WHO WE ARE

IndoAgri is listed on the Singapore Exchange (SGX) with headquarters in Singapore and Jakarta. The group’s operations span the entire supply chain including research and development (R&D), seed breeding, plantation management, as well as the production and marketing of cooking oil, shortening and margarine. Oil palm is the dominant crop, followed by rubber, sugar cane, timber, cocoa and tea.

IndoAgri is fully committed to be a responsible agribusiness group with the publication of this fifth sustainability report, which embraces our approach to “Managing Sustainability” by integrating sustainable practices across our internal processes and supply chain. It also highlights the Group’s sustainability journey, material issues and challenges.

Our sustainability reports are available on our website www.indofoodagri.com.

This sustainability report is published in accordance with the Global Reporting Initiative (GRI) G4 guidelines: Core option. IndoAgri has not commissioned any third-party assurance on this report. We welcome your feedback at sustainability@indofoodagri.com.

WELCOME

SCOPE AND PROFILE [G4-17]

This report presents our sustainability performance for 2016, and covers our most dominant crop, oil palm, which occupies 82% of our total planted area. There is no significant change to the size, structure or ownership of our operations. There was no change to the scope of plantation, mill and refinery operations covered. Report data for responsible sourcing cover:

- RSPO-certified/audited oil palm plantations (31 sites)
- RSPO-PROPER-certified mills (17 out of 24)
- Refineries (4 out of 5)

The scope of GHG data is expanded to 10 mills and 28 estates [G4-23]. We have a centralised Sustainability Management Information System (SMIS), which captures the sustainability data and targets. We have opted to include data from only certified/audited sites. The financial and employee data refer to the whole Group. We report restatements from previous reports relating to energy consumption on page 26, water consumption on page 32 and safety on page 47 [G4-22].

SUSTAINABILITY COMMITMENT

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

VISION

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

OUR MISSION

- To be a low-cost producer, through high yields and cost-effective and efficient operations.
- To continuously improve our people, processes and technology.
- Exceed our customers’ expectations, whilst ensuring the highest standards of quality.
- Recognise our role as responsible and engaged corporate citizens in all our business operations, including sustainable environmental and social practices.
- To continuously increase stakeholder value.

OUR VALUES

With discipline as the basis of our way of life, we conduct our business with integrity, we treat our stakeholders with respect, and together we unite to strive for excellence and continuous innovation.

THE POLICY THAT DRIVES US

The Group’s Sustainable Palm Oil Policy guides all of IndoAgri’s sustainability programmes. It is applicable to all our oil palm operations, including those of our plasma smallholders and other third parties from whom we purchase CPO for our refineries. In line with a continuous process of review and improvement, an enhanced version of our Sustainable Palm Oil Policy was launched in February 2017. Our focus has been on attaining the RSPO and ISPO sustainability certifications.

This policy is underpinned by our core commitments to ensure safe, traceable and sustainably produced palm oil.

This policy also outlines our commitments on traceability, energy efficiency, agricultural best practices, as well as product quality and food safety.

A copy of IndoAgri’s Sustainable Palm Oil Policy is available at www.indofoodagri.com/policies.html.

Our new Policy applies to all our oil palm plantations, smallholders and third parties. At its core are the following:

No deforestation
Protection of HCV and HCS areas
No burning
No planting on peat regardless of depth
Respect for human rights including FPIC

Our Sustainability Principles

These are the key principles and points of reference that guide how we work on a day-to-day basis.
We buy into the global long-term goal of safe and sustainable food supplies.

For more than ten years, IndoAgri has been steadily improving its contribution to this goal through the delivery of safe, traceable and high-quality food products. Our focus has been on attaining RSPO and ISPO sustainability certification. We respect global institutional objectives on sustainable development. We listen to the wide range of stakeholders who highlight their concerns on material sustainability issues and risks relating to our operation.

We reaffirm our sustainability commitments and journey as outlined in our enhanced Sustainable Palm Oil Policy.

**HOW WE DO BUSINESS**

With a significant portion of the palm oil processed in our refineries coming from our own estates, we have a high degree of influence in maintaining a high standard of food safety, quality and responsibility across our supply chain. This enables us to offer our customers a safe, traceable and high quality product, while managing wider sustainability risks and opportunities. Our palm oil business is mainly composed of large plantation estates, smallholders, mills, refineries, laboratories and R&D sites. Our sustainability teams run programmes to deliver initiatives on the ground that meet our policy objectives, such as RSPO and ISPO certification, total quality management, forestry and conservation assessment, safety programmes and fire prevention.

**FIRE, PEATLAND AND FORESTS**

When we analyse commercial risk and strategy we automatically account for forest protection, fire risk and peatland use. We commit to no new planting on peatland, and prioritise careful moisture content management for peatland. 2016 saw significantly fewer hotspot and fire events compared with the exceptional conditions in 2015, but we remain on our guard. Our focus has been on demarcating and protecting HCV and HCS areas. Since January 2017, an HCV and HCS assessment must take place prior to any new planting. Our HCS projects have been done with an external partner.

**KNOW THE SOURCE, ENABLE CHANGE**

Responsible procurement is an issue facing intense scrutiny in most agribusiness sectors. The palm oil ‘resource base’ is finite, in a region of HCV and touched by social, political or economic vulnerability. We are focusing on traceability of supply and the delivery of more sustainable agricultural practices upstream.

We run a formal audit programme with key suppliers of CPO, we have a smallholder certification initiative with an external NGO partner, and seed origins are barcoded. This work should lead to strong yields, reduced pressure on land for new plantings and better agricultural techniques. In turn, over time, we expect to see improved profit and welfare, fewer environmental and labour rights risks, high quality product and lasting relationships.
SAFE, NUTRITIOUS
Palm oil helps to extend the shelf life of products and maintains its properties under high temperatures. Customers more than ever expect high standards of quality and food safety achieving this is core to our commercial reputation and consumer expectations. We comply with international as well as local food safety standards and regulations. We sell these under the award winning brands of Bimoli, Delma, Palmia and Amanda.

OUR PEOPLE AND COMMUNITIES
Our approach to how we nurture and develop people continues to be delivered. Our vision and strategy put people and team work right at the centre. Our human resources team develops, evolves and champions our human capital through training, evaluation, remuneration, and engagement. With our zero fatalities commitment in mind, we implement safety management across our sites and encourage safe behaviour at work.

We seek to improve the quality of life in our nucleus and plasma estates. We want to do this by improving the education, resilience and skills of people who live on our estates, or near to us. Our new PROKLIIM project, part of an Indonesian government programme, for example, aims to improve communities through climate change projects. Our flagship cleft lip project continues to change people lives and we once again robustly acknowledge the contribution of the medical staff involved.

OUR MILESTONES

1983
SumBio, an R&D and oil palm seed breeding company started operations.

1997
Introduction of barn owls bio-control against rats.

2004
PT PP London Sumatra Indonesia Tbk (Lonsum) becomes RSPO member.

2006
Acquisition of an R&D and oil palm seed breeding company.

2007
PT Salim Kemas Pratama Tbk (SIMP) becomes RSPO member.

2009
RSPO-certified CPO of 170,000 tonnes.

2011
RSPO-certified CPO of 195,000 tonnes.

2012
RSPO-certified CPO of 248,000 tonnes.

2013
RSPO-certified CPO of 248,000 tonnes.

2014
- RSPO-certified CPO of 332,000 tonnes.
- Palm Oil Sourcing Policy and Responsible Supplier Guidelines.
- Strategic partnership with IDH on smallholder programme.
- Development of SMIS.
- Launched cleft lip and cataract surgery programme.

2015
- RSPO-certified CPO of 377,000 tonnes.
- ISPO-certified CPO of 180,000 tonnes.
- Year two of our smallholder certification partnership project.

