of identifying activities and related risks, defining, and categorizing hazards, assessing risks, developing risk controls, and measuring risk levels after implementing controls. The assessment is carried out by supervisors of related workplaces, who are HIRARC-trained, and is facilitated by the EHS Department with expertise in health and safety as well as risk management. The resulting health and safety risk assessment or HIRARC document is reviewed and approved by the business unit top management and is communicated and distributed to relevant employees. **(403-2, 403-3)**

The HIRARC document serves as the basis to determine control measures, such as work programs, standards, or regular monitoring, which will be monitored and evaluated for progress and achievements. It is reviewed when there are organizational changes, when incidents occur, or certain emergency conditions are experienced. The process for reporting health and safety issues, as well as for investigating incidents, is detailed in our Incident Management SOP. The SOP includes processes for employees to anonymously report unsafe working conditions and near miss incidents. **(403-2)**

The Environment, Health and Safety (EHS) Department has overall responsibility for developing, implementing, and monitoring safety policies, standard operating procedures, and guidelines. In terms of capacity, the EHS Department has two personnel at the Head Office, one personnel in each region, and two or three EHS officers at each business unit. Officers at the business units monitor safety and compliance together with estate staff, who provide daily safety briefings for estate workers and run safety drills. All EHS team members have received general and specific trainings in health and safety, including expertise in fire safety, chemical safety, incident investigation, safety inspecting, and EHS auditing. The EHS Department works with the EHS Committees and, as 2021, EHS Representatives at each site will conduct regular inspections and reviews of such risks and other potential health and safety hazards, decide on appropriate mitigating actions, and codify these actions in SOPs. EHS Representatives are appointed by the General Manager of each estate to represent their division or department regarding EHS issues. **(403-3)**

When incidents occur, the estate foreman, the Assistant Head (*Asisten Kepala/Askep*) or the estate manager makes an initial incident report to the EHS Coordinator. Based on the initial report, the EHS coordinator will determine the severity of the incident and decide whether further investigation and a special investigation team is needed. When a special investigation team is formed, the investigation report and recommendations are reviewed and approved by the General Manager as well as Directors of the related business unit. The EHS Department must communicate and inform employees across the Group about the incident, its follow-up recommendations, and lessons learned, including reviewing the HIRARC document where necessary. **(403-2)**

Our health and safety practices are regularly audited, both internally and externally, as part of the evaluation and continuous improvement of our measures. In 2020, we conducted internal audits of our ISO 14001 and ISO 45001, SMK3 compliant producing estates (SMM, ANJA, ANJAS and KAL). We also measure our performance by the number of findings in the external audits of our ISO 14001 and ISO 45001 compliance at our producing estates. We have set a target maximum of two minor findings and no major findings from all the estates, for each type of audit. In 2020, the results of ISO 14001 and ISO 45001 external audits produced no major findings and one minor finding across all four estates, an improvement on the previous year's total of five minor findings. Our Siais estate, operated by ANJAS, also underwent an external SMK3 audit in 2020, with zero major findings and fifteen minor findings from 166 criteria. In 2020 ANJAS achieved a SMK3 'Golden Flag' rating with a score of 90.96%. This, however, is still slightly below our target of 95% (eight minor findings). **(103-3, 403-2)**

Employees participate and are consulted in the development, implementation, and evaluation of the OHS management system, that includes health and safety performance and

analysis, audit results, lessons learned, and OHS-related organization, resources, programs, trainings, and certifications. This process is contained in relevant SOPs, especially our SOP on external and internal consultation, participation, and communication. **(403-4)**

Each subsidiary has a formal Health and Safety Committee Governing Body (*Panitia Pembina K3/P2K3*), established according to the prevailing national law and local regulations, where applicable, and is registered at the local government's Manpower Agency. Committee meetings are held monthly and comprise management, employee, and contractor representatives, thus providing representation for 100% of employees and contractors. The committee, which also functions as a channel for the grievance mechanism for employees' concerns, alongside the bipartite forum (*Lembaga Kerja Sama/LKS Bipartit*) and the whistleblowing system (*Berani Bicara*), helps monitor, collect feedback, and provide advice on OHS programs. The Health and Safety Committees are supervised by the EHS Department, led by the Chairman of the P2K3, who are General Managers or Senior Managers, and report on a quarterly basis to the Manpower Agency and the Ministry of Manpower. **(403-2, 403-4)**

All employees have OHS aspects contained in their work contracts including how their concerns can be raised and addressed through the Health and Safety Committee and the LKS Bipartit, which meets monthly. As per the prevailing law, OHS regulations and ISO 45001, employees have the right to refuse work if they consider there to be unacceptable hazards and risk involved. When there are such requests, the company will make sure to review the hazards and take measures to mitigate the risks appropriately. The company guarantees that there will be no reprisals if an employee refuses to work on safety grounds and/or reports unsafe working conditions. The employee can report this matter to the EHS Department if there are any issues regarding workplace health and safety. **(403-2, 403-4)**

Our Health and Safety Management System is also applied to our contractors and suppliers, in accordance with our Contractor and Supplier SOP. Vendors and suppliers of dangerous goods, hazardous materials and other products that have health and safety impacts are required to meet regulatory requirements, including but not limited to Material Safety Data Sheet (MSDS) for hazardous materials, or standards and certifications for dangerous goods and other products of safety concern. For instance, suppliers delivering chemical products must have suitable transport vehicles and wear PPE when unloading, as required by standards that we have set. Before beginning their work, large contractors are required to prepare an EHS Plan, assign an EHS Officer, and sign a Letter of Commitment (LOC). They are also required to join our regular safety meetings in addition to following our health and safety standards. In 2020, this included mandatory COVID-19 checking and monitoring. **(403-7)**

During 2020, our EHS and Human Resources Departments were tasked with providing rapid and appropriate response to the COVID-19 pandemic. In addition to complying with the mandatory measures issued by the national government, the Company was quick to deploy rapid diagnostic testing facilities at all primary locations and enforce strict limitations to the movement of staff. To mitigate the spread of disease, all meetings were held remotely, and company travel was halted. At our estates, we enforced the temporary closure of the operations in the event that a member of staff tested positive,

despite the impacts this had on our production. Maintaining the health and wellbeing of not only our employees but those who are resident in the communities surrounding our operational sites, is of our utmost concern, therefore we attempted to extend our COVID-19 safety measures to the wider population. Although our agency to enforce strict measures was somewhat limited, we encouraged people to form 'clusters' and adhere to basic hygiene measures, such as handwashing and mask-wearing, with the hope of reducing the rate of transmission. **(403-6)**

## Occupational Health and Safety Services



▲ Employee having his blood pressure checked at the KAL healthcare facility.

Our operations are in remote areas with limited health care facilities and government provisions. We have established a network of seven main clinics and five smaller support clinics staffed by a total of six doctors, seventeen nurses, and twenty-two midwives to keep a healthy and productive workforce. These clinics are set up to provide easily accessible healthcare services to our employees and their families, our contractors, and members of the local community who live near the estate. **(403-6)**

Our clinics also aim to maintain and improve the health status of employees and their families through periodic health checks which detect the early onset of occupational or work-related diseases. The check-ups include physical examinations, x-rays, and laboratory tests such as blood tests. All permanent employees are covered by health insurance through *Badan Penyelenggara Jaminan Sosial Kesehatan* (BPJS Kesehatan) or the Healthcare Social Security Agency, the government health insurance program. This health insurance provides full medical coverage for all employees and their dependents (maximum

three children). In addition, the Company provides private health insurance to employees that covers in-patient and out-patient expenses. Both public and private health insurance removes the healthcare cost burden from our employees and provides more security when facing illness. **(403-6)**

We have not identified a high risk of communicable and serious diseases which might contribute negatively to the health of our employees. It should be noted that we have excluded COVID-19 as a work-related disease. This follows the Ministry of Health decree stating that COVID-19 is only categorized as work-related disease for health workers and non-health workers involved in the pandemic response activities. Furthermore, this is also due to the inherent difficulty in concluding, with reasonable certainty, that a person was infected as a consequence of work-related activities or exposure in a setting of high levels of community transmission and evolving understanding of the epidemiological criteria for infection. For internal risk management purposes, we have sought to identify where risks of workplace transmission may have been a factor. **(103-2)**



As stated in our Sustainability Policy, we recognize the role of women in families and communities and the importance of providing medical healthcare according to women's important role in communities. Therefore, we have developed a healthcare and childcare system that supports women in carrying out their dual role as income earner and as a family caregiver. The development of a childcare system that is functional and supportive also contributes to overall family well-being. **(403-6)**

In line with the government family planning program (*Keluarga Berencana/KB*), our estate clinics provide reproductive healthcare services and counseling to our employees and their families. Our doctors and midwives provide comprehensive antenatal care to women during pregnancy. This includes physical examinations at least three times during the pregnancy, as well as provision of multi-vitamin supplements and pregnancy education. We also have a work transfer program to ensure that pregnant workers are protected from high-risk work activities. **(403-6)**

Antenatal care is followed up by postnatal care for up to 40 days post-partum whereby the mother's health is monitored. We encourage six-month exclusive breastfeeding and ensure women are sufficiently nourished to do so. For example, our medical clinic is staffed by midwifery paramedics certified by the National Population and Family Planning Agency (*Badan Kependudukan dan Keluarga Berencana Nasional/BKKBN*) who can thus provide a wider range of reproductive health services. **(403-6)**

For young children, we run a toddler healthcare program that includes basic immunization and general pediatric health advice to parents. To identify and prevent stunting, we monitor the nutritional status, growth, and development of children aged five years and under. We follow recommendations from the government on the prevention of stunting and provide supplementary feeding where necessary. We also provide Vitamin A twice a year in February and August with the aim of increasing the child's health as well as maintaining eye health and preventing blindness caused by vitamin A deficiency. **(403-6)**

Some of the health services are provided with the help of government institutions. For example, at SMM we cooperate with the East Belitung Regional Population and Family Planning Agency (*Badan Kependudukan dan Keluarga Berencana Daerah/BKKBD*) to accommodate employees or their families who are interested in participating in the family planning program for vasectomy. At ANJA clinic, contraceptives have been provided for free by the Padang Lawas Utara Regency government since 2017. This cooperation with Padang Lawas Utara health office also provides free vaccinations for toddlers and children of employees and workers at the estate.

## Safety Culture, Training, and Performance



▲ Socialization of the health and safety program at KAL.

We place a high priority on the workplace safety culture where all employees are accountable, and take personal responsibility for the safety of themselves and those around them. Ensuring that the importance that ANJ places on safety is understood by all new employees starts through raising awareness of the workplace hazards and risks through comprehensive safety training as part of their induction. New employees are also required to take part in compulsory safety drills, simulations, and training throughout the first year of their employment. Safety trainings are generally mandatory, provided free of charge, and conducted during paid working hours. Before commencing any work, all employees are reminded of the relevant EHS procedures and are sufficiently trained to identify and understand the hazards and risks in their respective work areas. **(403-5)**

As defined in our SOP on OHS competence and training, safety training programs are developed by the EHS department, based on a health and safety training needs analysis (TNA) involving the Head of EHS, the Head of Learning and Development, and estate General Managers. Training courses are delivered by

internal experts or external trainers. Certification training is provided by accredited external trainers from or are appointed by certification bodies. The courses are categorized as general safety training, which are mandatory for all employees, and specific safety training, which are only delivered to relevant employees based on their work hazards and risks. **(403-5)**

The main high-risk work activities in our estates and mills, determined by our HIRARC assessments, include working in confined spaces, working at height, welding and cutting,

spraying herbicides, mixing of pesticides, crop harvesting using *egrek* (a long-handled sickle-like cutter tool), and working near high-voltage areas, such as harvesting close to power lines or working at power plants. Business travel by car, helicopter, airplane, and boat also represent a risk that relates to all employees across our group. All activities classified as having high risk to the health and safety of workers are controlled by specific regulations, SOPs, and Work Instructions (WIs) as part of our Occupational Health and Safety (OHS) system. **(403-9)**

**Table 44. High-Risk Work Hazards and Controls (403-9)**

Hazardous Activities at ANJ Estates	Type of Hazard	Location	Substitution, Elimination, and Engineering Control	Administrative Controls	Personal Protective Equipment (PPE)
Harvesting of FFB	Injury	Estate	Modification of "Egrek" or "Dodos"	Awareness-raising and training	Boots, safety goggles and safety helmets
Mixing of chemicals (pesticides/herbicides)	Injury and ill-health	Estate	Use of Manual Pump or using low-risk chemical	Awareness-raising and training	Boots, safety goggles, respirators, rubber gloves and aprons
Harvesting near power lines	Injury	Estate	Remove oil palm trees growing near power lines.	Awareness-raising, training and supervision during work	Boots, safety helmets and cotton gloves
Welding and cutting	Injury and ill-health	Central workshop and transportation	Installation of local exhaust ventilation	Welding and cutting permit	Safety shoes, welding goggles, leather gloves and aprons
Working at heights	Injury	Mill	Installation of Platform/ Ladder/Scaffolding	Working at heights permit	Safety shoes, safety helmets and full-body harness
Working in restricted spaces	Injury	Mill	Installation of Ventilator/Blower	Entry permit and gases check	Safety shoes, safety goggles and respirators
Working in power plant (generator, boiler)	Injury and ill-health	Mill	Installation of piping insulation (hot) and Glass Wool (Noise)	Awareness, work authority	Safety shoes, ear plugs, helmet
Travelling (by car, helicopter, airplane, boat)	Injury	All operations	Inspection & Maintenance	Safety briefings, quality controls, safety training, KIMPER for Driver	Safe vehicles, seat belts, hearing protection, safety vest

Elimination, prevention and mitigation measures include controls, such as equipment modification, training, permitting and lockout-tagout (LOTO) systems, supplemental nutrition for employees who are exposed to chemical substances (even within safe limits); and the provision of PPE such as safety helmets, safety boots, safety glasses, gloves, and ear defenders. Additional protective measures are mandated for pregnant female workers by reassigning them from certain job duties where their pregnancy exposes them to a higher level of risk, such as handling chemicals. For our female workers, we have established an antenatal care program that includes work transfers so that they are not given physically demanding tasks and do not come into contact with chemicals. **(403-9)**

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

We have put in place a formal framework for reporting work accidents in our "Procedures for Reporting and Investigating Incidents, Near Accidents, and Hazards (*Prosedur Pelaporan dan Penyelidikan Insiden, Nyaris Celaka, dan Bahaya*/SOP-EHS-004)". Our records cover all employees and contractors in our estates and offices. However, current records for our contractors are still incomplete and hence their health and safety data are not included in our tables. **(403-9, 403-10)**

Unfortunately, this year the Group recorded one fatality due to a traffic accident, compared to zero in 2019. This puts our fatality rate at 0.03 per million hours worked in 2020. 17 lost-time injuries were recorded, compared to 18 in 2019. We had no instances of occupational disease for all business entities last year, and it should be noted that we do not consider COVID-19 as a work-related disease as explained earlier in this chapter. There were 78 cases requiring medical treatment during the year. The total recordable injury rate (TRIR) in 2020 is 3.35 per million hours worked, which is an increase compared to last year. This is due to an increase of MTC and a lower accumulative working hours recorded compared to 2019. Injury rates are based on a million hours worked with a total of 30,741,777 hours worked this year. **(403-9, 403-10)**