2016
- Programme to revise our Sustainable Palm Oil Policy, which published in February 2017.
- RSPO-certified CPO of 388,000 tonnes.
- ISPO-certified CPO of 255,000 tonnes.
Dear Stakeholders,

IndoAgri has taken another step forward on the journey to embed and strengthen sustainability in our corporate governance and operations. A process that began in 2016 has resulted in the publication of our revised Sustainable Palm Oil Policy on 13th February 2017. We have effectively unified our two existing policies on sustainability and sourcing to reflect the increasing focus on the supply chain, we have expanded on the previous policy to add greater clarity to all stakeholders and we have strengthened our approach on ‘no deforestation’, by restricting planting on HCS areas.

2016 saw some significant global headlines ranging from agreement at the UN Climate Change Conference of the Parties 21 (COP21) in Paris, to major political landscape changes in Europe and the US. Against this backdrop, food security and commodity supply chain impacts continue to be under careful scrutiny, and rightly so. Given this context the long-term aim of our business model is to become a leading, integrated agribusiness through low costs, high yields, efficient operations, strong teams and satisfied customers.

So whatever your stake in our business – customer, smallholder or environmental group, for example – our strategic goals and established management practices aim to deliver financial, environmental and social value. And our new policy pushes this aim beyond our operations to embrace suppliers.

Let’s look at how we work: in practical terms, our management approach is anchored in our policy framework and covers issues of land management, biodiversity, community rights and traceability, as well as food safety, energy efficiency, farmer relationships, innovation and yield. Management practices include Standard Operating Procedures, internal audit or formal training. I have a good team working hard to deliver this approach: our sustainability team works with our Enterprise Risk Management (ERM) and Internal Audit teams to run and audit our systems and procedures, as well as to demonstrate external accountability and a commitment to continuous improvement.

Safe operations are undeniably vital. Accidents are less frequent and less severe than last year but we regrettably report five fatalities in 2016. We take these seriously: our response is to meet the families involved and work on future prevention. As well as an extensive series of improvements in human resources management in the Group, we continue to invest in training as well as behavioural safety.

Our commitment to responsible sourcing ensures we have a high level of control over where our raw material comes from, our refineries’ strategy is to buy from our own plantations directly, supplemented by third-party suppliers. By the end of 2020, we want 100% of our palm oil supply to comply with our policy. Based on 2016 CPO purchases, 100% of our CPO suppliers can be traced to the palm oil mill and 73% of our suppliers have been audited. In 2016, after a period of engagement, we decided to exclude certain CPO suppliers who were unable to meet our Responsible Supplier Guidelines. We use RSPO as our benchmark standard, supported by ISPO certification, to demonstrate traceable, sustainable palm oil via a credible and accountable third-party process. We are broadening this to meet our aim to have all our mills, estates and smallholder plantings certified to RSPO and ISPO by the end of 2019. At the end of 2016, 47% and 31% of our CPO production in 2016 has been certified under RSPO and ISPO respectively.

Regarding forest risk, since 2005, the way we manage plantings and conservation practices has aligned with the RSPO interpretation of ‘no deforestation’, and applies to all estates whether certified or not. By the close of 2016 we identified HCV areas totalling 23,279 hectares (9% of our total plantings). We are setting up an HCV management plan for each site, working with surrounding communities. Our Sustainable Palm Oil Policy extends this further to include preservation of areas of HCS.

This is supported by our commitment to zero planting on peatland, irrespective of depth, since 2013. We continue with soil moisture control projects, working with various partners on assessment and delivery.

We constantly focus on fire prevention of course and whilst regional air quality significantly improved in 2016 we intensified our work to prevent uncontrolled fires. And this goes beyond our boundaries, as explained in our 2015 Sustainability Report; we acknowledge the challenges to eliminate fires and we continue to engage with host communities and local authorities to prevent fires far and wide.

With awareness and management responses come actions and relationships. Our business relies on relationships with suppliers, farmers, employees and communities to stimulate local development and to help alleviate poverty. Working with suppliers, we are improving the traceability of CPO received at our refineries. This helps to maintain the trust our customers place in us and our brands.

Our commitment to the local community deepens: our flagship cleft lip programme has now sponsored 137 operations for children in Indonesia. I acknowledge and thank the surgeons and partners in this programme. On nucleus and plasma estates we continue our community investments in educational, health and infrastructure projects. They breed enterprise, opportunity and access to medical support, to improve infant mortality rates for instance.

This report aims to show some of our work on the complex set of interrelated sustainability issues on the ground that affect our industry. I appreciate the support of the Board of Directors in this work, I thank our sustainability team, my fellow management team, and our employees working on our sustainability programmes.

I recognise the need for continuous vigilance of how current business models work. With my teams at IndoAgri, we assess sustainability risks as a mean to deliver a long-term strategy of a traceable supply chain, efficient operations, competitive delivery and high standards of quality. As we follow the path on this challenging and complex journey, we maintain our focus on securing a supply chain that is transparent and responsible. We have clear targets attached to our priority material issues to help make progress. This, our fifth sustainability report, for the financial year 2016, shows our progress.

Mark Wakeford
Chief Executive Officer
**PERFORMANCE SUMMARY**

**ISPO certification for all estates and mills**
- **Target date:** End 2019
- **Status:** Extended from 2017 to 2019 due to addition of new plantings

**RSPO certification for all estates, mills including plasma smallholder estates**
- **Target date:** End 2019
- **Status:** On track

**100% sustainable palm oil sourcing**
- **Target date:** End 2020
- **Status:** On track

**Develop environmental reduction targets for carbon emissions, energy and water**
- **Target date:** 2016
- **Status:** Achieved for energy and water consumption target

**Implement the Occupational Health and Safety programme and complete the baseline assessment for all sites to reduce work related accidents**
- **Target date:** End 2016
- **Status:** Not achieved, 89% completed, remaining sites for completion in 2017

**Zero fatalities**
- **Target date:** Ongoing
- **Status:** Not achieved

**Implement HCV rehabilitation plan for each site**
- **Target date:** End 2017
- **Status:** On track

**Phase out the use of Paraquat**
- **Target date:** 2018
- **Status:** Will be achieved one year early, in 2017

**RSPO and ISPO Certification Targets and Progress**

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</thead>
<tbody>
<tr>
<td>Oil Palm Estate</td>
<td>RSPO Nucleus  a</td>
<td>73,508</td>
<td>25,234</td>
<td>11,915 b</td>
<td>51,280</td>
<td>21,910</td>
<td>63,583</td>
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<tr>
<td>Oil Palm Estate</td>
<td>ISPO Plasma  a</td>
<td>8,056</td>
<td>172,574</td>
<td>23,147 b</td>
<td>42,278</td>
<td>–</td>
<td>1,375</td>
</tr>
<tr>
<td>Oil Palm Estate</td>
<td>RSPO Nucleus  a</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>14,573</td>
<td>48,437</td>
<td>24,194</td>
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<tr>
<td>Palm Oil Mills</td>
<td>RSPO</td>
<td>8</td>
<td>3</td>
<td>1 b</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Palm Oil Mills</td>
<td>ISPO</td>
<td>1</td>
<td>20</td>
<td>1 b</td>
<td>2</td>
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**Other Certification Targets and Progress**

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<tbody>
<tr>
<td>Palm Oil Mills</td>
<td>PROPER</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>For the remaining 12 mills, the timing of the PROPER audit is subject to the audit appointment to be scheduled by the Indonesian Ministry of Environment and Forestry</td>
<td></td>
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<tr>
<td>Palm Oil Mills</td>
<td>ISO 14001</td>
<td>–</td>
<td>4</td>
<td>–</td>
<td>15</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td>Palm Oil Mills</td>
<td>RSPC</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>2</td>
<td>1</td>
<td>–</td>
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**Supply Chain Targets**

<table>
<thead>
<tr>
<th>Target</th>
<th>Achievement</th>
<th>Future target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible CPO supplier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers that supply 97% of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>our CPO requirement have</td>
<td></td>
<td></td>
</tr>
<tr>
<td>acknowledged our policy and</td>
<td></td>
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<tr>
<td>guidelines</td>
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<tr>
<td>Suppliers that supply 80% of</td>
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<tr>
<td>our CPO requirement have</td>
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<tr>
<td>undergone initial audit against our sourcing policy</td>
<td></td>
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<tr>
<td>Enhanced and enforced our supplier guidelines, ceased sourcing from non-compliant CPO suppliers</td>
<td></td>
<td></td>
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<tr>
<td>Audit CPO suppliers and ensure compliance</td>
<td></td>
<td></td>
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<tr>
<td>100% sustainable palm oil sourcing</td>
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</table>
A diversified and vertically integrated agribusiness headquartered in Singapore and Jakarta, and listed on the SGX, we operate plantation and processing facilities for the production of palm oil, rubber, sugar, cocoa and tea. Our operations span the entire supply chain, from plantation management and crop production, through to refining, branding and marketing of edible oil products.

Our Production Facilities and Annual Capacities in Indonesia

- **300,536 hectares**
  - Nucleus planted area in Indonesia, covering all crops
- **90,463 hectares**
  - Plasma planted area in Indonesia, oil palm and rubber
- **2 Sugar Mills/Refineries**
  - Cane crushing – 2.2M tonnes
- **24 Palm Oil Mills**
  - FFB processing – 6.4M tonnes
- **5 Refineries**
  - CPO processing – 1.6M tonnes

Harvesting of FFB
OIL PALM
We develop and innovate seeds and planting materials. We engage in plantation operations. We harvest, mill, refine and process CPO into cooking oil, margarine and shortening. Since 61% of our CPO processed in refineries comes from our own plantations, we have greater control of ‘value drivers’ relating to how we manage sustainability risks and opportunities.

Our seeds are produced using world-renowned breeding populations from Southeast Asia and Africa. Our two top-tier seed breeding sites in Indonesia run extensive trials to produce high-yielding seed material. Free of genetic modification, our seeds are highly valued and are sold on the open market.

As at end 2016, the Plantation Division has total planted oil palm estates of 247,430 hectares, of which 18% were immature estates. The age of oil palms averaged 14 years. In 2016, we replanted 1,970 hectares of oil palms, and 1,025 hectares of nucleus new plantings.

In 2016, total FFB production from our nucleus estates, Plasma and third parties was 3,964,000 tonnes. These FFB were processed into 833,000 tonnes of CPO.

OTHER CROPS
In 2016, we produced 15,000 tonnes of rubber in Indonesia, around half of which is exported to countries such as Singapore, the US and UK.

Our sugar operations in Indonesia, Brazil and the Philippines produced 725,000 tonnes of sugar, and 212,000m³ of ethanol for export and domestic markets in 2016. We have investments in Companhia Mineira de Açúcar e Álcool Participações (CMAA) in Brazil and Roxas Holdings Inc (RHI) in the Philippines. CMAA achieved Bonsucro certification for 373,000 tonnes of sugar cane which harvested from 4,198 hectares, representing 22.0% and 17.5% of total production and planted area of CMAA’s managed sugar cane area. The target is to achieve 100% Bonsucro certification for CMAA managed cane fields by the end of the 2020/2021 harvest season. Bonsucro is a globally recognised sustainability standard and multi-stakeholder non-profit organisation.

DOWNSTREAM REFINERY
In the domestic market, nearly 90% of our branded edible oils and fats in 2016 are sold by retail outlets across Indonesia. The remaining 10% is sold to export markets.
Our Plantations and Refineries

Indonesia
IndoAgri owns strategically located estates and production facilities across Indonesia. The Group’s planted area occupies 363,736 hectares. Oil palm is the dominant crop, followed by rubber, sugar cane, timber, cocoa and tea. Our plantations are mainly located in Sumatra and Kalimantan, while our refineries are mainly located at major cities including Jakarta, Medan, Surabaya and Bitung.

Brazil
IndoAgri has a 50% interest in CMAA. CMMA has 53,826 hectares of planted sugar cane in Brazil, of which 49% is company owned and 51% belongs to third parties.

Philippines
IndoAgri has a 30% interest in FP Natural Resources Limited, which owns a 59.7% shareholding in RHI, the largest integrated sugar business in the Philippines.

See also detail on our mill and plantation locations, on pages 156–157 of our Annual Report 2016.
A SYSTEMATIC APPROACH

IndoAgri is committed to meet world’s food needs in a sustainable and traceable manner. We continue to achieve this by integrating sustainable practices across our internal processes and supply chain. We recognise that agribusinesses are exposed to a constantly and rapidly changing set of risks and opportunities related to the environment, communities and other stakeholders, such as smallholders. Such risks and opportunities must be tackled through well-trained personnel, formal management processes, an open and accountable work culture, and in partnership with our stakeholders. We strive to improve our operational efficiencies and innovations as part of our pledge towards sustainable agriculture, sustainable communities and safer workplaces.

While we strive for improvements through operational efficiencies and innovations, we apply the precautionary principle which obligates a duty to take action to prevent undesirable impacts, promotes an analysis of alternatives to an action and demands openness and accountability.

We set sustainability goals and targets to improve our performance. We rely on competent people who are trained to perform their roles effectively, and focus our resources on managing material issues and impacts in order to achieve our long-term goals.

OUR PROGRAMMES

Each key material issue is managed by teams on the ground under a set of six Sustainability Programmes. In this report, we outline the management approach under each programme, including the policies, certification, management systems, standards and other related frameworks. These programmes provide the basis and directions for monitoring and improving each material issue, in compliance with the Group’s Sustainable Palm Oil Policy.

Our Growing Responsibly Programme sets out the policy framework for high standards of corporate governance and transparency, responsibility and professional integrity. We are also guided by our Code of Conduct, which sets out the policy framework on integrity, anti-corruption as well as risk management. It guides how we adhere to the principles and guidelines of SGX’s Code of Corporate Governance 2012 and other new listing rules on sustainability reporting announced during the year. No lobbying activities took place in 2016 related to commercial agriculture contracts or commercial terms. Our Senior Management is actively and directly involved in the Group’s corporate sustainability management practices, and is committed to open and collaborative ways to resolve arising challenge. This Programme supports all the other Programmes described below.

IndoAgri’s environmental performance is guided by our Sustainable Agriculture and Products Programme, which focuses on our production operations, and our Smallholders Programme which aims at our partnerships with plasma and independent farmers. Both Programmes were drawn up to improve carbon management; and mitigate climate change impacts by offering clear guidelines on practices and goals relating to forestry, land use, agriculture, transport and waste. While Sustainable Agriculture and Products Programme structures how we work on our estates as well as at production sites with regards to promoting eco-efficiency and protecting HCV areas, the Smallholders Programme focuses on strengthening culture, encouraging information sharing and forging engagement opportunities at the local and community levels, in addition to addressing more complex issues relating to land, deforestation and community projects. Crucially, both Programmes help improve yield maximisation and safety, as well as improve our environmental footprint across our nucleus and plasma estates, refineries and mills. They are further guided by sound management practices that have supported regulatory compliance, process efficiency and better productivity.