**Table 45. Number of Fatalities, Injuries, and Medical Treatment in 2020 (403-9)**

Accident Classification	Total Number	Hazard/Cause
Fatality	1	Transportation
Lost Time Injury	17	Working at Height, Loading and Unloading Material, Transportation
Medical Treatment Case	78	Harvesting, Insect or Animal Bite, Handling Tools

**Table 46. Work related Injuries (403-9)**

	2020	2019	2018	2017
<b>Total Recordable Injury Rate (TRIR), per million hours worked</b>	3.35	3.26	2.75	0.94
<b>West region</b>	1.96	1.19	0.49	0.47
Male	1.96	1.15	0.49	0.47
Female	0.00	0.04	0.00	0.00
<b>East region</b>	10.18	16.74	27.25	11.00
Male	10.18	16.48	27.25	8.25
Female	0.00	0.26	0.00	1.83
<b>LTI Frequency Rate (LTIFR), per million hours worked</b>	0.55	0.62	0.70	0.41
<b>West region</b>	0.39	0.48	0.28	0.13
Male	0.39	0.44	0.28	0.13
Female	0	0.04	0.00	0.00
<b>East region</b>	1.34	1.55	5.30	6.41
Male	1.34	1.55	5.30	6.41
Female	0	0.00	0.00	0.00
<b>LTI Severity Rate (LTISR), per million hours worked</b>	1155.74	4.29	17.32	249.54
<b>West region</b>	3.25	3.29	4.26	0.09
Male	3.25	2.85	6.35	0.43
Female	0	0.44	0.00	0.00
<b>East region</b>	1155.74	10.82	158.96	5,598.13
Male	1155.74	10.82	158.96	5,598.13
Female	0	0.00	0.00	0.00

Notes:

1. Total Recordable Injury refers to recordable injuries and diseases, excluding fatalities.
2. Lost Time Injury Frequency refers to the total number of lost time accident cases.
3. Lost Time Injury Severity refers to the total number of lost days.
4. Rates are calculated per million hours worked.

**Table 47. Recorded Injuries and Incidents (403-9)**

	2020	2019	2018	2017
<b>Total Injuries</b>	<b>96</b>	<b>95</b>	<b>43</b>	<b>23</b>
Medical treatment case	78	77	32	12
Lost time injury	17	18	11	10
Fatality	1	0	0	1
Occupational Disease	0	0	0	0
<b>Total Incidents</b>	<b>1</b>	<b>8</b>	<b>11</b>	<b>9</b>
Environmental pollution case	0	0	0	0
Property damage case	0	6	8	6
Traffic incident case	0	0	0	0
Fire incident case	1	2	3	3

## Training and Education



▲ Leadership Training for MT Alumni - Performance Management

Highly skilled and motivated employees are a vital component for any organization to optimize its performance. We invest in our people and help them grow as skilled professionals with the necessary competencies to learn from and respond to sustainability challenges. We are committed to providing training and professional development programs to help our employees improve their skills, achieve their career goals, and meet the requirements to do their work. Training and professional development programs begin when new employees join the company and continue throughout their employment period. All employees are given equal opportunities to engage with training and professional development programs, generating an equitable work environment and an inclusive attitude towards personal development. **(103-1)**

In 2020, the training and development program was designed to continue enhancing the skills and knowledge of employees to meet the Company's strategic targets. The training modules encompass technical training, soft skill training, certification training, the Management Trainee (MT) program, and the Individual Development Plan (IDP) program. The training sessions are carried out internally involving Managers and General Managers as internal trainers, who are competent in their fields as Subject Matter Experts (SME) and are certified facilitators and mentors. Our Learning and Development Department also provides training on how to prepare training materials and syllabi, ensuring standardized high-quality materials are produced for our training program. For several competencies, training is outsourced to external trainers. **(103-2)**

ANJ recognizes that employees are the most valuable resource a company has and therefore investing in employee

training makes business sense. In the past decade employee development has been a subject of particular focus at ANJ, as evidenced by the establishment of the dedicated and well-equipped ANJ Training Center in Belitung. Regular training not only gives employees skills to further their career, but is also found to increase motivation, loyalty, and performance over time. **(103-2)**

Due to the COVID-19 pandemic and the challenging business conditions that ensued related to CPO prices, some training programs were halted in the first semester of 2020. We were, however, able to make breakthroughs and restart programs, while also reducing costs, by shifting our training programs to an online platform. The online training method was especially helpful in delivering training at operational units. As internet access and facilities were already in place prior to the pandemic, the shift to online training was executed smoothly and efficiently. Training materials were modified in the second semester of 2020 to give more emphasis to practical modules focused on maintaining performance and meeting targets during the pandemic. **(103-2)**

Mandatory training such as certifications, technical training, or safety training were carried out online whenever possible. If any training had to be delivered offline, COVID-19 protocols were strictly enforced to ensure the safety of the participants. In general, the shift to online training was well received by employees, as evidenced by an 8% increase in participation compared to the previous year. **(103-2)**

The total investment in training and professional development for the ANJ Group reached USD 538,872 in 2020. Table 48

presents the range of technical and soft skill training courses provided in 2020. All training programs are well documented by the ANJ Learning Center (ALC) Team for the purposes of evaluation and improvements to the program. **(103-3)**

**Table 48. Technical and soft skills training provided in 2020**

Technical Training	Soft skill Training
Integrated Pest Management Training	COVID-19 Related Health Management Training
Fire Fighting & Incident Management Training	Implementing Improvements & Innovation Training
Harvesting Supervision Skills Training	Work Ethic Training
Mill Preventive Maintenance Training	Gender Equality, Sexual Harassment Prevention, Whistle Blowing System Training
Fertilization Training and Empty Fruit Bunch Application Training	Strategy for Obtaining Green-Gold PROPER Award Training
ePMS Application Training	Sustainability Talk
Topping and Chipping in Replanting Training	Whistle Blowing System and Code of Conduct Training
Immature Oil Palm Upkeep Training	Guide to Developing a Training Module Syllabus Training
Behavior Based Safety Training	Human Rights Friendly Oil Palm Business Training
Estate and Factory Administration Training	Food Safety & Defense Training
Ablation Procedure Training	Installing Optimism Training
Boiler Operation and Maintenance Training	Situational Leadership Training
Document Database Training	Performance Management Training
Hazard Analysis and Critical Control Points Training	Creative Problem-Solving Training
Labeling Training	Effective Work Management Training
Pruning Seeds at the Main Nursery Training	Integrated Management System Training
Road and Bridge Construction Training	Human Resources for non-HR personnel Training
Oil Palm Planting Training	Effective Coaching Skills Training
PROPER Life Cycle Assessment Training	Effective Communication Training
Prevention and Control Training	High Conservation Value Area and Biodiversity (Pendaki) Training
Debit and Sedimentation Measurement Training	
Excavator Maintenance Training	
"Gupon" Repair Training	
Halal Assurance System Training	
Groundwater Engineering Training	

Soft skills training, planned by the Human Resources (HR) Department, places an emphasis on leadership skills at every level of the organization to build effective management capabilities and the ability to motivate teams. Leadership training is crucial because each working unit leader has the responsibility to ensure that training participants meet the training objectives. Their tasks include regular monitoring and evaluation of the effectiveness and impact of the training programs, as well as helping employees to solve issues or

develop new ideas when implementing what has been learnt in the training. A leader who finds that a subordinate is having difficulties must help overcome these challenges by providing technical training and direction. By doing so, the entire work system becomes stronger. Therefore, all working unit leaders must have the leadership ability to foster and support an environment of mutual trust and continuous improvement. **(103-3)**



## Training Performance



▲ Integrated Management System training at the ANJ Learning Center (ALC).

The average training hours for the entire Group is 5.48 hours per employee. However, average training hours are much higher in the staff (27.69 hours), manager (29.73 hours), and general manager (21.09 hours) categories. As much as 93.2% of employees are in the non-staff category (laborers and workers) which are positions that require less training hours, with an average of 4.06 hours per person. Nevertheless, 33,736 hours of training, or 66.7% of the total hours, are delivered to this employee category. The BOD received on average 5.33 hours of training this year.

It is widely recognized that our industry is male dominated, and ANJ is no different with 84% of the employees who work in core functions being male. The remaining 16% of employees are females who mostly work in administrative or support functions that require less training on average, particularly technical and certification training that makes up the majority of the training courses. As a result, there is a difference between males and females in terms of total average training hours, where males have an average of 6.21 hours of training while females have 2.84. Relatively speaking, however, the training gap between males and females is less pronounced at the staff, manager, and general manager levels when compared to the total. In fact, at the general manager level, female employees receive more training hours on average when compared to males in the same category.

**Table 49. Average Training Hours by Gender and Employee Category in 2020 (404-1)**

	Number of Employees	Total Training Hours	Average Training Hours per Person
<b>Non-staff</b>	<b>8,308</b>	<b>33,736</b>	<b>4.06</b>
Male	6,980	31,732	4.55
Female	1,328	2,004	1.51
<b>Staff</b>	<b>352</b>	<b>9,747</b>	<b>27.69</b>
Male	288	8,427	29.26
Female	64	1,320	20.63
<b>Manager</b>	<b>214</b>	<b>6,363</b>	<b>29.73</b>
Male	185	5,818	31.45
Female	29	545	18.79
<b>General Manager/Regional Manager/Group Head</b>	<b>32</b>	<b>675</b>	<b>21.09</b>
Male	27	489	18.11
Female	5	186	37.20
<b>Boards of Directors</b>	<b>12</b>	<b>64</b>	<b>5.33</b>
Male	8	61	7.63
Female	4	3	0.75
<b>Total</b>			
Male	7,488	46,527	6.21
Female	1,430	4,058	2.84
<b>Grand Total</b>	<b>8,918</b>	<b>50,585</b>	<b>5.48</b>

Table 50. Training Hours by Training Type in 2020

	Technical Skills	Soft Skills	Certification	Total Training Hours
<b>By Employee Category</b>				
Non-staff	17,116	12,948	3,672	33,736
Staff	4,701	4,465	581	9,747
Manager	3,981	2,106	276	6,363
General Manager/Regional Manager/Group Head	370	305	-	675
Boards of Directors	40	24	-	64
<b>By Gender</b>				
Male	24,874	17,392	4,260	46,526
Female	1,334	2,456	269	4,059
<b>Total</b>	<b>26,208</b>	<b>19,848</b>	<b>4,529</b>	<b>50,585</b>

## Performance Management

We implement a performance management system to help our employees assess their performance against clear and measurable targets in line with organizational goals. The performance management system is implemented in four phases, which are:

1. Performance Plans carried out in October each year.
2. Monthly Performance feedback to employees from their direct superior.
3. Performance Appraisal periods, from November to April covering the first semester, and from May to October for the second.
4. Reward Management by granting Merit Increase, Incentive, Development Programs and career path to employees.

Performance management is an important aspect for the career development of our employees as it allows the Company to plan their career path. Specific training courses are delivered to support performance improvements. In 2020, all of our employees received performance appraisals or reviews under our performance management system. **(404-3)**

Our performance appraisal also involves forced ranking where each manager is tasked with comparing one employee against another based on performance and leadership potential. Managers are then asked to categorize each employee under one category with a specific quota for each.

Table 51. Number of Employees Receiving Performance Evaluation in 2020 (404-3)

Employee Category	Number and Percentage of Employees					
	Male	%	Female	%	Total	%
Non-staff	6,980	100	1,328	100	8,308	100
Staff	288	100	64	100	352	100
Manager	185	100	29	100	214	100
General Manager/Regional Manager/Group Head	27	100	5	100	32	100
Board of Directors	8	100	4	100	12	100
<b>TOTAL</b>	<b>7,488</b>	<b>100</b>	<b>1,430</b>	<b>100</b>	<b>8,918</b>	<b>100</b>

## Individual Development Plan Program

The Individual Development Plan (IDP) program is one of the main programs developed to improve and upgrade the skills of our employees in the staff, assistant manager, and manager categories. It is a structured and systematic development program encompassing technical as well as soft skills. The IDP program is unique in the way it closely involves direct superiors and how

it is integrated with Key Performance Indicators (KPIs) of the participants. Direct superiors of IDP participants must provide coaching and guidance to support participants to increase their performance and achieve their objectives. The development plan is tailor-made for each employee and defines the most appropriate methods for training delivery. It is developed based on employee assessment and evaluation to identify their specific training needs. **(404-2)**

In 2019, we piloted the IDP program to a talent pool of 37 employees. The pilot project showed promising results and ten of its participants were later promoted. Due to its success, the IDP program was extended to all employees at both the staff and managerial levels in 2020. Evaluations of the IDP program showed that it successfully built necessary skills and knowledge at various functional levels. The program also helped employees receive clearer and more systematic guidance from their



▲ Online socialization of the IDP to ANJ employees.

superiors and committees, which resulted in higher employee engagement and motivation. In 2020, from a total of 566 staff from junior to manager levels, 442, or 78%, have participated in the IDP program. **(404-2)**

### Individual Development Plan – Building future leaders through catering to unique needs and forging supportive, top-down relationships

With the slow-down of operations amid the global pandemic, ANJ shifted its focus inwards, optimizing procedures and improving the competency of its employees. However, our efforts to maximize employee potential did not result from the pandemic but were rather developed and intensified by it. ANJ has always put its people at the forefront of agendas by encouraging growth and providing ample opportunities for personal development.

In mid-2019, ANJ piloted a program initiated by the Human Resources and Change Management (HR&CM) Department called the Individual Development Plan (IDP). The pilot project was overwhelmingly successful and the program was expanded to be implemented Group-wide in 2020. The IDP is a systematic, well-defined program for employee development in line with KPIs and based upon employee needs. This encourages direct supervisor involvement to ensure that progress is evaluated every month, which allows for personalized adaptations to the program to maximize success. All direct superiors are expected to provide guidance on a regular basis. Intense communication between different levels of the Company ensures that those involved in the program meet their targets while the superiors develop their leadership skills. The involvement of direct superiors help employees improve their work performance on a daily basis, and provides supervisors with the opportunity to play a more active role in developing their unit through effective communication and engagement. Yoomeidinar, ANJ Group Head of HR&CM, commented that, "Through the IDP, the employee development program has been made more effective, and has had a significant impact on increasing

productivity. For employees, this program is very useful as they have the opportunity to sit together with their supervisor to identify their competency gaps, and then formulate a systematic development program plan with more accurate targets."

To ensure the sustainability of the program, development tasks are adapted to the unique schedules of each individual. The IDP does not provide additional work but allows employees to continue working as normal while integrating the development of essential skills that will improve their competency. This means of learning provides additional benefit to supervisors who have noted that the IDP makes their employees more focused on work due to the clear targets they must work toward. This subsequently increases the work output and improves the overall performance of the department.

The IDP program is evaluated every 6 months. For employees in the staff to assistant manager levels, the evaluation is carried out by their direct supervisor and their supervisor's superior. Meanwhile, manager-level and "talent pool" employees are evaluated by a Committee composed of the BoD, GMs, and Heads.

The pilot project in 2019 involved a talent pool of 37 employees at the staff and assistant manager levels. During the end of year evaluation of the project, the program showed a very positive impact on the employees, their superiors, and the Company as a whole. The company management perceived the good performance and the true potential of participants. It was found that 24% of the pilot participants were promoted during the program, demonstrating that the IDP program can accelerate competency upgrades and performance improvements.

In light of the overwhelming success of the pilot project in 2019, the Human Resources and Change Management (HR & CM) Department expanded the IDP program in

2020, giving all employees at ANJ and its subsidiaries the opportunity to develop their competency. In 2020, out of a total of 566 employees, from staff level to managers, 442 participated in the IDP program. This equates to 78% of the total employees. Considering the advantages and accomplishments of the program, we hope to see this number grow in the coming years. In fact, the program will be expanded further to GMs and Heads in 2021. At present, establishing the program in each of ANJ's subsidiaries is an ongoing and prudent goal. Of course, implementation throughout the company group will not be an easy task but the benefits that have been felt by all parties, as well as the full commitment of the whole ANJ team, drives us to reach our targets and have a significant contribution in improving employee competencies and enhancing their careers.

Our employees are the beating heart of the Company. The IDP program has been instrumental in company development over the past two years. Most importantly, however, it has inspired the next generation of leaders to take ownership of their work and provided them with the means and confidence to take their expertise to the next level.

#### Testimonies from IDP Pilot Project Participants

*"The IDP Program helped participants understand areas that need improvements and makes participants more focused on targets. I also felt it has helped build better and more intense communications between employees and direct supervisors"*

(Jekson Simaremare, promoted to Estate Manager at SMM during the Program)

*"The program enables us to measure our achievements against clear targets. It builds the habit of continuously improving our competence to reach organizational goals."*

(Tardas, Assistant Manager of Division 3, KAL)

*"I believe the program has enhanced both my hard skills and soft skills. It pushed us to be more focused and remain consistent with the targets that we have set to improve productivity and performance."*

(Ahmad Hamdani, Assistant Manager, ANJA)

## Management Trainee Program

The Management Trainee (MT) Program was established in 2003 with the purpose of producing future leaders within the organization and giving them the opportunity to be placed in our operations across Indonesia. The MT program targets fresh graduates without previous work experience. The graduates start by receiving an introduction to the Company's vision, mission, and values to ensure they have a good foundational understanding. They also receive training in both soft skills and technical skills that are oriented towards learning conceptually (in class) and practically (on-the-job). While carrying out on-the-job training, management trainees are accompanied by a mentor who assists with the learning and understanding of the technical aspects of the job and the functions of other relevant departments involved during the work process. These mentors are managers appointed to the role by the Company. **(404-2)**

The duration of the MT Program is 9 months, and each management trainee is periodically evaluated to assess their progress. During the MT Program, the young professionals learn the necessary competencies, in accordance with their position, before being placed in various positions to lead their units. **(404-2)**

This year, due to the COVID-19 pandemic, the MT Program was postponed until 2021. However, we continued ongoing programs for the MT alumni who are currently working. They receive advanced leadership training programs (sessions II and III) to improve their capability and maintain their high motivation to fulfill daily duties and responsibilities in the Company. Each session of the advanced



▲ MT XVIII employees receive training from mentors.

leadership training program comprises three modules. The final four months of the program involves the MT alumni in the Quality Improvement Program (QIP) where they are asked to identify improvements or innovations to be applied in the Company. This has resulted in many innovations that have enhanced work performance across the Group.

In addition to the training programs, the MT alumni also follow a mentoring program where they are coached by their direct superiors to help them achieve their potential. Every month, the progress of each MT alumni is monitored and reported to HR as part of their preparation to become future leaders in the Company.



## Recruitment



▲ The MT recruitment program plays an important role in the Company's growth.

Recruitment plays an important role in finding and securing new talents to join the Company. Aside from general qualifications, the selection process must make sure that recruits fit well with the company culture and values, fully understand their

responsibilities, and are committed to grow with the Company. When there are vacant positions to fill, we have a "growth from within" approach where our priority is to recruit internally. Providing opportunities internally to our talented employees strengthens employee motivation and engagement. Only when the skills and experience required is not available from within, will we look for new recruits from outside of the organization.

Job openings are advertised to prospective recruits through online media in partnership with job advertising providers and universities. Applications are reviewed to select candidates that meet the basic requirements. Selected candidates will then go through an interview process with the hiring manager for the advertised position. If candidates are successful, they will be interviewed a second time by a higher-positioned manager. After the interview process, candidates will go through psychological assessment followed by a medical check-up.

There was a total of 1,710 job openings in 2020 with 1,665 positions filled by the end of the year with a recruitment success rate of 97.37%. 63 of these openings were in the staff category, for which 47 positions were filled, including 14 recruited internally. In the non-staff category, 1618 out of 1647 positions were filled during the year. Overall, 30.6% of employees were recruited internally.

**Table 52. Recruitment Statistics in 2020**

	Staff and above	Non-Staff	Total
<b>Recruitment Performance</b>			
Job openings	63	1647	<b>1710</b>
Position filled	47	1618	<b>1665</b>
Performance	<b>74.60%</b>	<b>98.24%</b>	<b>97.37%</b>
<b>Recruitment by Educational Level</b>			
Elementary Education and below	0	431	<b>431</b>
Junior High School	0	368	<b>368</b>
High School	3	758	<b>761</b>
Diploma Degree	0	26	<b>26</b>
Bachelor's Degree (S1)	43	29	<b>72</b>
Master's Degree (S2)	1	6	<b>7</b>
<b>Recruitment by Source</b>			
Internal	14	495	<b>509</b>
External	33	1123	<b>1156</b>
<b>Recruitment by Gender</b>			
Male	41	1494	<b>1535</b>
Female	6	124	<b>130</b>

## Retirement Program

The Company is currently assessing the establishment of an outplacement program and is reviewing similar programs that were carried out previously within our Group. In addition, the Company also provides severance pay according to their respective years of service, based on Indonesian Labor Regulations. **(404-2)**

## Local Communities



▲ A PMP CID employee singing along with local villagers in South Sorong, West Papua.

The success of both our individual operations and business as a whole, is largely dependent on a lasting constructive relationship with our stakeholders, especially the local communities in all the areas where we operate. Open and transparent engagement with local communities shapes the stakeholders' assessment of our performance as a responsible company. Furthermore, our palm oil and sago estates are in remote areas with relatively low levels of socioeconomic development and infrastructure. Living in close proximity to our operations, local communities are exposed to significant direct and indirect impacts of our presence, both positive and negative, as described in Table 53. In this context, the well-being of all affected local communities becomes a major concern for us. As we aspire for our business to deliver a sustainable future for all, we believe that managing our impacts on local communities is a material topic across the Group. **(103-1)**

It is essential to have an accurate understanding of our communities, their grievances, concerns, and expectations through active engagement and communication to minimize negative impacts and enhance positive outcomes. As articulated in our Sustainability Policy, we are committed to supporting a functional Grievance Mechanism, unbiased conflict resolution, and continuous engagement with both internal and external stakeholders. The following are the guiding principles of our local community engagement efforts: **(103-2)**

- Free, Prior and Informed Consent (FPIC);
- Respecting local communities' land tenure rights, customary rights, and culture;
- Maintaining continuous engagement with local communities;
- Ensuring local community involvement and development; and
- Facilitating grievance and conflict resolution, including land conflict resolution; and socialization, education, and awareness-raising.

To better understand our impact on local communities, we have conducted Social Impact Assessments (SIA) and reviews in accordance with RSPO standards, across all of our oil palm operations, as well as at AANE. However, we are yet to complete an SIA for the sago and vegetables businesses at ANJAP and GMIT. As per the Indonesian regulatory requirements, we must obtain an AMDAL (Analisis Mengenai Dampak Lingkungan or Environmental Impact Assessment), which includes an assessment of social impacts, prior to commencing any developments. The AMDAL involves a process of public consultation and the implementation of environmental impact monitoring and management plans (*Rencana Pengelolaan Lingkungan* and *Rencana Pemantauan Lingkungan* or RKL/RPL) coordinated by the EHS Department. The AMDAL document is publicly available at the local environmental agency. **(103-3, 413-1)**

Table 53. Significant actual and potential negative impacts on local communities in 2020 (413-2)

Social Risk/ Vulnerability	Location	Root causes	Potential Impact	Mitigation Strategy	Reversibility of impact/Evidence
<b>Natural disasters (floods, landslides)</b>	ANJAS	Operational area and communities live close to a large river which floods during the rainy season.	Flooding not only inundates villages but also parts of the plantation area and causes plantation activities to stop.  Residents of the surrounding villages seek refuge in the Company area.	Conduct a rapid study of the aspects of disaster risk reduction that must be strengthened in the community.	Disaster-prone areas and disaster mitigation actions are identified.
<b>Rising expectations to participate in the plasma scheme</b>	ANJAS, PPM, PMP	A lack of understanding of how plasma management and profit calculations are carried out.  The existence of residents who do not live in the local area demanding for plasma rights.	Social conflict and jealousy in the community.	Conduct capacity building and managerial training to plasma cooperative managers.  Conducting socialization to provide an understanding of the concept of plasma plantations.  Intensive communication with cooperative managers, supervisors, and members, to build good relationships.	Increased management capacity of plasma cooperatives around the plantation.  Increased understanding of plantation and plasma concepts.
<b>High expectations from customary owners for the welfare of plasma landowners</b>	PMP	Lack of understanding about the stages and flow of plasma plantation management before giving tangible results to plasma owners.	Social unrest due to demands for payment of plasma proceeds.  Community concerns regarding the recording of harvest at the plasma block locations were inaccurate.	Improve communication with the community.  Identification of social issues.  Socialization about the plasma concept involving Cooperative Managers and Community Leaders.	The community have a better understanding of the plasma process.  Local communities are less prone to provocations.
<b>Damaged village roads</b>	KAL	Damaged roads used by employees to and from estates, as well as by the local community	Mobility disruptions for employees from nearby villages to get to work, and for local villagers to do their daily activities.  Difficult access to schools for children of company employees.  Higher risk of accidents.	Road maintenance.  Procurement and installation of culverts.  Procurement of wooden bridges and water channels (ditches).	Maintaining the good conditions of village roads can improve the transportation plantation products and community farming crops, facilitating better trade and economic flows that ultimately improve community livelihoods.

Social Risk/ Vulnerability	Location	Root causes	Potential Impact	Mitigation Strategy	Reversibility of impact/Evidence
<b>Uncontrolled land and vegetation fires in community areas</b>	ANJA, ANJAS, SMM, PPM, KAL, ANJAP	The capacity of the community in dealing with wildfire risks is still limited. (ANJA, SMM, PPM)	The community cannot carry out economic activities.	Formation of firefighting groups (KTPA) that actively participates in fire prevention and response. (ANJA, SMM, PPM)	KTPA established. (ANJA, ANJAS, SMM, PPM, KAL)
		Slash and burn habits of surrounding communities to clear land. (ANJAS, KAL, ANJAP)	Impaired public health (respiratory illness).  Ecosystem damage. (ANJAS, ANJAP)	Basic firefighting training in collaboration with the Company. (ANJA, SMM, PPM)  Support the procurement of Firefighting equipment to KTPA (PPE, firefighting tools), including monitoring (KAL)  Intensive socialization and education to farmer groups and KTPA to not practice slash and burn when clearing land. (ANJAS, ANJAP, KAL)  Strengthen the capacity of community volunteer organizations to be able to respond to vegetation and land fires. (ANJAS)	The community understands the importance of protecting the environment (ANJA, SMM, PPM, ANJAP)  Communities understand how to use basic fire extinguishers and its application techniques. (ANJA, SMM, PPM)
<b>Inadequate capacity and skills of the local workforce.</b>	PPM, ANJAP	Many of the local workforce are jobless.  Low level of education due to limited availability and access to education.	The emergence of social problems between the company and the community  Some members of the community cannot participate in local economic development.	Providing training to improve the quality of prospective local workers.  Provide opportunities for local workforce who meet the requirements.  Internal Coaching for Employees.  Providing education subsidies.  Repair of the CID Center to support non-formal learning opportunities.  Local MT Program in Papua.	The creation of competent human resources as prospective employees and to support community empowerment and development.



Social Risk/ Vulnerability	Location	Root causes	Potential Impact	Mitigation Strategy	Reversibility of impact/Evidence
<b>Unclear land ownership boundaries</b>	PPM, ANJAP, PMP	Traditional and customary land boundaries are not documented in the conventional sense.  New ownership claims after agreements have been reached about land boundaries and released land.	Social conflicts in the community due to land ownership issues.  Delays in land development and planting.	Conduct participatory mapping with the community and facilitate mutual agreement between clans in community groups regarding land boundaries.  Coordination and mediations involving related community groups or parties.	Availability of agreement documents between clans regarding the clan boundaries.
<b>Children entering operational areas</b>	ANJAP	Nobody looks after children at home because both parents work  Lack of childcare facilities  Lack of understanding about child development among parents	Safety issues and risk of incidents.	Early education management and assistance  CID Center to support non-formal learning opportunities	Early education activities are running  The number of children brought into estates by their parents decreases.
<b>Misperceptions about Company activities</b>	SMM	The perception that the presence of horn beetles was triggered by the Company's replanting activities.	Increase in horizontal conflicts between communities and the Company.  Increase in community complaints that are submitted to the Company.	Conduct socialization to the community in collaboration with relevant agencies (agriculture and plantation offices) to provide an explanation of pests.  Providing assistance in the form of coconut substitute seeds so that the community can start planting coconuts.	Increased public understanding of horn beetle attacks and how to respond or anticipate them.  The community receives replacement for coconut seeds and can continue to plant coconuts.
<b>Level of economic prosperity in the surrounding communities is still not optimal</b>	ANJA, ANJAS, KAL, PPM, ANJAP	Family income does not meet needs.  The community still depends on donations from the Company.  Lack of Company contribution in relatively distant areas (rings 2 and 3).  Lack of government funding support and infrastructure.  Lack of entrepreneurship and understanding about economic development among local communities.	Disruptions to Company operations and horizontal conflicts between the community and the Company.  Rising expectations for Community programs and donations from surrounding communities (Ring 1, 2 and 3).	Develop local businesses and projects which provide alternative income generation.  Provide training to communities or groups to build their skills and knowledge.  Development of infrastructure and facilities to drive the local economy.	Create more independent and empowered communities that can make the most of opportunities available to them.  Decreased dependence on Company donations and assistance.

## Respect for Human Rights



▲ Schoolchildren at ANJA reading a socialization board about sexual violence towards children.