We aim to obtain our raw materials from sustainable sources, which is in line with RSPO standards. With 61% of the palm oil processed in our refineries coming from our own estates, we have a high degree of influence in maintaining a high standard of food safety, quality and responsibility across our supply chain. Our Safe and Traceable Products Programme and Smallholders Programme provide means for better product traceability and a structured approach to help smallholders achieve RSPO and ISPO certification. The Programmes involve active engagements with plasma and independent smallholders (from whom 25% of our total FFB is sourced) to understand how best to manage any social conflicts that may arise, as well as deliver change on the ground. The Programmes, coupled with our focus on product quality and safety, reinforce the approaches outlined in our Policy on Sustainable Palm Oil.

To maintain our product quality and safety, the Safe and Traceable Products Programme also serves to guide our processes, procedures and approaches to food safety systems, quality assurance and product labelling. It ensures that all products delivered from our estates, mills, refineries, as well as seed production facilities, are fully traceable, safe and beneficial for human consumption.

As a responsible employer and plantation owner, we are accountable for a high standard of welfare, health, living conditions, civic services and amenities, in addition to providing training and economic opportunities for our employees and their families who live on our estates. Our Growing Responsibly Programme offers a systematic approach to compliance in areas such as human resource training and management, stakeholder engagement and risk assessment. Our Work and Estate Living Programme complements this by covering the aspects relating to occupational health and safety (see page 44 for more details).

Our Smallholders Programme and our Solidarity Programme guide our social development projects on human rights and community investment. Relationships with communities and smallholders are strengthened through regular engagement activities under these Programmes, which aim to alleviate conflict over land rights and strengthen business continuity, as well as improve community health, enterprise and education. Projects under these Programmes are prioritised based on the findings of social impact assessments.

TARGETS

We have goals and targets to help improve performance on each material issue. The key targets are as follows:

- Achieve RSPO and ISPO certification for all palm oil production, including plasma smallholders, by end 2019
- Implement HCV rehabilitation plan for each site by end of 2017
- Phase out Paraquat use by end of 2017 (the previous target was 2018)
- Achieve zero fatality in 2017
- Achieve 100% product traceability and sustainable palm oil sourcing by 2020
- Reduce water consumption in palm oil mills up to 3% by 2016 (new)
- Reduce energy consumption in palm oil mills and refineries up to 5% and 3% respectively by 2018 (new)

An oil palm plantation in North Sumatra
GOVERNANCE

IndoAgri commits to high standards of corporate governance and transparency to safeguard shareholders’ interests and to comply with the relevant laws and regulations with regard to sustainability requirements and reporting.

The Group’s sustainability management comes under the Sustainability Think Tank, which is led by the CEO. It comprises the Executive Directors of the Group and its principal subsidiaries, and is supported by the Chief Operating Officers, ERM unit, R&D team and sustainability representatives from all business units. The Sustainability Think Tank meets regularly to review the progress, improvement and direction of the Group’s management efforts relating to environment, social and governance (ESG) issues.

The Board is updated on a quarterly basis through the Audit & Risk Management Committee on matters relating to material sustainability risks and concerns. The CEO also updates the Board on sustainability management initiatives, performance against the key ESG issues, material sustainability issues identified by stakeholders, as well as the responses and follow up measures taken.

STAKEHOLDER ENGAGEMENT [G4-24, G4-25, G4-26]

Close collaboration with our stakeholders has always been crucial to the Group’s success in sustainable palm oil production. Free, Prior and Informed Consent (FPIC) is at the heart of the Sustainable Palm Oil Policy revised in 2017. In promoting Good Agricultural Practices, the Policy demands greater engagement with our key stakeholder groups, namely the employees, customers, investors, government and non-government agencies, suppliers, civil organisations and local communities. As we expand our RSPPO- and ISPO-certified production, regular contact with our stakeholders has been an integral part of the process.

Community engagement activities could include HCV assessments and fire prevention work, while employee engagement efforts could cover endeavours to solicit staff feedback and inputs on matters such as safety management systems. Customer and stakeholders engagement is at the core of the Group’s initiatives for product safety management, and activities could range from audits and R&D, to marketing and customer satisfaction surveys. We also listen to views from our investors on sustainability by participating in forums such as the United Nations’ Principles for Responsible Investment (UNPRI) conference held in Singapore in 2016.

In further compliance with RSPPO principles and criteria and improving community relationships, social impact assessments are conducted with local communities and authorities at our estates in order to understand their capacities and concerns. Regarding land ownership, we have adopted and implemented our land conflict resolution mechanism to investigate claims and disputes with the involvement of local government, village administrative teams and community elders. A community development forum is held annually to discuss important issues affecting the community and to provide advice to address their needs.

The key issues for each of our stakeholder groups are relatively well known in the palm oil sector. Investors expect a risk-based approach to the management of supply chain resilience and labour conditions, while civil organisations prefer to track and analyse our risks and impact, as well as responses to issues on biodiversity and human rights. Suppliers and farmers are interested in matters pertaining to prices or assistance programmes on yield improvement and safety, while employees require assurance on job security, wages, safety and careers.

More information on how we engage the respective stakeholder groups in 2016 can be found in this Sustainability Report and online report supplement. [G4-24, G4-27]

MATERIALITY ASSESSMENT [G4-18]

The Group’s material sustainability issues were formally identified during the period from 2013 to 2014, and revalidated at the Executive Committee level in 2015. The materiality of an issue is assessed based on its potential risk and impact on the Group’s business, both internal and external stakeholders, and the environment. The Group’s materiality assessments are carried out through internal workshops, peer reviews, engagement with international NGOs and social impact assessments at the site level.

In 2016, the Executive Committee also engaged with various investor stakeholders with regards to our material sustainability issues, ensuring such material issues remained relevant and valid. This process was in line with the GRI G4 Guidelines.

For detail on our materiality process, and where the impacts occur, please see http://www.indofoodagri.com/sustainability-approach.html [G4-18, G4-19, G4-20, G4-21]

For more on the key issues for our stakeholders, and how we engage with them, please see http://www.indofoodagri.com/sustainability-approach.html [G4-24, G4-25, G4-26, G4-27]

For detail on our sustainability governance arrangements, including sustainability management team structure, please see http://www.indofoodagri.com/sustainability-governance.html

For more on our corporate governance and ERM, please see http://www.indofoodagri.com/cr.html

AT A GLANCE: HOW WE MANAGE EACH MATERIAL ISSUE [G4-19]

<table>
<thead>
<tr>
<th>Issue</th>
<th>Management approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon management, including deforestation</td>
<td>✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Environmental footprint</td>
<td>✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Governance and transparency (integrity, anti-corruption, risk management)</td>
<td>✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Land rights</td>
<td>✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Smallholders including social conflict resolution</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Product traceability/sustainable sourcing</td>
<td>✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Product quality and safety</td>
<td>✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Yield maximisation, innovation</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td>Human rights</td>
<td>✓ ✓ ✓ ✓ ✓ ✓</td>
</tr>
</tbody>
</table>

Our rubber nursery in South Sulawesi
ENVIRONMENTAL PERFORMANCE

CONSOLIDATING ACTION, MAKING PROGRESS

Progress headlines
- HCV management plan: 100% of areas, covering both RSPO-certified and non-RSPO land
- Fire prevention: training has intensified in 2016
- Peatland: a focus on water management projects continued in 2016
- Paraquat-free: all North Sumatra nucleus operations

61% palm oil mills and estates that have an EMS in place, ready for audit

124 fire prevention training days delivered across 77 units

Zero hectares of new planting on peat in 2016

Halcyon smyrnensis (Cekakak Belukar), a bird species which is protected under government regulation PP no 7/1999 found in our South Sumatra estate
The Environment: Our approach

WHAT’S AT STAKE?
In a word, value. Our commercial risk assessment covers forest risk, fire risk, peatland and other soil risks. These risks not only affect the commercial value but also the intrinsic value of eco systems, riparian areas and local communities.