Human rights are a matter of concern for our stakeholders as there is a risk of human rights abuses occurring between local communities and corporations operating in remote or underdeveloped areas. These potential issues are often related to land acquisition and conflict, unfair working conditions, exploitation and forced labor, child labor, and violence. We acknowledge that these are issues that require attention and must be avoided in all our operations out of respect for fundamental human rights. During our materiality process, several of the stakeholders we consulted have pointed out that human rights must be included as a material topic. This shows that human rights issues are a point of concern for our stakeholders. We believe that this topic is relevant, especially for our palm oil and sago business. **(103-1)**

Our Sustainability Policy asserts our commitment to uphold the human rights of all stakeholders who may be impacted by our operations as stated in the Universal Declaration on Human Rights. Our operations and business practices are guided by the principle of no exploitation and thus we do not, under any circumstances, tolerate any form of exploitation. We practice zero tolerance with regard to discrimination based on race, religion, nationality, political views, and physical condition. We strive to practice fairness and provide equal opportunities for all. **(103-2)**

All of our mature producing estates in ANJA, ANJAS, SMM, and KAL are RSPO certified, where human rights principles are included and assessed against specific criteria. Our PPM and PMP plantations, in West Papua, operated under the terms of the RSPO New Planting Procedure and started production in 2020. RSPO certifications are yet to be obtained and will be sought in due course. Meanwhile, there are no similar certification schemes for the sago business that ANJAP can obtain, and no specific human rights assessment has been carried out for our sago business. As a result, four out of seven estates, or 57%, have undergone human rights assessment as of December

2020. There were no significant investment agreements or contracts in this reporting period. **(412-1, 412-3)**

ANJ places a strong emphasis on a safe and violence-free workplace. Consistent with our core values, we treat all workers with dignity and respect, and ensure that they are free from harassment, sexual or otherwise; bullying; violence; and assault in the workplace. Communication and awareness sessions regarding our policy of zero tolerance of workplace violence and discrimination are conducted, and regular training is provided on these issues. This year, training sessions were delivered on the subjects of gender equality and prevention of sexual harassment, as well as human rights issues in palm oil. There was a total of 563 hours of training delivered on human rights-related subjects, which was attended by 610 employees or 6.84% of our total employees. **(412-2)**

To prevent violence toward local communities by our security personnel, all security management practices and their implementation at our operations are conducted in accordance with our Sustainability Policy commitments to respect human rights. All security personnel, including members of the local police force assigned to our sites, have undergone the national certified training program on human rights, ethics, and the Voluntary Principles on Security and Human Rights (VPHSR). We endeavor to provide regular refresher training sessions on our security policy and procedures, as well as the grievance procedure. However, no new VPHSR training was conducted in 2020 due to the COVID-19 pandemic and the internal review of our security policies. This year, we updated our policies to further emphasize human rights as a priority and ensure there is a common understanding of this priority with our security providers and local police force. As a result, we have revised our Security Policy Regarding Security and Human Rights and are drafting a SOP regarding Security Practices with Human Rights as priority.

In order to maintain an accurate record of security incidents, we have a Security Incident Database in place. Appropriate use of the database allows for the identification of security risks and the necessary risk reduction measures. In cooperation with the CID Department, our intention is to run a Community-Based Security Program with the goal to reduce security risks by improving relationships with the community and involving the community in upholding the law. The Community-Based Security Program material was compiled and finalized in September 2020. The program has not yet been implemented due to the COVID-19 restrictions. Once restrictions are lifted, we hope that the program can begin in our estates in West Papua.

In November 2020, ANJ received a baseline study from the RSPO that maps labor conditions in palm oil plantations in Papua. The baseline study was written by ELSAM (*Lembaga Studi dan Advokasi Masyarakat* or Institute for Policy Research and Advocacy), an NGO working in human rights and justice. The research aims to obtain a picture of labor conditions in palm oil estates, especially in the Keerom, Manokwari, and Sorong regencies. As PPM is located in Sorong, it was taken as one of the ELSAM case studies. ANJ is currently verifying the information that was provided in the report and is preparing for clarifications based on data and facts on the ground to be communicated to the RSPO. **(103-3)**

## Local Community Engagement



▲ Child learns how to wash hands properly in one of the CID programs.

We engage with local communities through stakeholder meetings, information sessions, dialogue, and public consultations when implementing CID programs, Responsible Development projects, or capacity building activities. These are carried out routinely and periodically with at least one stakeholder meeting per year, in each of our business units. Local community engagement activities provide updates on our projects, facilitate discussion of the CID initiatives and plasma program, and address community concerns and grievances, while giving the equal opportunity to all participants to clarify and answer questions on specific issues. Stakeholder meetings are typically attended by smallholder farmers, community members and leaders, representatives from the local government offices and agencies, as well as our personnel. We regularly update our stakeholder analysis based on these engagements. **(413-1)**

### Grievance Mechanism

A Grievance Mechanism is in place in all our estates whereby local communities can raise concerns verbally to our staff, by e-mail, or by phone. Each grievance raised will generate an entry in the grievance log that can be tracked to verify claims, rectify issues, report verification results, list actions taken,

monitor response delivery to the stakeholder, and monitor follow up actions. In accordance with our grievance procedure, every complaint must be followed up within 14 days of receipt. Throughout 2020, we have received a total of 33 community complaints, 32 of those were in the Eastern Region, and only one from the Western Region. By the end of the year, 30 of these complaints were resolved.

Our grievance mechanism and resolution process are implemented according to SOPs that were reviewed and verified by an independent third party, namely CORE. In their review, CORE provided inputs and recommendations referring to aspects from the RSPO principles and criteria. We ensure that our SOP has met the requirements and inputs from CORE.

### FPIC

We respect local communities' rights to land and understand that it is closely linked to their livelihood. Land acquisition is a critical factor when developing plantations that can sometimes lead to issues or conflicts with local communities with respect to village or property boundaries and land use. To ensure that our land acquisition process is carried out fairly and transparently, we have put procedures in place based on FPIC for acquiring new land. The procedure involves engagement with local communities and government to ensure clarity to all parties at the start of any development. This thorough process of engagement allows us to establish relationships with communities surrounding our operations and convey how our developments can help improve the local economy. Any individual or community with existing land use rights has the right to refuse to transfer their land use rights to the Company in return for the compensation offered. FPIC from affected local communities is strictly conditional for land acquisition and development activities to continue.

Our SOP for land acquisition and FPIC is part of the set of SOPs that have been reviewed by CORE, an independent third-party, to ensure that all our procedures and agreements have met RSPO requirements.

## Community Involvement and Development

Our CID programs are designed to improve the quality of life of local communities through collaboration that maximizes community potential and initiative. The programs cover health, education, and socio-economic empowerment, as well as infrastructure development, and socio-cultural and religious agendas. A number of programs are implemented in partnership with experienced NGOs, while others are carried out internally. All programs involve the participation of local governments and communities.

Each of our operational areas have distinct geographical conditions, community dynamics and cultures. Hence, our CID programs are varied across our estates to suit the local context, challenges, and needs.

In Sumatra and Kalimantan, we have initiated a program called “Desa Fokus” (Focus Village) that synergizes CID programs and integrates resources from the local government, local communities, NGOs, and the private sector. This program aims to achieve self-sufficient villages, especially around our operational areas. We have started to pilot the “Focus Village” program at KAL in cooperation with the local governments from village- to regency-level, Tropenbos Indonesia, and Gunung Palung National Park. The success of this program will be measured based on the *Indeks Desa Membangun* (IDM) Village Development Index, composed of the Social Resilience Index (*Indeks Ketahanan Sosial/IKS*), Economic Resilience Index (*Indeks Ketahanan Ekonomi/IKE*), and Environmental Resilience Index (*Indeks Ketahanan Lingkungan/IKL*). We have begun to build relationships and partnerships, collaboratively design the programs, and synergize our CID programs with local government Development Plans. The pilot project was carried

out in three villages near our operations, namely Laman Satong Village, Kuala Satong Village, and Kuala Tolak Village.

In West Papua, we continue to implement our existing initiatives in health, education, and socio-economic empowerment. Development challenges in West Papua are very pronounced, compared to our other areas of operation, which requires a different approach for CID. For example, our savings cooperative continues to provide the easiest and safest way for our employees and local communities to save and transfer money, as well as empowering people to improve management of family finances. Our health program provides much needed local health clinics which improve community access to healthcare as well as augmenting the capacity of healthcare services in the region. Our early education (Pendidikan Anak Usia Dini/PAUD) program established a new model for education programs in plantation areas in West Papua by improving the capacity of the teaching and education system through our partnership with Yayasan Alirena. Several RD projects, such as Warung Mama and Vegetable Gardens are also designed to tackle development and empowerment issues in West Papua.

The COVID-19 pandemic brought challenges to the implementation of our CID programs this year. Several programs had to be postponed due to social distancing measures while several others were carried out with strict health protocols in place, including limiting the number of participants. The impact of the pandemic on local communities and beneficiaries of our programs were also significant. Community livelihoods and incomes were affected by the economic downturn caused by COVID-19, and, perhaps more alarmingly, the COVID-19 pandemic threatened the food security of local communities, especially in the most remote areas. The challenge of this pandemic has forced us to rethink how our CID programs are delivered.



▲ The handover of the ANJAP church pulpit by the GM of ANJAP to the Iwano tribal chief.



### Mass Marriage Ceremony – Uniting people, improving prospects; relationships that forge a future

At ANJ, we believe in the importance of empowering and engaging with the communities in and around our operating sites. Addressing community welfare to the same degree as we would our employees, improves relations both through showing that ANJ cares, and by providing a platform for interaction between the Company and the local population.

As part of our social responsibility agenda, we have initiated a range of projects to improve the prospects of local communities. We also prioritize providing opportunities for individuals to take development into their own hands. ANJ believes that guiding development, rather than prescribing plans, provides appropriate ownership of any benefit gained.

One such initiative, 'Nikah Massal', has facilitated a mass wedding ceremony for the local community at our PPM estate in West Papua. In a region where administrative requirements for people are both limited and limiting, PPM has initiated this project whose aim is to ensure marriages are legally certified. Marriage certification subsequently allows individuals to apply for and obtain appropriate ID cards. This project not only provides couples and families with the appropriate documentation to legally work but also allows for the generation of more complete and conclusive population data. These data contain critical information for company administration in BPJS (*Badan Penyelenggara Jaminan Sosial* or Social Security Administration Body), membership for the workforce and health, as well as participation in the plasma smallholder farmer scheme.

The ceremony organized by ANJ ran over three days around the 75th Indonesian Independence Day in August 2020. Earlier in the year, PPM outlined the importance of the project to the local employees and community members and explained the process by which mass weddings would lead to KTP/KK (Indonesian identification and family card) provision and the resulting benefits of this. Following the wishes of the people in Puragi village, 21 couples were married on 16 August 2020, which was preceded by civil registration with the Department of Population and Civil Registry of the South Sorong district government.

The Head of the Population and Civil Registry Office, Drs George Japsenang MSi, was very appreciative of the Company's action saying, "We will provide each couple with marriage certificates, personal identification cards and a new family card. However, this will still need to be processed at the Population and Civil Registry Office in Teminabuan."

The success of the project extended to four other villages in the local region, namely Tawanggire, Saga, Mugim and Kampung Nusa. Providing communities with the means to obtain legal documentation for employment is a fruitful project for both parties. ANJ is proud of what we have accomplished during this short period in West Papua and hope that our efforts will empower these communities in many more novel ways in the future.

### Desa Mandiri – Improving Quality of Life for Village Communities

To ensure ANJ contribution and support for local development in our estate areas, we have designed a program to align our operations and support program activities including CSR, responsible development program and projects with the local government's development plan. The Desa Mandiri Responsible Development project, which commenced in 2019, is designed to synergize with the Indonesian government policy, Index Desa Membangun/IDM (Village Development Index) to ensure the achievement of the SDGs at the local level. At present, our pilot program is centred in three villages in Ketapang near KAL, namely Laman Satong Village, Kuala Satong Village, and Kuala Tolak Village.

The IDM categorizes villages into five stages of development, the lowest being Desa Sangat Tertinggal

(very underdeveloped), followed by Desa Tertinggal (underdeveloped), Desa Berkembang (thriving), Desa Maju (advanced), and Desa Mandiri (independent). Village development is measured in terms of Social Resilience Index (*Indeks Ketahanan Sosial/IKS*), Economic Resilience Index (*Indeks Ketahanan Ekonomi/IKI*), and Environmental Resilience Index (*Indeks Ketahanan Lingkungan/IKL*), using government tools such as PODES (Census of Village Potential). Once the corresponding development values are established, the ANJ team, in coordination with local authorities and NGOs formulate target-driven plans, tailored to the specific villages. To achieve the status of an independent village based on IDM, the Government of Ketapang Regency establishes a program called the Desa Fokus (Focus Village). The overarching goal of the Desa Fokus program is to ensure that interventions identify and

close the gaps in development and raise the resilience scores. Through the program, ANJ has facilitated the collaboration of local government, NGOs and the private sector to align resources and integrate them into the village development plan. At ANJ, we believe in a multi-stakeholder approach, which is why we aim to utilize the expertise of a wide range of partners to ensure holistic and equitable development through our program. If successful, the project will be replicated and scaled up in other ANJ operational areas and, hopefully, become a model for local development schemes in the region.

Following initial evaluation in 2019, using the Desa Membangun framework, none of the three villages were deemed 'Desa Maju', two were 'Desa Berkembang' and the remaining village was considered 'Desa Tertinggal'. The categorization of these three villages in 2019, in addition to individual in-depth analysis, allowed us to identify the gaps in resilience and suggest appropriate interventions. An area of major concern among the three villages is the lack of environmental resilience, with all villages receiving

an extremely low resilience score. We believe that the implementation of our already successful fire prevention and mitigation program is showing benefits for these communities, and significantly improve their resilience. At the end of 2020, the three Desa Fokus villages resilience scores were assessed with very encouraging results. On average there was an increase in all three resilience indicators across the three villages, particularly in terms of environmental resilience. Lamon Satong village IDM status changed from Desa Tertinggal (underdeveloped) to Desa Maju (advanced) primarily due to an increase in environmental resilience, but also some increase in social resilience. Kuala Tolak also increased its status by one category to Desa Maju (advanced), with Kuala Satong remaining unchanged. We are very encouraged with the progress made by these three villages, and we look forward to continuing the multi-stakeholder program in 2021, with the aim of facilitating these villages in the upwards trajectory towards achieving local targets for the Sustainable Development Goals.

## Health Program



▲ The ECG test health facility at KAL.

Our community healthcare programs are designed to align with UN Sustainable Development Goal 3 (Ensure healthy lives and promote well-being for all ages). The targets of our health programs vary depending on the quality of existing public healthcare facilities and the prevalence of health problems in each area.