HCV land that harbours important species must be protected. Careful land management and tenure agreements help secure such value while respecting human rights and families’ livelihoods. Forests lock in stocks of carbon and are habitats for a rich diversity of plants and animals. Peatlands are highly fertile; draining them brings huge negative environmental impacts, including methane emissions (from a lower water table) and transboundary haze risk. Changing biomes such as forest and peatland will exacerbate risk of global climate change. Fires mean high commercial risks, high potential cost and can threaten national climate change goals, environmental sustainability and poverty reduction.

Industrial sites should be operated efficiently within resource constraints, this is to minimise negative impacts on the stability of global climate systems. The other priority is to limit the local environmental footprint and pollution arising from processing, chemical inputs and transportation.

OUR RESPONSE
Our Sustainable Palm Oil Policy unites both supply chain and operational requirements. It commits us to support sustainable agriculture practices, sustainable communities and safer workplaces. It specifies that smallholders must be RSPO and ISPO compliant. It requires all our mills and plantations, including smallholders, to be RSPO-certified by 2019. It directs supplier engagement and audit.

We engage auditors accredited by the HCV Resource Network Assessor Licensing Scheme (ALS) to assess our HCV areas.

We have a set of Responsible Supplier Guidelines to establish supplier commitment to seven principles on traceability and environmental impact. An audit programme is in place across our operations to measure performance against these requirements and provide an impetus for continuous improvement.

Our Environmental Management Systems (EMS, which follows ISO14001), Enterprise Risk Management framework and Whistleblowing mechanism are in place to ensure compliance with the relevant requirements and manage environmental risks. Some 81% of palm oil mills and estates have an EMS in place, ready for audit; our Turangie mill is already formally certified.

Our product safety management is underpinned by a process of supplier engagement, notably with plasma farmers and independent smallholders. We have a significant control over product sourcing from our own plantations owing to a high degree of vertical integration and significant control over product sourcing from our own plantations. Our engagement with the suppliers are focused on agricultural productivity, environmental impacts and labour practices.

Our internal Programmes aim to deliver environmental improvements, see page 16.

RSPO CERTIFICATION UPDATE
By 2019 we aim to have all of our palm oil production (including plasma smallholders) certified to RSPO standards. Our RSPO-certified production was 388,000 tonnes, representing 47% of our 2016 COP production. Good progress on the ground has been made to meet RSPO standards and meet our commitment to be fully certified by 2019. Our plantations are also audited for ISPO, the Indonesian mandatory standard. We have 255,000 tonnes certified under ISPO, representing 31% of our 2016 COP production. Our membership of RSPO provides a mechanism for positive and negative feedback as we develop our practices.

For more on RSPO see http://www.inindofood.com/certification-and-standards.html

For more on PROPER ratings criteria and our PROPER achievement see http://www.indofood.com/certification-and-standards.html

PROPER
The Indonesian Government’s environmental management programme grades the level of pollution control of a facility and communicates environmental performance. In 2016, 12 palm oil mills, three other crop factories, and four refineries were audited. 14 of the sites achieved a “blue” rating, while remaining three sites are still waiting for the results.

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

Forests and palm oil production

Protect forests: identify land of HCV and maximise HCS.

Our Sustainable Palm Oil Policy aligns with the Principles and Criteria of RSPO (and the Indonesian National Interpretation of them), including the definition of deforestation.

HCV land comprises certain critical ecological or socio-cultural attributes. Recording them is part of conservation, a process that aligns with RSPO’s requirements. HCV assessments using accredited third-party assessors are now complete on all of our oil palm estates.

Of all our plantation assets, 100% have HCV management plans in place which incorporates a map where remote-sensing data is on the ground. They cover both RSPO-certified and non-RSPO land. The aim of each plan is to prevent clearance of HCV land.

Each estate’s HCV team regularly monitors HCV area with local stakeholders as required. An HCV monitoring report includes information on the existence of wild flora and fauna, signage and borders, any disturbance or intrusion.

When it comes to planning or planting, we assess carbon stock to identify deforestation risk and to build community trust. We used the RSPO Carbon Assessment Tool 2014 and we refer to the HCS Approach Toolkit 2015.

Since 2011, a global multi-stakeholder initiative has been developing a coherent set of rules to help companies implement commitments on deforestation in palm oil operations and supply chains. This is culminating in a revised HCS Approach Toolkit for 2017 that allows estates to quantify carbon stocks of their assets in a comparable way across the industry as well as support FFIC in community development and investment.

With effect from January 2017, a HCV and HCS assessment is required to be conducted prior to carrying out any new plantings. We have started using HCS measurement in South Sumatra and Kalimantan, which involves the use of field study techniques and Landsat imaging to identify areas of cover such as old shrub, grass land, oil palm plantation, built up areas, cleared land or water bodies. This leads to a figure for total of carbon stock at an estate and an average value of tonnes of carbon per hectare. We will then be able to identify the highest carbon stock density on an estate and compare it with the RSPO default value, and thus evaluate HCS risk. HCS projects are typically done with the help of expert external parties, and may take 2-3 months to complete using formal scientific methods in line with RSPO and other requirements.

During re-planting of 1,970 hectares of old palms in 2016, no primary forest nor HCV land were affected. Immature palms represent 18% of total planted palm.

MINERAL SOILS, HIGH STANDARDS

Soil and water conservation is the key to the success of the sustainable plantation management programme in marginal lands. We have identified areas mainly located in Bua, Kalimantan and South Sumatra, which require specific water management and conservation techniques to control soil erosion on hilly areas, and to ensure good drainage on lowlands. In 2016, this featured bench terracing to maintain water on slopes of various gradients, avoiding soil exposure from excessive weeding and developing vetiver grass for land/canal stabilisation and water conservation.

On occasion, during planting projects, there is some need for clarity on land transactions as they may be subject to historic assertions of traditional ownership and land rights.

Our land acquisition process complies with the Indonesian law and regulations, as well as applying FFIC principle under our Sustainable Palm Oil Policy. Our RSPO certification also covers land rights and ownership, while our HCV assessments in 2014 sought to identify culturally significant sites.

In this example, the green line indicates a riparian ‘corridor’ ecosystem, each red marker alerts workers to the presence of protected HCV land. ‘Source: extract from an HCV Management Plan from a Sumatran subsidiary, 2016’
Peatland preservation
We commit to no new planting on peatland and prioritise careful moisture content management within it.

We prohibit new planting on peatland, regardless of peat depth. This is our policy since 2013 and is enshrined under the HCV and HCS approach described above, which also applies to our suppliers. We have no new planting on peatland in 2016.

All existing planting on peat prior to 2013 is maintained at a daily soil water table depth of 60 cm. We commit to manage any legacy peatland assets using the best agronomic practices and recommendations from RSPO technical working groups.

Peatlands contain high levels of embodied carbon. If they are drained and used for cultivation, this releases CO2 emissions. Burning of peatland contributes significantly to particulate pollution and haze, as the fires are hard to put out, and sub-surface combustion can present a significant and often undetectable challenge. For this reason, we set our top priority to maintain a minimum water table depth for our cultivated peatland.

We are strict on prohibiting planting on peatland, and HCV land. Nucleus planting programmes are subject to approval processes that go right up to Executive Board level. With senior accountability governing what happens on the ground on our estates we also encourage plasma growers to use similar HCV assessment, both within our pilot project with The Sustainable Trade Initiative (IDH) but also outside it (see page 38).

We adopt various peatland moisture control measures, including the use of irrigation canals, water reservoirs, dams, water-gates and small-scale community projects.