In West Papua, we have implemented the Matahariku program, an integrated approach to improving the health of women of child-bearing age, young children, and babies. The program focuses on reducing stunting and malnutrition, including chronic energy deficiency (CED) among pregnant women and

breastfeeding mothers, which are the main health concerns of the local government. While we saw some progress in 2019, due to budget limitations in 2020, we have ended the Matahariku program and have shifted the execution to our internal resources and company clinic. We continue to monitor program beneficiaries regarding supplemental nutrition, medical examination during pregnancy, family planning programs, health education, and treatment in collaboration with health authorities, primary health centers (*Pusat Kesehatan Masyarakat/Puskesmas*), and volunteers at the village health posts (*Pos Pelayanan Terpadu/Posyandu*).

In our West Region operational areas, our health program is primarily focused on increasing access to clean water, sanitation, and hygiene, especially in areas suffering from water scarcity, a major issue in Indonesia. Up to 24 million Indonesians reportedly do not have access to clean or appropriate toilet facilities. This causes fecal matter to contaminate the water used by communities, causing water-borne diseases like diarrhea and cholera. We aim to alleviate this problem and improve the health of children and families by providing access to a dependable clean water supply. We also support the open defecation-free (ODF) program by providing toilets for communities, as we did for communities near our subsidiary, SMM, in Belitung this year.

Our water, sanitation, and hygiene programs became much more critical during the COVID-19 pandemic. We strengthened our health promotion and education activities on sanitation and hygiene (*Perilaku Hidup Bersih dan Sehat*) as the number of people infected with the SARS-CoV-2 virus continues to rise in several areas in Indonesia. Prevention measures have been in place since the beginning of the pandemic. Activities include raising awareness about prevention, and applying health protocols such as wearing masks, washing hands, and avoiding crowded areas (*Menggunakan masker, Mencuci tangan, dan Menghindari kerumunan/3M*).

The 3M Program involves raising awareness through various means such as posters and leaflets, face-to-face education

(under strict health protocols), as well as providing portable hand washing sinks, encouraging communities to make their own masks, providing PPE, and forming task forces, situation monitoring, and providing staple foods to impacted communities. These activities were carried out in partnership with the local village administration, Puskesmas, the national police, the military, and relevant government agencies as well as COVID-19 task forces established in villages around our operations.

As a form of COVID-19 prevention and control, we carried out simulations for handling patients suspected of being infected with COVID-19. These simulations were carried out to increase the readiness of the Company's clinic staff if faced with COVID-19 patients and cases. Given that our clinic is not only accessed by employees but also people from villages around the company, it is important for us to ensure the safety of patients and health workers by taking proper precaution when caring for patients. In addition, we also provide and distribute basic necessities for people affected by COVID-19, assist in the provision and spraying of disinfectants in public facilities, as well as providing PPE for primary health centers Puskesmas at the District level. We are also working with the sub-district COVID-19 Response Task Force and are actively providing education to prevent the spread of the virus through banners, brochures, and other communication media.

## Education Program



▲ Alirena Foundation school children reading books together.

We have designed our education program to contribute to Sustainable Development Goal 4 (Quality Education), specifically to achieve inclusive and equitable quality education for all. There are large disparities in the quality of education between regions in Indonesia. Rural and remote areas often have far less adequate facilities and teaching quality when compared to larger urban centers. For this reason, we have focused on improving access to quality education for the children of local communities and our employees.

In West Papua, we worked with our partner, the Alirena Foundation, in the villages of Sumano and Benawa on an early education program that supports playgroups PAUD and kindergartens (TK) in three key aspects: improving the system and organization of formal early education, increasing the capacity of local teachers, and educating parents. The program intends to create ownership to and serviceability of PAUDs and TKs by drawing upon local customs. In Benawa village, 34 children enrolled in PAUD and 26 in TK for a total of 60 beneficiaries. In Sumano village, 30 children enrolled in PAUD and 18 in TK, for a total of 48 beneficiaries of the program.

After implementing the program for more than a year, we saw significant learning progress in many children in 2020. At PAUD levels, we observed clear improvements in life skills, science, and numeracy as well as improved motor skills, ability to express themselves, and independence as they become less reliant on their parents. At the first grade of kindergarten for four- to five-year-olds (TK A), cognitive progress is notable although still at the early stages. Students are able to recognize body parts and distinguish colors, understand instructions, can communicate better, and are able to concentrate and focus during class. Five- and six-year-olds, at the second grade of kindergarten (TK B) learned to understand the functions of different body parts, recognize letters, and counting through games, drawing, reading, and coloring.

In 2019, our program increased the teaching capacity of five local teachers in the two villages. The impact of the program starts to manifest itself this year, as teaching performance has improved. The teaching staff are now able to integrate local language, often the mother tongue of students, in their subjects and build teaching props and tools that fit with local culture. The ability to run and administer the school, as well as preparing teaching and learning activities have also notably improved. At the end of the first semester of 2020, we were very proud to hold the first graduation ceremony at which a total of 27 students graduated, 14 children in Benawa Village and 13 children in Sumano Village.

In addition to supporting education for our local communities, we also place a high value on providing quality education for our employees' children at our palm oil estates. The Austindo Nusantara Jaya Agri Education Foundation manages six schools across our Sumatra and Kalimantan estates from kindergarten through to junior high school. The total number of students in 2020 was 1,644 children taught by a total of 60 teachers.

All teachers are required to have at least obtained a university degree in teacher education (Bachelor of Education, or *Sarjana Pendidikan/SPd*) or graduate degrees in Elementary School Teacher Education (Pendidikan Guru Sekolah Dasar/ PGSD) and Early Childhood Education Teacher Education (PG PAUD). The schools follow national standards, set by the government, and are assessed by the National Accreditation Board (Badan Akreditasi Nasional/BAN). Elementary and junior high schools have been assessed by BAN at the provincial level in North Sumatra, with accreditation A received by the elementary and junior high schools at ANJA, and the elementary school at ANJAS. With these schools, we want to help our employees find the best education for their children so that the next generation can achieve their potential and develop as successful individuals. This is part of our high commitment to the welfare of our employees and their families.

In April 2020, the government closed schools and mandated online or distance learning as a measure to mitigate the spread of COVID-19. Unfortunately, this has caused a decrease in the quality of interaction between students and teachers, especially in areas where there is limited availability of suitable communication tools and infrastructure. We understand the urgency to follow health protocols and urge all employees' children to stay at home. To overcome the weaknesses of online learning, we took the initiative to help children get the most out of their education during this pandemic.

One program implemented in SMM, is called the Rumah Baca Juara (Reading House of Champions) which allows children to have more interaction with their peers in smaller groups that follow recommended health protocols. Currently we are still limiting this type of activity to our employees' children due to the social distancing measures. If the situation improves, however, we might expand this initiative to reach communities around our operating sites as well.



▲ ANJAP employee teaching hydroponic cultivation techniques to the community.

### Socio-Economic Empowerment Programs

As we envision our business as a driver for economic growth in the areas where we operate, we endeavor to ensure that local communities are instrumental to this growth. In doing so, our socio-economic empowerment programs aim to contribute to multiple SDG targets, including SDG 1 (No Poverty), 2 (No Hunger), 8 (Decent Work and Economic Growth), 16 (Peace, Justice and Strong Institutions) and 17 (Partnerships for the Goals). Empowered communities are keys to the success of implementing the SDGs.

In 2015, we initiated socio-economic empowerment programs designed to build the skills and confidence of local communities living around our West Papua companies (PMP, PPM, ANJ



and ANJAP). At the start of our program, local communities often lacked sufficient skills and self-confidence to cope with a transforming and more modern economy. This year, we continued Responsible Development projects that aim to generate economic resilience and food security such as the Warung Mama Project, the transportation cooperative, the savings cooperative, and vegetable gardening.

Similarly, in West Region, our socio-economic empowerment programs continue to run despite the challenges posed by COVID-19. For example, at ANJA, we continued the cattle farming project. Our CID team evaluated the program and explored potential for innovation in cattle farming as an alternative source of income for farmers. At ANJAS, we are attempting to develop the economic capacity of the farmer firefighting group by developing Lubuk Larangan as a tourism destination.

In response to COVID-19, we commenced a Food Security Program in one of the villages adjacent to SMM involving the South Puake Group. The program is unique in that it encourages

the community to grow vegetables and raise catfish, which is contrary to the culture of the local Belitung people. The Belitung people have, for many generations, concentrated on planting *sahang* (pepper) and oil palm. The South Puake Group is a group that was built upon from the COVID-19 Rapid Response Task Force in Dendang Regency.

The Food Security Program is based on ideas generated by the community on how to cope with the economic impact of the pandemic by finding alternative sources of income and increasing local food security. Activities carried out by the group are vegetable gardening, catfish farming, and training in making disinfectants and natural pesticides by sharing knowledge with our research staff in SMM. This program involved village and Subdistrict Governments, the Fisheries Office, and SMK 01 Dendang vocational school. The first harvest from the vegetable garden was realised in July 2020. The harvest was traded internally among the community. In addition, catfish farming trials have been carried out in collaboration with SMK 01 Dendang, by releasing 2,000 catfish.



▲ The Savings Cooperative service in West Papua.

### Savings Cooperative

Banking facilities are often inaccessible to local communities in remote areas such as in West Papua. For local communities near our PMP and PPM estates, the nearest bank is over 90 km away. Because the roads are in poor condition, transportation costs can reach as much as USD 180 (IDR 2.5 million) for a one-way trip. To avoid the high expenses, people tend to use the services of a middleman to take their money to the bank, which is risky as there have been cases of theft by the intermediary. Seeing this significant problem, the ANJ team in West Papua came up with the idea of establishing a savings cooperative. This cooperative provides access to banking services that are safe, cheap, and fast servicing our local employees and communities. In 2018, the Papua Sejahtera Mandiri Cooperative at PPM and

the Mandiri Tunas Karya Cooperative at PMP were established as a Responsible Development project.

The Savings Cooperative commenced in 2019. Despite a few challenges and obstacles at the start, the cooperative managed to serve transfer services of up to USD 576,303, with a total savings of USD 8,993. As the many benefits that our local employees received from the cooperative became evident, local communities and contractors quickly joined as members. As a result, the savings cooperative grew exponentially, and transfer services have more than tripled in a year, with the total transferred funds amounting to USD 1,876,762 in 2020. Furthermore, members' savings also increased almost fourfold to USD 32,855. In 2020, the cooperatives had enough capital to open convenience stores that provide affordable goods. The convenience stores started operating in May at PPM, and in September at PMP. By the end of 2020, the total revenue of these stores reached USD 84,900. The savings cooperatives have not only provided necessary financial services but also managed to provide affordable household needs to employees, communities, and contractors.

### Transport cooperative

In 2019, we facilitated the formation of transportation cooperatives for three communities at PPM and PMP in West Papua. These cooperatives provide transportation services to the Company and thus represents a new opportunity for the livelihood of communities while allowing them to benefit economically from the presence of oil palm plantations. The cooperative is built with the principle of empowering communities with the knowledge, capacity, and skills to manage a business on their own.



▲ Handover of trucks for transporting FFB, fertilizer and building materials at PPM and PMP, West Papua.

### Savings and Transportation Cooperatives – Making opportunities accessible to those who need them most

ANJ and our subsidiaries are committed to our social responsibilities, ensuring that we maintain positive relationships with local people and facilitate development opportunities. At our operation site in South Sorong, West Papua, we observed a profound lack of development as well as an eagerness within the community to make a change. In light of this, ANJ developed and implemented several strategies to facilitate growth in the area, absolving the limitations with which the community were faced.

The economic development program aims to empower affected communities to take ownership of their economic growth by seeking to increase community income through establishing local and sustainable businesses that meet their needs. Particularly in commodity-based businesses, ANJ promotes communities to explore local produce, Sago being a primary example.

The Company has also taken a more direct approach to community development in and around PPM and PMP, examples being the transport cooperative and the savings cooperative, which have reaped substantial benefits for the communities.

#### Transport Cooperative

Initiated in 2019, with the collaboration between PPM and the Sumano Hiwa Mandiri and Puja Permata Awiyago Kasih cooperatives, the transport cooperative has broadened horizons and vastly improved prospects for the people of the Sumano and Puragi villages in South Sorong. PPM manages and uses the transportation services to transport fertilizers, building materials and fresh fruit bunches to the palm oil mill, managed by PMP. The initiative provides both transport services to the Company and presents an opportunity for income within the community, while allowing them to benefit

The transport cooperative began with five trucks to transport fresh fruit bunches, fertilizers and building materials. Last year, the cooperative was able to distribute USD 5,446 in dividends to its members from the surrounding local communities. In 2020, the cooperative improved its operations and ran much more smoothly. As a result, it was able to transport 9,595 tons of FFB. This resulted in USD 7,679 of dividends that the cooperative distributed to its members. The dividend is distributed when approaching holidays or at the beginning of the school year, to help local communities cope with the increased expenses during those periods.

economically from the presence of our plantations. In 2020, the cooperative was able to distribute USD 7,679 in dividends to its members. Distribution occurs before holidays or at the beginning of the school year to provide financial assistance to communities during periods of increased expenses.

"The achievement of the Sumano Hiwa Mandiri and Puja Permata Awiyago Kasih Transportation Cooperative is the community's effort to gain economic independence and as proof of their support for PPM operations in South Sorong," said GM PPM Ali Dinar Nur.

As with each of our development initiatives, the ultimate goal is for the community to take ownership to sustainably maintain development that is adapted to their unique and evolving needs. The cooperative is a long-term project and PPM will continue to provide assistance until the community can sustainably manage their operations.

"This assistance is needed to strengthen management so that people who are members of the cooperative will be able to manage their own truck operations independently," said Ali. "If it can be realized, they will have their own income, be independent and automatically their truck investment will benefit the community itself," added Ali.

Now entering its third year of operation, the cooperative members have begun to appreciate the benefits, which is reflected in an increased mutual trust and respect between all parties. The burgeoning relationship between the ANJ operational units, cooperative members, and the community has sparked increased engagement, particularly during the regular all-party meetings, which shape the course of the project, keeping the communities' best interests in mind.

As a member of the transport cooperative, Tete Aser Idene from Sumano Village is encouraged by the benefits he has experienced and hopes that the cooperative can develop more.

"I have received the benefit in the form of cash dividend from the cooperative. In the near future I hope I can buy a longboat so I can develop my business too," said Tete Aser.

#### **Savings Cooperative**

As part of our mission to improve the local economy around our PMP and PPM estates in West Papua, ANJ has established the savings cooperative to provide local people with a safe and secure means of saving their income. This cooperative provides access to banking services that are safe, cheap, and fast servicing for our local employees and communities. In 2018, the Papua Sejahtera Mandiri Cooperative at PPM and the Mandiri Tunas Karya Cooperative at PMP were established as a Responsible Development project. Before the cooperative was established, those living in remote areas were subject to high travel costs when trying to access the nearest banks, 90 km away. To avoid such costs, many individuals would resort to the services of a middleman, which involved a high risk of theft.

Despite several challenges during initiation in 2019, the cooperative has, thus far, served transfer services of up to USD 576,303 with a total savings of USD 8,993. The benefits of the program were quickly recognized by the local community. With increased trust in the initiative came exponential growth, with the total transferred

funds in 2020 increasing three-fold from the year before, amounting to USD 1,876,762. Furthermore, members' savings also increased almost fourfold to USD 32,855.

ANJ Director of Sustainability, Fakri Karim, said, "This project has successfully promoted the inclusive finance by bringing a micro-banking facility to a very remote area. This has not only reduced our operational risks but has also supported the local economic development in the rural area."

The savings from the cooperative have gone towards the community, facilitating the opening of convenience stores that sell affordable goods. Since opening in May and September at PPM and PMP respectively, the convenience stores made total revenue of USD 84,900 at the end of 2020. The overwhelming success of the convenience store, which sells products at prices two to three times lower than pre-existing outlets, has prompted the establishment of mini-convenience stores by saving cooperatives in each of ANJs business units.

In addition to the financial services provided by the savings cooperative, ANJ and its partners have contributed to the provision of affordable household necessities for employees, contractors and communities.

### **Vegetable Garden Project**

Our Vegetable Garden RD project is successfully implemented in several villages in West Papua, namely Puragi, Tawanggire, Benawa Satu, Sumano, Mangga Dua, dan Karekano villages. As the benefits of the projects have become apparent over time, local communities have become increasingly receptive and overcame initial apprehension to gardening. Indeed, the Vegetable Garden Project brought new income as communities were able to sell their crops to ANJ and others.

Due to the success of the program, we expanded operations to the Suse Village at the end of 2019. As with the previous villages, the initial intention was to help communities gain access to and introduce more vegetables into their diet. However, the vegetable gardens in Suse village quickly grew and were able to supply vegetables to the Company.

Seeing these successes, the focus of the project has changed to concentrate on developing micro-enterprises and business opportunities for locals based on vegetable farming. There are currently 45 vegetables beds or garden boxes, each measuring 15 meters in length. All garden boxes saw their yields increase throughout 2020.

The Vegetable Garden RD team, in collaboration with the CID team, gave intensive assistance to ensure that yields were optimal. This is done by organizing technical training sessions on organic farming, and making compost, liquid fertilizers, and biopesticides. Our target is that, by 2022, a Farmers' Cooperative will be formed, followed by market expansion that enables long-term sustainability of the project. In the foreseeable future, it is possible to expand from fresh vegetables to include locally processed products that can be marketed with the help of the local government's Office of Micro-, Small-, and Medium-Enterprises (UMKM).

## Female Empowerment and the Warung Mama Project



▲ Warung Mama provides economic opportunities and empowers local women in West Papua.

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

One such program is the Warung Mama (Mama's Stall) project. Warung Mama is an initiative associated with ANJAP that promotes and facilitates the sale of sago-based food products to empower local women (mamas) by teaching them business skills. We have found that the initiative has helped to provide the local community, especially women, with economic opportunities, as well as supply processed sago products to the employees of ANJAP. The project also contributes to helping improve general health by teaching local community members about nutrition. Furthermore, having a local food product readily available in the area has also helped us to innovatively reduce our carbon footprint from transporting goods.

Warung Mama officially opened on September 26, 2019 involving women from Puragi and Saga villages with the assistance of our CID and Product Development staff. In 2020, we incrementally replicated the project in other villages and started to establish a Warung Mama at PPM. At the same time, the Warung Mama project is developing a new sago-based dry noodle product. This noodle product is expected to reduce employees' consumption of instant noodles as staple food, which will be good for their health as sago-based noodle is a healthier option.

## Instagram Bueno Nasio – Building an online community to promote and realize the potential of Sago

Our Company firmly believes in actively interacting with communities to fulfil our respective social responsibilities. The restrictions we faced in the wake of the COVID-19 pandemic, however, forced us to turn our attention to more appropriate, socially distant means of interaction. The pandemic provided us with time we may not have otherwise had to strengthen our online presence, particularly the Bueno Nasio Instagram account: @bueno.nasio.

Taking to the nation's smartphone screens in August 2019, the Bueno Nasio Instagram has proven a successful means of marketing ANJ's processed sago products. The account was initially managed by the Responsible Development and Corporate Communications team, to promote the potential of sago flour, processed in South Sorong, West Papua, as a sustainable and local food source for the Indonesian public. Previously a common food staple, sago lost its popularity as rice became a principal feature of the Indonesian diet. The Bueno Nasio Instagram shared images of the unique, modern and delicious meals made from Sago, with the hopes of inspiring others to follow in the movement to reintroduce the product into the local cuisine.

Based in Indonesia's capital, Jakarta, Bueno Nasio caters for the modern, fast-paced lifestyle of locals. As the first



▲ The Bueno Nasio social media account helps market ANJ's processed sago products.

restaurant to serve an entirely sago-based menu, we hope to spark intrigue and influence the masses, which is why our online features strive to educate the public about the uses and advantages of sago flour, while popularizing the delicious menu.



Throughout 2020, we aimed to maintain and develop our audience engagement, through actively holding promos and quizzes in which winners would win prizes. We also provided opportunities for our community to interact in live sessions where we shared stories about events and activities held at Bueno Nasio. Of note were our special events where we hosted chefs and culinary experts who shared their knowledge in the form of workshops, which are now easily accessed by anyone who visits our account. To date the account has more than 530 followers.

"The Bueno Nasio Instagram is not only informative, but inspirational. Bueno Nasio aims to demonstrate that sago is not only used in traditional dishes such as papeda and sago lempeng. Sago can also take many forms and flavours on a varied daily menu. The Bueno Nasio

Instagram presence is crucial for showing this variety," said Wicaksono or popularly known as Nodoro Kakung, Communication Advisor and Social Media Expert.

When the pandemic threatened to take away our community, ANJ took a stand and turned to creativity to maintain engagement. While Bueno Nasio may have temporarily lost the loyal customers, who would share their firsthand experiences with the world, our efforts to foster a more active and interactive online presence has seen our community grow over the past year. Although the Bueno Nasio team is counting down the days until we may once again resume normal business, ANJ is proud of the progress that has been made and is confident that our new approach to engagement will see the widespread adoption of sago, as a sustainable food source, in the future.

### Warung Mama – Empowering women through taking ownership of their craft



▲ Health protocols in practice at the Warung Mama kitchen.

Warung Mama is a community-based initiative, established in 2019, and an ode to our commitment to socially responsible development. Now entering its second year of running; Warung Mama has proven to be a great success in empowering the local women from the Saga and Puragi villages of the Metamani District in South Sorong Regency. Inaugurated in September 2019 as a Responsible Development project at ANJAP, the program aims to facilitate growth within the local community by providing women with the skills and means to become self-sufficient and embark on their career paths. The 'mamas' involved underwent a medical check-up process during the recruitment stage. There were about ten mamas actively working at Warung Mama in 2020. The

mamas take ownership of the project but are provided with guidance from both the Community Involvement and Development (CID) and Product Development staff. ANJAP also hopes to demonstrate the importance and potential of Sago as a primary food source, being that it is locally sourced and highly nutritious.

Initially, Warung Mama was only open during work breaks and had a limited menu. As ANJ, in collaboration with our in-house nutritionists at the Kitchen Lab in Jakarta, have developed our knowledge of Sago starch and its uses in food, we have been able to diversify our menu to include a wide range of local favourites.

Owing to the improved menu, a subsequent increase in demand encouraged the group to adapt the opening hours so that Warung Mama could welcome customers, morning and night, six days a week. Aside from the benefits reaped by the local women, we believe that Warung Mama has a dual purpose in that it provides healthy, affordable, locally sourced food to our employees which are much better alternatives to other products, such as instant noodles, for both the environment and the individual.

ANJ currently maintains a selection process for the women who can become 'mamas' in villages surrounding PPM. While a primary criterion is that the individuals are local to either the Puragi or Saga villages, we also seek those who demonstrate commitment to improving their individual and local circumstances and prospects. In addition, in accordance with health and safety requirements, the selection process includes a medical check-up. Once selected, the 'mamas' undergo training, provided by the PPM Community & Involvement Department team, to gain necessary skills in food preparation, including essential health and safety measures, shop-keeping, and basic business management. This project operates democratically, allowing 'mamas' to voice their opinions and have an equal say in decisions. Such mechanisms, as

well as the mutually agreed-upon distribution of proceeds, has proven very popular among the community, with the 'mamas' openly expressing pride in their work.

"I loved learning how to make cakes. Not only can we transform our local products into food for our families, but also make a profit from sales," said Augustina Kadae, otherwise known as 'Mama Au' from Puragi village (translated from local dialect).

In light of recent success, ANJ has decided to expand the project. While COVID-19 restrictions halted the construction process, we are proud to announce that in December 2020, our second Warung Mama was opened in another employee housing unit, equipped with all the necessary facilities to create another crowd favourite. The success of our second unit will act as a gauge for future investment and expansion into new areas. The holistic benefit of this program provides us with great confidence for its future potential.

ANJAP Director of Engineering, Mohammad Fitriyansyah, said, "Warung Mama will play an important role in building the community's self-reliance in the area. Training the mamas will take time, hence it requires consistency and focus from our team."

### "Bentara" Project

The Belitung Integrated Alternative Tourism Development, or "Bentara", is a project at our SMM estate that aims to promote ecotourism, in partnership with the local government and surrounding communities through community-based tourism. Community-based tourism is a form of sustainable tourism wherein local residents invite tourists to their communities to learn about the area's cultural heritage. In doing so, the "Bentara" program also empowers local residents by providing them with opportunities to diversify their income.

The "Bentara" ecotourism experience offers the opportunity to learn about the environment, nature conservation, sustainability and climate change, as well as the history and culture of local communities. The experience starts at the Balok Forest (SMM HCV area), where visitors learn about biodiversity and the purpose of HCV areas. It then follows with a tour of Keretak Nibong, a small fishing jetty, at the edge of the Balok Lama forest, surrounded by mangroves. This part of the tour involves the local fishing community that manages the Makam Balok forest. The tour ends with a visit to the RSPO and ISPO certified SMM plantation and palm oil mill. Our SMM operation perfectly exhibits examples of best practice in sustainable palm oil production, including zero waste practices such as composting and converting palm oil liquid waste (POME) into electricity at the biogas plant.

Obviously, like all tourism activities this past year, the "Bentara" program was severely impacted by the COVID-19 pandemic. This contrasted with 2019 where BENTARA saw consistent growth. Visitor numbers declined drastically due to social restrictions starting in April 2020. We implemented various measures and initiatives to relieve the situation, including developing a safe tourism protocol, and a virtual tour concept, updating promotion materials, and helping partner communities to find business alternatives.



▲ Socialization about the Balok Forest is one of the aims of the Bentara project.

## Bentara – Encouraging collaborative development in the spirit of ‘The Rainbow Troops’

**“Hiduplah Untuk Memberi yang Sebanyak-banyaknya, Bukan untuk Menerima yang Sebanyak-banyaknya. (Pak Harfan – Laskar Pelangi)”. “Life is for giving as much as we can, not taking as much as we can” – a notion that resonates with our team whose commitment to responsible development has contributed to the great success of the Belitong Integrated Alternative Tourism Development or “Bentara” project, at the idyllic setting of the Indonesian classic, Laskar Pelangi (The Rainbow Troops).**

Initiated in 2018 by SMM in Bangka Belitung Province, the “Bentara” project aims to promote ecotourism in partnership with the local government and surrounding communities. The natural beauty of the area as well as its cultural heritage has generated great interest from tourists in recent years. In response, the regional government launched the ‘Let’s Go Belitung’ project in 2019, with the hopes of establishing Belitung as a world-class tourist destination. Seeing the opportunities presented by the government initiative, ANJ invested in their program with the hopes of facilitating community growth and engagement through the new-found tourism industry.

Our educo-tourism scheme, with a clear focus on educating visitors on the environment, nature conservation and climate change, also empowers local communities by allowing them to take ownership and pride in their local history and culture as they too become teachers through our program.

Shintaria, the Principal of SMPN 1 Dendang junior high school, shared how the initiative educates and provides opportunities to people of all ages. “One of the activities in our school that supports the Adiwiyata Program and the environment, is waste processing. Children in our school learn to process plastic and paper waste into an object that has both aesthetic and economic value that can be used by the community.”

Despite the hardships faced in 2020, SMM maintained their commitment to facilitating community growth. The dedication to the project was mutual, with both ANJ employees and local people continuing to forge their strong relationship, centred around the shared respect for their home. Driven by the founding theme of ‘Safeguarding the Rainbow Troops’, the “Bentara” project saw profound growth over the past year. Innovative new techniques concerned with biodiversity, energy consumption, composting and reduced GHG emissions, proved to be a significant success and a testament to the resilience of our team.

Drs Ikhwan Fahrozi, the Regional Secretary of East Belitung Regency commended SMM on their commitment to environmental management and saving natural

resources, adding that “SMM has also empowered communities around the operation areas, and provided inspiration for other companies to do the same, which will ultimately advance the East Belitung Regency.”

The selfless efforts to help those in need during the COVID-19 pandemic is what earned SMM the Gold Proper award from the Ministry of Environment and Forestry, a historic achievement for ANJ, and the industry. The pandemic brought with it economic devastation to an already low-income area. Understanding and empathizing with the difficulties faced by the community, the team at SMM acted quickly, implementing food security schemes that resulted in an average decrease in community household spending by approximately Rp200,000 per month. In light of the collapsed tourism industry, SMM, in collaboration with the local government, both helped to establish novel means of income for the community and initiated the Community Movement Program Against Corona, which raised and donated Rp97,098,000 in the form of cash, PPE, and other necessary supplies and assistance for the community.

Among the community testimonies was that of Sarwono, who said, “Thank you to SMM and the South Puake Community for their support and guidance in the household food security programs.”

Our ethos is founded on resilience and consistency. Throughout the past year, the individuals who make up our Company have shown time and time again that hardship will not deter them or dampen their spirits. Our community is devoted to its goals and values. Our continued hard work at the “Bentara” project despite the adversity of 2020 is a case in point. We are proud of all those involved and what they have achieved.

Juli Wankara Purba, the General Manager at SMM is a passionate proponent of the “Bentara” project, and it is fitting to conclude with some inspiring words from him, “With the current limitations, there is always the potential to work towards and contribute to community empowerment. Our progress will not stop here. We will continue to innovate for efficiency. We will continue to innovate to create an independent society. Hopefully, our steps will inspire. Encourage all hearts to work together, to maintain the privilege of the Island Rainbow Troops.”