Field staff fire prevention training in collaboration with the government’s Mangala Agni agency has resulted in 124 training days delivered across 77 units during 2016. Education and information (‘socialisation’) continues on estates, with smallholders, communities and contractors: small actions everywhere are of course collectively significant. This is vital as we attempt to turn the tide of traditional, ingrained cultural community habits of using fire to clear land. We recognise that modern techniques require resources and equipment, but also a concerted socialisation effort.

We also recognise the value of alliances and programmes involving villages and other voluntary stakeholders. One of the collaborations is ‘Fire Aware Community’ (Masyarakat Peduli Api), which is based on forest and fire prevention initiatives with the close involvement of forest-dwelling communities who are often first on the scene to help minimise fire risk. The government supports such communities with resources for training, prevention, extinguishing and recovery. IndoAgri estates participate in helping to maintain high levels of awareness in the Fire Aware Communities, in line with the government programme. The principal focus is in high-risk areas such as Sumatera, Java, Kalimantan and Sulawesi.

Fire prevention operations
2016 saw fewer hotspot and fire events compared to 2015, but we remain on our guard.

Local knowledge of fire prevention has improved over last year, and engagement on fire risk with communities and local government is more rigorous. Our fire and hotspot patrols are more intense and frequent. We have added new equipments, fire towers, and steady delivery of training. 2016 was a wetter year but fire risk is ever present. Fewer hotspots and fires occurred at our estates compared to 2015.

We continue to adhere to our zero burning policy; all land preparation for planting at IndoAgri is done using mechanical clearing only in compliance with local regulations. This policy also applies to our suppliers. Our ERM team continues to guide our monitoring and response, and they coordinate daily communication between head office and the plantations on fire risk and incidents, using satellite data. We continue water management assessments and monitoring, checking that recommendations work on the ground. Results are shared, to raise awareness across other estates.

Micro water management in lowland mineral soils and peatland:
Our research team runs continuous water level monitoring in all of our estates. We have identified areas that require careful soil water management. Our efforts include the use of peat subsidence measurement and tools such as GIS/GPS water level remote sensing, 3D flood risk modelling for lowland areas and water level forecasting. Our estates have been affected by the severe droughts in the second half of 2015, since then we have installed additional drainage channels, water gates and overflows on main road drains to ensure water distribution during dry seasons, which aim to maintain the appropriate water depth depending on local circumstances.

Irrigation canal for water control in South Sumatra estate

Fire prevention training and exercises in East Kalimantan

Ridindo Food Resources Sustainablity Report 2016
Energy savings continue
We completed energy audits and data collection for two more of our mills. As a result, we are implementing low cost process efficiency improvements. We continue to encourage employees to conserve electricity in housing facilities and offices, and we share information on the benefits of energy efficiency at the plantations, mills and in living areas.

Greenhouse Gas Emissions
Principal sources of GHG emissions in our operations are carbon dioxide emissions from changes in carbon stock during the development of plantations, use of fuels, methane emissions from POME and nitrous oxide emissions from fertiliser.

Our two aerated bunker composting installations continue to help reduce methane emissions by around 30%-70% compared with standard, non-aerated windrow composting (reduction depends on the season and site).

In 2016, we expanded GHG emissions monitoring to ten RSPO-certified mills and 28 estates. Total net emissions for each tonne of CPO and PK were 1.79 tonne CO2e per tonne of CPO production in 2016, no change to the intensity value in 2015. Data are shown in the table below. For clarity, we include calculations from the previous version of the RSPO PalmM-GHG calculator tool.

Emissions related to transport of CPO to four refineries amounted to 0.05 tonne CO2e per tonne CPO transported, transport emissions data are not part of the RSPO PalmM GHG calculator tool.

<table>
<thead>
<tr>
<th>GHG Emissions</th>
<th>Emission (tonne CO2e/tonne of CPO)</th>
<th>2016</th>
<th>2015</th>
<th>Restatement**</th>
<th>Original**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Emission Estate</td>
<td>1 Land conversion</td>
<td>1.16</td>
<td>1.29</td>
<td>0.98</td>
<td>1.29</td>
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<td>Direct Emission Estate</td>
<td>2 Peat emissions</td>
<td>0.78</td>
<td>0.69</td>
<td>0.69</td>
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<tr>
<td>Direct Emission Estate</td>
<td>3 N₂O from fertilisers</td>
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<td>0.30</td>
<td>0.20</td>
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<td>Direct Emission Mill</td>
<td>4 Methane from POME</td>
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<td>0.55</td>
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<tr>
<td>Direct Emission Mill</td>
<td>5 Fuel usage in the mill</td>
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<td>0.01</td>
<td>0.01</td>
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<tr>
<td>Indirect Emission</td>
<td>6 Fuel usage in the shipment of fertilisers</td>
<td>0.06</td>
<td>0.07</td>
<td>0.07</td>
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</tr>
<tr>
<td>Scope 3/Transportation Emission</td>
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<td>0.04</td>
<td>0.04</td>
<td>0.04</td>
</tr>
<tr>
<td>Direct Emission Estate</td>
<td>9 Outgrower</td>
<td>0.17</td>
<td>0.28</td>
<td>0.28</td>
<td>0.28</td>
</tr>
<tr>
<td>Total Emissions from Mills and Estates Operations</td>
<td>A</td>
<td>2.90</td>
<td>3.00</td>
<td>2.74</td>
<td>3.00</td>
</tr>
<tr>
<td>Carbon Sinks</td>
<td>B Crop &amp; HCV sequestration</td>
<td>(1.07)</td>
<td>(0.73)</td>
<td>(0.92)</td>
<td>(0.73)</td>
</tr>
<tr>
<td>Carbon Credits</td>
<td>C Sale of palm kernel shells and export excess electricity to housing grid</td>
<td>(0.06)</td>
<td>(0.03)</td>
<td>(0.04)</td>
<td>(0.03)</td>
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<tr>
<td>Net Emissions from Operations</td>
<td>A+B+C</td>
<td>1.79</td>
<td>2.31</td>
<td>1.79</td>
<td>2.31</td>
</tr>
</tbody>
</table>

* Reference numbers refer to the diagram overleaf, pages 28-29.
** We restate the 2015 data using the revised version of RSPO PalmM GHG Calculator V3.0.1. Original calculations were based on V2.2.1. Details on their differences can be found at http://www.rspo.org/certification/palmm-hgh-calculator [S4-22].

Note 1: Emissions included in the calculations are carbon dioxide, nitrous oxide and methane. Calculations are based on site-specific data and published default emissions factors and GWP values using the RSPO PalmM GHG Calculator V3.0.1. The calculation relates only to plantations and mills under our operational and financial control.

Note 2: The GHG emission sources in 2016 are based on ten RSPO-certified mills and 28 estates (2015: nine mills and 27 estates).

2016 GHG Emission Sources

- Land Conversion 39.8%
- Peat Emissions 27.0%
- N₂O from Fertilisers 7.3%
- Methane from POME 15.8%
- Mill Fuel Use 4.6%
- Shipment of Fertiliser 2.2%
- Field Fuel Use 1.5%
- Outgrower 6.0%
GHG, Emissions and Sequestration

1. Land Conversion
2. Peat Emission
3. N2O from Fertiliser
4. Shipment of Fertiliser
5. Outgrower
6. FFB Transport Fuel Use
7. Transport
8. Methane from POME Mill Fuel Use
9. FFB Mill
10. Oil Palm Plantation
11. Crop Sequestration
12. Sequestration in Conservation Area
13. Export of Excess Electricity to Housing Grid
14. Sale of Palm Kernel Shells
15. Refinery CPO Transport Fuel Use
16. Refinery Fuel Use
17. CPO Transport Fuel Use (Road)
18. CPO Transport Fuel Use (Ship)
19. Refinery Fuel Use
20. Transport/Shipping
21. Bulking Station
22. CPO Transport Fuel Use
23. Refinery

Legend
- GHG Emission
- Sequestration
- Not included in GHG Calculation 2016
Agricultural inputs

Doing more with less is at the core of our research, development and operations in the field.