# Independent Assurance Opinion Statement



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## INDEPENDENT ASSURANCE OPINION STATEMENT

The 2020 Sustainability Report PT. Austindo Nusantara Jaya, Tbk

Statement No : 362/TRID-S02/IV/21

Type : 2

Level : Moderate

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

### Scope Limitations of the Assurance

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

1. Evaluation of the report against GRI Sustainability Reporting Standards (GRI Standards), especially on the thirteen material topics identified by ANJ Management and their stakeholders.  
The material topics are CPO price fluctuations, innovation and productivity, and socio-economic welfare (**economic performance** and **indirect economic impacts**), biodiversity and conservation, and protecting and managing forests and peatlands (**biodiversity**), climate change impacts (**energy** and **emissions**), waste and recycling (**waste**), traceability (**supplier environmental assessment** and **supplier social assessment**), safe and healthy workplace especially related to COVID-19 prevention and mitigation (**occupational health and safety**), skilled labor and talent acquisition (**training and education**), Community Involvement and Development (**local communities**), diversity and women's empowerment (**diversity and equal opportunity**), and human rights (**human rights assessment**).
2. A Type 2 Moderate Level of Assurance is used to evaluate the nature and extent of ANJ's adherence to all four AA1000 Accountability Principles (2018), namely **Inclusivity, Materiality, Responsiveness and Impact**, using AA1000 Assurance Standard (2008) with the 2018 Addendum.
3. Not to investigate data and information outside the reporting period.
4. The financial data provided by ANJ has been audited by independent parties and, therefore, presentation of financial data and information in the report is NOT within the scope of assurance.
5. Waste Management has been audited by independent parties and is recognized by the government certification bureau for waste management, therefore data related to waste in the report is NOT within the scope of assurance.





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### Opinion Statement

This report is assured by the sustainability report assurers' team in accordance with AA1000AS (2008) Principles with 2018 Addendum, AA1000AP (2008) Principles, and GRI Standards. Based on the information and explanations provided, we have received sufficient evidence to conclude that the ANJ Sustainability Report 2020 provides a fair and balanced representation of ANJ's sustainability performance during 2020. The GRI Standards – Comprehensive Option has been applied and prepared in this Report. Based on the outcome of all the investigations conducted by our team according to our procedures, we conclude that the 2020 data presented by ANJ for all the performance indicators related to the material topics are reasonably represented and nothing has come to our attention that would cause us to believe that ANJ has not presented accurate and reliable data.

### Methodology

We conducted the assurance in accordance with the following assurance procedures and activities:

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

### Findings and Conclusions

The detailed review against AA1000AP (2018) for Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is presented below:

#### Inclusivity

This report has reflected ANJ's continued commitment to its stakeholders, as engagement and participation of stakeholders has been conducted, and an accountable and strategic response to sustainability has been achieved. This report covers stakeholder issues together with fair reporting and disclosures of material topics and information. In our professional opinion, the report covers ANJ's application of inclusivity principles.

#### Materiality

ANJ presents sustainability information that describes the sustainability context as an Agribusiness Company. These data enable ANJ's stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the report covers the organization's material issues by using ANJ's materiality matrix and boundary mapping.



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### Responsiveness

ANJ has implemented the management practice to respond to the expectations and concerns of its stakeholders. It includes communication on stakeholder expectations and different feedback mechanisms to external and internal stakeholders. In our professional opinion, the report covers ANJ's responsiveness to issues. Our inputs for the improvement of the report was adopted by ANJ before the issue of this opinion statement.

### Impact

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

### In Accordance with GRI Standards Comprehensive Option

The Report follows the **comprehensive option** of GRI Standards where all disclosures of each material topic are presented and discussed in the Report. The disclosures of management approach for each material topic in general are fairly disclosed.

### GRI Standards Principles

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

### Energy and Emission Assessment

The energy and emission calculation presented in the report is computed based on the methodology chosen by ANJ. In our professional opinion, the calculation is fairly disclosed with total emission in Scope 1 : 2,219.23 ton CO<sub>2</sub>eq/million USD, Scope 2 : 4,38 ton CO<sub>2</sub>eq/million USD, and Scope 3 : -741.40 ton CO<sub>2</sub>eq/million USD; with total assets on 31 December 2020 of: USD 636.14 Million; and related to energy, ANJ saves 18,119.58 GJ.

### Recommendations

There are several positive improvements that have been implemented by ANJ which were conveyed in our recommendations in the previous year:

1. Include additional testimonies on Environmental and Social Scope assessment by external parties and disclose these achievements in Environmental, Social and Governance (ESG) terms.
2. Climate Change Risk analysis was conducted.
3. Application of the same data collection mechanism to comply with comparability principle.



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There is further suggested recommendation for ANJ :

1. Create Database Bank as a tool to minimize the SR reporting repetition of information which is already reported in the Annual Report. This ensures simplification of the Sustainability Reporting thus making it easier for stakeholders to analyze data related to trends or measure participatory levels on non-financial data.

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

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

**Statement of Responsibility, Competency, Independency and Impartiality of Assurer**

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

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

PT. TUV Rheinland Indonesia operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PT. TUV Rheinland Indonesia has implemented a Code of Ethics which meets the requirements of the International Federation of Inspections Agencies (IFIA) across its business which ensures that all our staff maintains integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and high ethical standards in their day-to-day business activities.



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PT. TUV Rheinland Indonesia has a number of existing commercial contracts with PT. Austindo Nusantara Jaya, Tbk's subsidiaries. Our assurer team does not have any involvement in projects with PT. Austindo Nusantara Jaya, Tbk outside those of an independent assurance scope and we do not consider there to be a conflict between the other services provided by PT. TUV Rheinland Indonesia and that of our assurer team.

For and on behalf of PT. TUV Rheinland Indonesia  
Jakarta, 13 of April 2021



Nyoman Sula  
President Director,  
PT TUV Rheinland Indonesia





126-144

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# Cross-Reference

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## Cross-Reference to GRI Standards (102-55)

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## Cross-Reference to SDGs

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SDG Goal	SDG Target	Action Taken by The Company	Page
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## Cross-Reference to POJK 51

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<b>A. Sustainability report contains information about:</b>	
<b>1. Explanation of sustainability strategy</b>	
This section contains an explanation of the sustainability strategy of the financial services institution, issuer or public company.	6-9, 10-11, 14-15
<b>2. Overview of performance on sustainability aspects</b>	
Provide comparative performance for the last 3 (three) years, as follows:	
a. Economic aspects, covering at least:	
1) Quantity of products or services sold;	2, 3, 50
2) Revenue or sales;	2, 50
3) Net profit or loss;	3, 50
4) Environment-friendly products; and (renewable energy production)	26, 30
5) Involvement of local parties in relation to sustainable finance business processes.	31, 75-76
b. Environmental aspects, covering at least:	
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2) Reduction of emissions produced	79
3) Reduction of waste and effluent (waste that has been released to the environment) produced; or	83-84
4) Conservation of biodiversity.	65-68
c. Social aspects: positive and negative impacts of implementing sustainable finance for the community and the environment (including people, regions and funds)	102-107
<b>3. Brief profile presenting a comprehensive illustration of the financial services institution, issuer or public company, including at least:</b>	
a. Sustainability vision, mission and values of the financial services institution, issuer or public company;	11-16
b. Name, address, telephone number, fax number, email address and website of the financial Services institution, issuer or public company, as well as its branch and/or representative offices;	26
c. Scale of the financial services institution's, issuer's or public company's business in brief, covering:	
1) Total assets or asset capitalization, and total liabilities (in million rupiah); number of employees, by sex, position, age, education and employment status;	27
2) Share ownership percentage (by public and government); and	26
3) Operational area.	28-29
d. Brief explanation about products, services and business activities;	26-27
e. Membership of associations;	45
f. Significant changes in the financial services institution, issuer or public company, including those Related to the closure or opening of branches, and ownership structure.	27
<b>4. Board of directors' explanation, including:</b>	
a. Policy for responding to challenges in fulfilling the sustainability strategy, covering at least:	
1) An explanation of the value of sustainability for the financial services institution, issuer or public company;	14-15
2) An explanation of the response of the financial services institution, issuer or public company to issues related to the implementation of sustainable finance;	Not applicable
3) An explanation of the commitment of the leadership of the financial services institution, issuer or public company to implementing sustainable finance;	Not applicable
4) Achievements in implementing sustainable finance; and	Not applicable

POJK 51	Pages
5) Performance challenges in implementing sustainable finance.	Not applicable
b. Implementation of sustainable finance, covering at least:	
1) Performance achievements in implementing sustainable finance (economic, social and environmental) compared to targets; and	Not applicable
2) Explanation of achievements and challenges, including significant events during the reporting period (for financial services institutions that are required to make a sustainable finance action plan).	Not applicable
c. Strategy for achieving targets, covering at least:	
1) Management of risks to the application of sustainability with regard to economic, social and environmental aspects;	10-11, 37, 49
2) Utilization of opportunities and business prospects; and	10-11
3) Explanation of the external economic, social and environmental situation that could potentially influence the sustainability of the financial services institution, issuer or public company.	10-11
<b>5. Sustainability governance, including:</b>	
a. Description of the duties of directors and commissioners, employees, officers and/or work units that are responsible for sustainable finance implementation.	36-38
b. Explanation of competency development for members of the board of directors, members of the board of commissioners, employees, officers and/or work units that are responsible for sustainable finance implementation.	39-40
c. Explanation of the procedures used by the financial services institution, issuer or public company to identify, measure, monitor and control risks to the application of sustainable finance with regard to economic, social and environmental aspects, including the role of the board of directors and board of commissioners in managing, periodically reviewing, and assessing the effectiveness of the financial services institution's, issuer's or public company's risk management processes.	39
d. Explanation of stakeholders, covering:	
1) Stakeholder engagement based on the results of a management assessment, gms, decision letter or other; and	15, 16-18
2) Approaches used by the financial services institution, issuer or public company to engage stakeholders in the implementation of sustainable finance, including through dialog, surveys and seminars.	15, 16-18
e. Problems faced, their development, and their influence on sustainable finance implementation.	21-22
<b>6. Sustainability performance, including at least:</b>	
a. Explanation of activities to develop an internal sustainability culture at the financial services institution, issuer or public company.	13
b. Description of economic performance in the last 3 (three) years, covering:	
1) Comparison of production targets and performance, portfolio, financing targets, or investment, revenue and income if the sustainability report is compiled separately from the annual report; and	49-51
2) Comparison of portfolio targets and performance, financing targets, or investment in financial instruments or projects that are aligned with the implementation of sustainable finance.	Not applicable
c. Social performance in the last 3 (three) years:	
1) Financial services institution's, issuer's or public company's commitment to providing services for equivalent products and/or services to consumers.	Not applicable
2) Employment, including at least:	
a) statement regarding equal work opportunities and the existence or otherwise of forced labor and child labor;	35, 88
b) remuneration of permanent employees at the lowest grade as a percentage of the regional minimum wage;	Not reported
c) decent and safe work environment; and	88-93
d) employee training and competency development.	95-100

POJK 51	Pages
3) Society, including at least:	
a) information on operational activities or areas that have positive and negative impacts on the surrounding communities, including financial literacy and inclusion;	103-105
b) community complaints mechanisms, and number of community complaints received and followed up; and	107
c) csr that can be related to support for sustainable development objectives, covering types and achievements of community empowerment program activities.	108-119
d. Environmental performance of the financial services institution, issuer or public company, including at least:	
1) Expenditure on environment;	
2) Description of the use of environment-friendly materials, such as recyclable materials; and	82-83
3) Description of energy use, including at least:	
a) quantity and intensity of energy use; and	3, 80
b) efficiency measures and achievements, including the use of renewable energy sources;	81
e. Environmental performance for financial services institutions, issuers or public companies whose business process is directly related to the environment, including at least:	
1) Performance as intended in letter d;	77-79
2) Information about operational activities or areas that have positive and negative impacts on the surrounding environment, particularly efforts to increase the carrying capacity of ecosystems;	56-86
3) Biodiversity, including at least	
a) Impact of operational areas that are close to or in conservation areas or have biodiversity; and	59
b) biodiversity conservation measures taken, including protection of flora or fauna species;	60, 65, 66-67
4) Emissions, including at least:	
a) Quantity and intensity of emissions produced, by type; and	77-79
b) Emission reduction efforts and achievements;	79
5) Waste and effluent, including at least:	
a) Quantity of waste and effluent produced, by type;	85-86
b) Mechanisms to manage waste and effluent; and	84-85
c) Spills that occurred (if any); and	
6) Number and subject of environmental complaints received and resolved.	14, 107
f. Responsibility for developing sustainable finance products and/or services, including at least:	
1) Innovation and development of sustainable finance products and/or services;	Not applicable
2) Number and percentage of products and services that have been evaluated for consumer safety;	Not applicable
3) Positive and negative impacts of sustainable finance products and/or services and distribution processes, as well as measures taken to mitigate negative impacts;	Not applicable
4) Number of products recalled, and the reasons; or	Not applicable
5) Customer satisfaction survey of sustainable finance products and/or services.	Not applicable
<b>7. Written verification from an independent party, if available</b>	<b>120-124</b>
<b>8. Feedback page for readers, if available; and</b>	<b>137</b>
<b>9. Response from the financial services institution, issuer or public company to feedback from the prior year.</b>	



# Feedback Form

The 2020 Sustainability Report of PT. Austindo Nusantara Jaya Tbk. provides an overview of our sustainability performance. We look forward to your inputs, constructive feedbacks and suggestions after reading this Sustainability Report, either by email or by sending this form by fax/post.

## YOUR PROFILE

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

## STAKEHOLDER CATEGORY

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

Please pick from the statements below that best describe your opinion:	Yes	No
1. This report is easy to understand.	<input type="checkbox"/>	<input type="checkbox"/>
2. This report is useful for me.	<input type="checkbox"/>	<input type="checkbox"/>
3. This report sufficiently describes ANJ's performance with regard to sustainability.	<input type="checkbox"/>	<input type="checkbox"/>

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

### Prosperity

CPO Price Fluctuations	<input type="checkbox"/>
Innovation and Productivity	<input type="checkbox"/>
Socio-economic Welfare and Livelihoods	<input type="checkbox"/>

### People

Occupational Health and Safety	<input type="checkbox"/>
Skilled Labor Availability and Talent Acquisition	<input type="checkbox"/>
Community Involvement and Development	<input type="checkbox"/>
Human Rights	<input type="checkbox"/>
Diversity	<input type="checkbox"/>

### Planet

Biodiversity and Conservation	<input type="checkbox"/>
Deforestation, HCV/HCS areas, and peatlands	<input type="checkbox"/>
Extreme Climate and Weather	<input type="checkbox"/>
Waste and Recycling	<input type="checkbox"/>
Traceability	<input type="checkbox"/>

Thank you for your participation.