Land available for food crops is finite, and whilst oil palm is very efficient per hectare for the production of edible oils, we want to further maximise its yield. Preserving crop health by reducing pests and diseases is vital to productivity and to reduce waste. The fertilisers and crop protection agents we use are all government-approved. All designated operatives are trained and qualified on safe handling, storage and spraying.

COPING WITH EXTREMES

Annual rainfall in West and Central Indonesia is generally right for palm oil production but its distribution month-to-month is uneven, especially in South Sumatra and Kalimantan. Recently, the prolonged drought brought from the El Niño brings fire risk but in the heavy rainy season brings flooding, destruction and plant loss. Extreme weather events such as these are more common these days and are accompanied by a higher frequency of outbreaks of pests and diseases.

To mitigate climate-related extreme weather impacts, our long-term strategy is to improve the hydrology and ecology of palm oil plantations and by promoting biodiversity, HEY monitoring and beneficial plants, insects, and soil micro-fauna.

We have continued with our programme to apply precision agronomy techniques with the completion of remote sensing and drone surveys for most of the planted areas. Mapping and survey work also complements our biodiversity and fire prevention programmes.

Crop health

Pesticide use will always vary from year to year in agribusinesses, but will decrease where biological control is in place. Integrated Pest Management is also used to save cost and reduce risk to human health and the environment. Biological control in place on our estates include:

- Flowering plant species as natural habitats for parasitoids and predators of leaf-eating insects
- Barn owls for rodent control

We have bred barn owls since 1997. Each year, some 9,500 and 2,000 owlets are produced in our Riau and South Sumatra estates, respectively. We expanded this programme of pest control in our Kalimantan estates in 2016. Clear benefits result from lower use of rodenticides in our plantations.

We have a target to phase out Paraquat from our operations by end 2017 (the previous target was 2018). So far 12 out of 31 RSPC certified/audited estates, 2016 (31 sites)

Oil palm plantation may be occasionally affected by leaf-eating caterpillars, so we grow certain flowering plants along site roads that host parasitised and predator species for dispersal across the entire plantation. We prefer to use biological control as part of our Integrated Pest Management approach. We have reduced the use of chemicals in our estates over the years as a result of careful monitoring and biological control programmes.

We have a target to phase out Paraquat from our operations by end 2017 (the previous target was 2018). So far 12 out of 31 RSPC certified/audited estates, 2016 (31 sites)
Fertilise with care
We work to improve our soils through careful inorganic fertiliser dosage and natural processes. The amount of fertiliser used is a function of soil productivity and the age of the palm tree.

We attempt to reduce chemical use on our estates. For example, during planting we use leguminous cover crops as a soil improver. We use compost, crop residues and organic waste from our estates to improve soils and generate organic matter for use as a soil improver. Such measures help to reduce fertiliser and pesticide use without compromising yield.

Water Consumption
A vital resource to manage carefully at estates, mills and refineries.
We report no change to where our process water comes from, whereby plantations watered by rainfall, 94% of mill water from rivers; 82% of refinery water from municipal water and groundwater for domestic usage. We increased our water consumption from rivers; 82% of refinery water from municipal water and groundwater for domestic usage.

Waste Management
The heart of environmental ‘housekeeping’, systematic, guided by PROPER and ISO14000.

Most of our solid waste is reused; milling by-products and effluent becomes compost and feedstock for our boilers. We attempt to reduce chemical use on our estates. For example, during planting we use leguminous cover crops as a soil improver. We work to improve our soils through careful inorganic fertiliser dosage and natural processes. The amount of fertiliser used is a function of soil productivity and the age of the palm tree.

We have yet to recycle packaging or use take-back systems for packaging materials.

We produce an average of 1.95 tonnes of hazardous waste at our mills (2015: 1.91 tonnes). It is collected and disposed of in accordance with Indonesian regulations. We produce an average of 6,887 tonnes of hazardous waste at our refineries, most of which is spent earth (2015: 5,837 tonnes). Office waste is not recorded.

Our waste water, such as POME, is sent for treatment on site. In 2016, we discharged 1,735,893 m3 of wastewater from our 17 certified/audited mills, down 16.1% (2015: 2,069,148 m3). In two of our mills, we treat POME using the Aerated Bunker Composting System, which also helps reduce GHG emissions (see page 27).

Effluent quality at our 17 certified/audited mills is expressed using a median Biological Oxygen Demand (BOD) level of 2,476 mg/l, this was lower compared to 2,687 mg/l in 2015. Overall, each site operates within its site-level legal BOD limit of 5,000 mg/l.

Refrain effluents are sent to waste water treatment plants prior to discharge into water courses or municipal sewers. In 2016, we discharged 288,239 m³ of refinery wastewater (2015: 221,679 m³). Each site operates within the legal BOD limit of 75 mg/l.

No spills of effluent, CPD or diesel were recorded in 2016 during harvesting, processing or transportation. No fines or sanctions related to environmental regulations were imposed on IndoAgri in 2016.

Water Consumption in Mills

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption (000 m³)</th>
<th>Ratio m³/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3,688.9</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>3,572.1</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2,966.4</td>
<td></td>
</tr>
</tbody>
</table>

Note: Data from RSPO- and PROPER-certified/audited mills; industrial usage per m³. Ratio is based on average consumption in m³ per tonne of FFB processed.

Water Consumption in Refineries

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption (000 m³)</th>
<th>Ratio m³/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>711.0</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>695.2</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>712.5</td>
<td></td>
</tr>
</tbody>
</table>

Note: Data from four refineries (88%) based on water consumption per tonnes of material produced, in six processes: (i) tank yard (ii) refining (iii) fractionation (iv) margarine (v) cooking oil filling and (vi) finished goods warehousing, up from four processes in 2015. We therefore relate the data for 2015 (40-80). Data collection excludes insignificant amounts of municipal water and groundwater for domestic usage. Calculations are based on material volumes and water content of product is excluded.

Hazardous Waste from our Mills 2016

- Lubricants: 64%
- Battery: 12%
- Oil Filter: 8%
- Chemical Pail: 5%
- Others: 11%

Hazardous Waste from our Refineries 2016

- Spent earth: 75%
- Fly bottom ash: 23%
- Others: 2%
SUSTAINABLE SOURCING

A TRACEABLE, SUSTAINABLE SUPPLY

Progress headlines
- New Policy framework 2017 poised to intensify supplier engagement
- Smallholders are an important part of the company
- Building in RSPO/ISPO human rights risk assessment requirements into all future supplier audits

Palm Oil Mills

833,000 tonnes of CPO produced in 2016

47% of CPO produced in 2016 RSPO-certified

25% of total FFB are from plasma smallholders

100% of FFB arriving at IndolAgri mills are traceable back to nucleus or plasma sources

61% of CPO arriving at refineries is sourced internally, giving us a high degree of sourcing integrity

73% of our CPO suppliers have been audited against our policy

100% of CPO arriving at our refineries can be traced back to the palm oil mill
Sustainable: Our approach

**WHAT'S AT STAKE?**

The market demands increasing clarity about where palm oil comes from, how it is sourced and what are the impacts of the sourcing practices. We want our customers to have confidence in the products they receive: their purchasing has an impact, and good product information can help to create change. Our customers and other stakeholders want transparency on food safety, genetic reliability, cultivation conditions, processing and distribution. Our business success depends on it.