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

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## Abbreviations

<b>3R</b>	Reduce, Reuse, Recycle
<b>AANE</b>	PT. Austindo Aufwind New Energy
<b>ACGS</b>	ASEAN Corporate Governance Scorecard
<b>AELT</b>	ANJ Executive Leadership Team
<b>AGMS</b>	Annual General Meeting of Shareholders
<b>ALC</b>	ANJ Learning Center
<b>AMDAL</b>	<i>Analisis Mengenai Dampak Lingkungan</i> or Environmental Impact Assessment
<b>ANJ</b>	PT. Austindo Nusantara Jaya Tbk.
<b>ANJA</b>	PT. Austindo Nusantara Jaya Agri
<b>ANJAP</b>	PT. ANJ Agri Papua
<b>ANJAS</b>	PT. Austindo Nusantara Jaya Agri Siais
<b>BAN</b>	<i>Badan Akreditasi Nasional</i> or National Accreditation Board
<b>Bappenas</b>	<i>Badan Perencanaan Pembangunan Nasional</i> or National Development Planning Agency
<b>BDI</b>	<i>Balai Diklat Industri</i> or Industrial Training Center
<b>Bentara</b>	Belitung Integrated Alternative Tourism Development
<b>BKKBD</b>	<i>Badan Kependudukan dan Keluarga Berencana Daerah</i> or Regional Population and Family Planning Agency
<b>BKKBN</b>	<i>Badan Kependudukan dan Keluarga Berencana Nasional</i> or National Population and Family Planning Agency
<b>BKSDA</b>	<i>Balai Konservasi Sumber Daya Alam</i> or Natural Resources Conservation Center
<b>BLKI</b>	<i>Balai Latihan Kerja Industri</i> or Industrial Work Training Center
<b>BOC</b>	Board of Commissioners
<b>BOD</b>	Board of Directors
<b>BPJS Kesehatan</b>	<i>Badan Pengelola Jaminan Sosial Kesehatan</i> or Healthcare Social Security Agency
<b>BPJS Ketenagakerjaan</b>	<i>Badan Pengelola Jaminan Sosial Ketenagakerjaan</i> or Employment Social Security Agency
<b>BPOM</b>	<i>Badan Pengawas Obat dan Makanan</i> or and National Agency of Drug and Food Control
<b>BRC</b>	British Retail Certification
<b>BRI</b>	Bank Rakyat Indonesia
<b>BumDes</b>	<i>Badan Usaha Milik Desa</i> or Village-owned enterprise
<b>CBO</b>	Community Based Organization
<b>CDM</b>	Clean Development Mechanism
<b>CED</b>	Chronic energy deficiency
<b>CEO</b>	Chief Executive Officer
<b>CFC</b>	Chlorofluorocarbons
<b>CH<sub>4</sub></b>	Methane
<b>CI</b>	Conservation International
<b>CID</b>	Community Involvement and Development
<b>CIRAD</b>	<i>Centre de Coopération Internationale en Recherche Agronomique pour le Développement</i>
<b>CITES</b>	Convention on International Trade of Endangered Species
<b>CLA</b>	Collective Labor Agreement
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>CPO</b>	Crude Palm Oil
<b>CSR</b>	Corporate Social Responsibility
<b>ECE</b>	Early Childhood Education
<b>EFB</b>	Empty Fruit Bunches
<b>EGMS</b>	Extraordinary General Meeting of Shareholders
<b>EHS</b>	Environment, Health and Safety
<b>ESP</b>	Electrostatic Precipitator
<b>FAT</b>	Fatality
<b>FFB</b>	Fresh Fruit Bunches
<b>GAP</b>	Good Agricultural Practices
<b>GCG</b>	Good Corporate Governance

<b>GHG</b>	Greenhouse Gas
<b>GIS</b>	Geographic Information System
<b>GIZ</b>	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> or German Agency for International Cooperation
<b>GJ</b>	Gigajoule
<b>GMIT</b>	PT. Gading Mas Indonesia Teguh
<b>GMS</b>	General Meeting of Shareholders
<b>GPS</b>	Global Positioning System
<b>GSB</b>	PT. Galempa Sejahtera Bersama
<b>HACCP</b>	Hazard Analysis and Critical Control Points
<b>HCS</b>	High Carbon Stock
<b>HCV</b>	High Conservation Value
<b>HDPE</b>	High-density polyethylene
<b>HCFCs</b>	Hydrochlorofluorocarbons
<b>HGU</b>	<i>Hak Guna Usaha</i> (Right to Cultivate)
<b>ICT</b>	Information and Communications Technology
<b>IICD</b>	Indonesian Institute for Corporate Directorship
<b>ILO</b>	International Labor Organization
<b>ISCC</b>	International Sustainability and Carbon Certification
<b>ISO</b>	International Organization for Standardization
<b>ISPO</b>	Indonesian Sustainable Palm Oil
<b>IUCN</b>	International Union for Conservation of Nature
<b>IUPHHBK-HA</b>	<i>Izin Usaha Pemanfaatan Hasil Hutan Bukan Kayu - Hutan Alam</i> or Business License for the Utilization of Non-Timber Forest Products – Natural Forest
<b>KAL</b>	PT. Kayung Agro Lestari
<b>KB</b>	<i>Keluarga Berencana</i> or Family Planning Program
<b>KEE</b>	<i>Kawasan Ekosistem Esensial</i> or Essential Ecosystem Area
<b>KPI</b>	Key Performance Indicator
<b>KTPA</b>	<i>Kelompok Tani Peduli Api</i> or smallholder farmer fire-fighting groups
<b>LDPE</b>	Low-density polyethylene
<b>LED</b>	Light-emitting diodes
<b>LKS Bipartit</b>	Bipartite forum
<b>LOTO</b>	lockout-tagout
<b>LTI</b>	Lost Time Injury
<b>MASSI</b>	<i>Masyarakat Sagu Indonesia</i> or Indonesian Sago Community
<b>MoEF</b>	Ministry of Environment and Forestry
<b>MoU</b>	Memorandum of Understanding
<b>MT</b>	Management Trainee
<b>MTC</b>	Medical Treatment Case
<b>MUI</b>	<i>Majelis Ulama Indonesia</i> or Indonesian Council of Ulama
<b>N<sub>2</sub>O</b>	Nitrous oxide
<b>NGO</b>	Non-governmental organization
<b>NOX</b>	Nitrogen oxides
<b>NRC</b>	Nomination and Remuneration Committee
<b>OD</b>	Occupational Disease
<b>ODS</b>	Ozone-depleting substances
<b>OHS</b>	Occupational Health and Safety
<b>OHSAS</b>	Occupational Health and Safety Management System
<b>OSHA</b>	Occupational Safety and Health Administration
<b>P&amp;C</b>	Principles and Criteria
<b>PAUD</b>	<i>Pendidikan Anak Usia Dini</i> or Early Childhood Education
<b>Pendaki</b>	<i>Peduli Keanekaragaman Hayati</i> or Care for Biodiversity
<b>PgPAUD</b>	<i>Pendidikan Guru PAUD</i> or ECE Teacher Education



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

## Appendix I: Methods and Conversion Factors

### GRI-305 Conversion Factors

No	Parameter	Source	Unit	Factor
<b>Landuse Change</b>				
1	Undisturbed Forest	Modelling carbon sequestration and greenhouse gas emissions associated with oil palm cultivation and land-use change (Henson I.E- 2009)	Ton C/Ha	268,00
2	Disturb Forest	Review of emission factors for assessment of CO <sub>2</sub> emission from land use change to oil palm in Southeast Asia (Agus, F., Henson, I.E., Sahardjo, B.H., Harris, N., van Noordwijk, M. & Killeen, T.J. 2013)	Ton C/Ha	128,00
3	Shrubland	European Union Commission (2009). Directive 2009/28/EC Draft Annex V	Ton C/Ha	46,00
4	Grassland	Modelling carbon sequestration and greenhouse gas emissions associated with oil palm cultivation and land-use change (Henson I.E- 2009)	Ton C/Ha	5,00
5	Tree Corp	European Union Commission (2009). Directive 2009/28/EC Draft Annex V	Ton C/Ha	75,00
6	Food Crops/ Annual Crops	Winrock (2010). N Harris, pers com. MODIS data 2000 to 2007. Average of annual (5.0) and perennial (12.0) crops	Ton C/Ha	8,50
7	Oil Palm	OPRODSIM Henson I.E.(2005b) OPRODSIM, a versatile, mechanistic simulation model of oil palm dry matter production and yield	Ton C/Ha	63,83
<b>Fertilizer</b>				
8	Ammonium Nitrate	Gurmit S. (1995). Management and utilisation of oil palm by-products. The Planter, Jensson T.K. and Kongshaug G. (2003). Energy consumption and greenhouse gas emissions in fertiliser production. International Fertiliser Society, York, UK 28pp.	Kg CO <sub>2</sub> eq/ Ton	2.380,00
9	Sulphate of Ammonia		Kg CO <sub>2</sub> eq/ Ton	340,00
10	Double Ammonium Phosphate		Kg CO <sub>2</sub> eq/ Ton	460,00
11	Urea	Caliman J.P., Carcasses R., Girardin P., Pujiato, Dubos B., and Liwang T. (2005) Development of agro-environmental indicators for sustainable management of oil palm growing: general concept and example of nitrogen.	Kg CO <sub>2</sub> eq/ Ton	1.340,00
12	Ammonium Chloride		Kg CO <sub>2</sub> eq/ Ton	1.040,00
13	Kieserite		Kg CO <sub>2</sub> eq/ Ton	200,00
14	Muriate of Potash	Ecoinvent v2 (GHG based on IPCC 2007-100 years).	Kg CO <sub>2</sub> eq/ Ton	200,00
15	Ground Rock Phosphate		Kg CO <sub>2</sub> eq/ Ton	44,00
16	Triple Super Phosphate		Kg CO <sub>2</sub> eq/ Ton	170,00
17	Ground Magnesium Limestone		Kg CO <sub>2</sub> eq/ Ton	547,00
18	Peat Oxidation	Hooijer A., S. Page, J. G. Canadell, M. Silvius, J. Kwadijk, H. Wosten, J. Jauhainen (2010) Current and future CO <sub>2</sub> emissions from drained peatlands in Southeast Asia.	Ton CO <sub>2</sub> eq/ha/Yr	54,60
19	Diesel Fuel	Well to wheel analysis of future automotive fuels and powertrains in the European context. Well-to-tank Appendix 1	Kg CO <sub>2</sub> eq/Liter	3,12

No	Parameter	Source	Unit	Factor
20	POME	Chase L.D.C and Henson I.E. (2010) A detailed greenhouse gas budget for palm oil production. International Journal for Agricultural Sustainability	Kg CH <sub>4</sub> /Ton POME	13,10
21	National Grid Emission	IEA Emissions Factor for 2012	Kg CO <sub>2</sub> eq/kWh	0,81
22	Sequestration in Conservation	Three regional default conservation sequestration (Cseq) values recommended by RSPO	Ton CO <sub>2</sub> eq/ha/Yr	9,17

## GRI-302 Conversion Factors

### 302-4 Calculation Methods

No	Program	Type of Energy Reduced	Calculation Method
1	Using biomass turbines for non-processing energy	Diesel fuel	(Total Kwh / Total operational hours) x Total non-process hours x Conversion factor
2	Switch to energy saving light bulbs at Mills	Electrical	((Old bulbs wattage x Number of bulbs) - (New bulbs wattage x Number of bulbs)) x Usage time
3	Teleconferencing	Diesel fuel	Teleconferencing frequency x Amount of fuel x Number of trips x Fuel conversion factor
4	Modification of machines from diesel to electric	Diesel fuel	Energy consumption with fuel - Energy consumption with electric
5	Installation of solar cells in the estates	Electrical	Number of solar cell light bulbs x Bulb wattage x Usage time
6	Switch to energy saving AC	Electricity	((Old AC wattage - New AC Wattage)) x Number of AC x AC Usage time
7	R2G (Rotary Removal Grit)	Electricity	Working hours x Motor engine energy x Conversion factor
8	Switch to energy saving light bulbs at biogas facilities	Electricity	((Old bulbs wattage x Number of bulbs) - (New bulbs wattage x Number of bulbs)) x Usage time
9	Switch energy saving light bulbs at CWT facilities	Electricity	((Old bulbs wattage x Number of bulbs) - (New bulbs wattage x Number of bulbs)) x Usage time
10	Modification of unconventional tin pump system from diesel to electricity	Diesel fuel	((Total electricity consumption x kWh to fuel conversion factor x fuel energy conversion factor) - (Total electricity consumption x kWh to GJ conversion factor))
11	SCADA for Automatization	Electricity	Time savings x Operational days x Pump energy
12	AutoMix Treatment	Electricity	(Average electricity consumption - Actual electricity usage after the program) x Conversion factor of electricity to GJ
13	Operational Transport Restrictions for Guest and Staff Pickup Service	Diesel fuel	(Average mileage in Km before the program - Actual mileage in Km) / Km to liter conversion x 0,036 GJ/Liter

### 302-4 Conversion Factors and Assumptions

1 kWh	0.0036	GJ	
Light Bulb Usage (Mill)	40	Hours/Week	
Vehicle Fuel Price	9800	IDR/liter	
Estate-Airport Distance (2-way)	68	km	
Fuel Consumption	17	km/liter	
1 PK AC Standard Wattage	840	Watt	
2 PK AC Standard Wattage	1920	Watt	
1 PK Low Watt AC Wattage	660	Watt	
2 PK Low Watt AC Wattage	1590	Watt	
AC Usage Time	40	Hours/Week	
R2G Usage Capacity	700	kg/Hour	
R2G Motor Engine Eenergy	5	Kwh	
Light Bulb Usage (Biogas)	98	Hours/Week	
Light Bulb Usage (CWT)	10	Hours/Day	
kWh to Diesel Fuel conversion	0.3	L/kWh	Mill research results mikrodata.bps.go.id
Diesel Fuel to GJ conversion	0.036	IDR/liter	
Industry Diesel Fuel Price	13783.59	Rupiah/Liter	solarindustri.co.id

### GRI-306: Notes on Methods and Assumptions

- Conversion factors used:
  - $1\text{ m}^3 = 1000$  liter
  - $1\text{ ton} = 1000$  kg
- Average oil density is 870 kg/m<sup>3</sup> (measured from testing), and we converted reused oil from liter to kg, except for hazardous waste in ANJAP, PMP and PPM.
- Palm shell waste is generated from 8% of processed FFB.
- Palm fiber waste is generated from 13% of processed FFB.
- Sago fiber waste is generated from 14% of processed sago logs (Flach, 1997; Rumatatu, 1981).
- Non-production waste is calculated from the difference of garbage truck weight when loaded with waste compared to when it is unloaded.
- Due to inconsistent records in our logbook, hazardous waste in ANJAP, PMP, and PPM is calculated as an average in the last four years.
- Assumptions for production waste calculation per recovery type:
  - Reuse: EFB that are applied directly to the soil.
  - Recycle: EFB is used for composting.
  - Recovery: Palm fibers and shells used as biofuel or sold
- Waste Type and Categories:
  - Non-Hazardous Production Waste: Shells, fibers, EFBs.
  - Non-Hazardous Non-Production Waste: steel and spare parts, tires, plastics and polybags, fertilizer sacks, paper, organic and inorganic domestic waste.
  - Hazardous Waste: batteries, filters, contaminated gloves and cloth, contaminated packaging, medical waste, neon lamps/light bulbs, cartridges, electronic devices.



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## 2020 SUSTAINABILITY REPORT

PT Austindo Nusantara Jaya Tbk.

**PT AUSTINDO NUSANTARA JAYA Tbk.**

BTPN Tower, 40<sup>th</sup> Floor

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

Jakarta 12950

Tel. (62 21) 2965 1777

Fax. (62 21) 2965 1788

[www.anj-group.com](http://www.anj-group.com)