We recognise that a traceable and transparent supply chain breeds good engagement with growers, smallholders, and other suppliers. Such engagement – or working relationships – allows us to monitor impacts in order to boost yields and strengthen farmer profit. With these initiatives and engagements, we can promote wider economic development and build more resilient communities, since producer regions are touched by social, political or economic vulnerability. This also allows the promotion of safer and better agriculture with more positive environmental impacts.

**Becoming traceable – know your source**

*If we know the source we can enable change.*

The traceability of each tonne of palm oil is established using the following information:

- We can identify where it came from using nucleus or plasma organisation name, address and GPS coordinates
- A batch barcode system, which allows FFBs to be traceable back to sources is currently being used in our South Sumatra plasma estates.
- A KUD/kelompok (grower cooperative) grower profile and production data.
- Refinery dispatch number, tracked via our SAP system indicating CPO source, production line and date of manufacture; this is used for ISO, FSSC, SNI and Halal audits.
- Certification status (RSPO/ISPO).

Notably, our Medan refinery sources solely RSPO-certified CPO and its own RSPO Supply Chain Certification is due mid 2017.

**From seed to plantation**

We aim for genetic reliability, high yields and accessibility to farmers. Our oil palm seeds are produced at our Bah Lias and SAIN Research Stations, some destined for our own plantations, but most is sold to other customers. Each Bah Lias seed is stamped with “BLRS”. Every seed batch is barcoded to provide assurance to the buyer on the authenticity and quality of the seeds purchased.

**From plantation to mill**

We also audit our plantations which supply FFB to our mills – 75% of FFB comes from nucleus and 25% from plasma plantations. We audit plantations as part of the RSPO and ISPO certification process. This includes some plasma smallholders, and we have a significant project in progress, designed to achieve smallholder certification.

**From mill to refinery**

We want all CPO suppliers to refineries to comply with our Sustainable Palm Oil Policy and Responsible Supplier Guidelines by 2020. Refineries can receive crude palm oil supplies from individual mills, refinery transfers, traders, or bulking terminals. We have 56 mills supplying CPO to our refineries (4 are IndoAgri mills). So far 73% of them have been pre-audited against the Policy. We have 40 suppliers from the top five raw materials, packaging, and ingredients who provide 67% of our refinery input volume, including palm oil. All of them have been audited and confirmed as compliant on food safety according to IndoAgri’s Policy.

Finally, we are developing our approach to assess which operations and suppliers face exposure to human rights related risk. Whilst our ISPO/RSPO process covers it, future audits will now include specific criteria for assessing this risk for new suppliers.
Supply chain sustainability and quality

Engagement with smallholders to improve quality.

In line with our Sustainable Palm Oil Policy, we worked more closely with suppliers in 2016 on safety, human rights, biodiversity, peatland management and fire risk. This accompanies our ongoing focus on Good Agriculture Practices (GAPs), yield, soil health, and crop protection.

Our Smallholders Programme is aligned with the aim of 100% sustainable CPO supply. The Indonesian government requires oil palm plantation companies to develop new plantations with local smallholders under the Plasma Scheme. Smallholders are an important part of the company (from whom 25% of our total FFB is sourced) and we work towards a common understanding of agricultural practices to achieve strong yields and safe methods. As we work to deliver the aims of the Programme, we recognize challenges along the way and resolve to tackle them head on.

RSPO wants to certify more smallholders to ultimately encourage higher FFB yields using less land and better technology such as integrated pest management. The aim is to improve access to new markets, raise incomes and reduce risk of land conversion and deforestation. We are aware of cultural differences and limitations on resources to deliver technical advice on best practices to smallholders. The Smallholder Programme provides resources and has set up a specific funding programme to support them. Our engagement with plasma smallholders is closely integrated with suppliers in 2016 for safety, human rights, and unified working approaches between the teams who work to deliver the aims of the Programme.

IDH PROJECT UPDATE
CERTIFYING SMALLHOLDERS TO HIGHER STANDARDS

Long term goal: Achieve RSPO certification of 3,144 independent smallholders in South Sumatra.

Pilot project goal: Before scaling it up, certify 159 smallholders on 318 hectares of land.

Smallholder plasma plantations are closely integrated into our company management; we are proud of their successes and productivity. Plasma smallholders occupy 87,204 hectares and supply FFB to our mills. We are starting with a pilot group of 159 smallholders to achieve RSPO certification, adhering to the specific smallholder guidance under RSPO. In 2016, we anticipate some strong FFB yields by our smallholders and we are making preparations to track the performance. Smallholders are still willing to participate in RSPO/GAP certification, they understand that they will have improved access to markets, better agricultural practices and safer labour practices. The project saw slower progress in 2016 than expected, summarised as follows:

- 318 ha and 159 smallholders have been audited and completed the RSPO certification process in 2016 with issuance of certificates by mid 2017.
- 70% had yields below what they could achieve (no change compared to 2015).
- 25 days of training delivered to participant growers in 2016 (11 in 2015).

The IDH Project is using RSPO standards as a means to boost yields in ways that also improve fire prevention and forest protection. A related benefit is stronger relations and unified working approaches between the teams who manage plasma and nucleus.

1 Once developed, such plantations are transferred to the smallholders as plasma plantations, managed under the supervision of the developer in line with government requirements. Their funding is provided by designated banks and/or subsidiary companies, including corporate guarantees for the loans advanced by banks.

2 http://www.rspo.org/smallholders/rsxo-certification.
OUR PRODUCTS

CONSUMER SAFETY, PRODUCT INTEGRITY

Progress headlines
- All products are safe and meet nutrition requirements of regulations in our markets
- Our product and refineries are certified to Halal certification
- Customer satisfaction award: our Bimoli brand wins again

56 mills supply CPO to our refineries
24 are IndoAgri mills

46% of the production volume is certified to Food Safety Management Standard (FSSMS) for FSSC 22000

100% of our branded products comply with the mandatory nutrition labelling
100% of our table margarine products are fortified with eight vitamins

Our leading brand of cooking oil, Bimoli®
Safe, nutritious products: Our approach

WHAT'S AT STAKE?
Customers more than ever expect high quality edible oil products that are safe for human consumption and taste good. Food safety and quality are core to our commercial reputation and consumers' expectations. We are committed to responsible sourcing, as this is not only a significant market issue in some export markets, but it also helps assure safety and quality. We expect suppliers to meet our customers' quality assurance requirements.

Palm oil helps extend the shelf life of products owing to its high resistance to oxidation thus limiting stale odours that occur when other fats oxidise. It has a smooth, creamy texture and maintains its properties under high temperatures. So palm oil is found extensively in packaged foods on supermarket shelves.

OUR RESPONSE
We comply with international as well as local food safety standards and certifications.

Meeting global standards automatically means we comply with regulations in Indonesia, which is the market for 90% of our refined oil products. This compliance relates to safety, quality, nutrition, consumer protection, labeling and advertising. We apply standards such as FSSC 22000. Quality assurance audits for large industrial customers cover parameters that include food safety. All raw materials supplied to us can be traced back to their source, and batch numbers are found on all product packaging, so that our products are fully traceable. We use an approved Halal certification system. All our products and refineries are Halal certified by IPPOM MUI, the Research Institute for Food, Drugs and Cosmetics of the Indonesian Ulemas Council. Our R&D, marketing and sales teams use independent market testing to meet quality requirements. A dedicated customer support service line is available to respond on specific matters.

- See page 13 in this Report for more details on our products
- See page 34 for more details on responsible sourcing and traceability

Food safety

Quality control to ensure hygienic, safe production

Managers and staffs in our Quality Control teams are committed to hygienic, safe and Halal production. The teams undergo regular food safety management training to maintain awareness and management of food safety risks, and are responsible for ensuring quality control of our products.

Our operations and suppliers are audited annually to monitor management and performance relating to hygiene, sanitation and ‘good housekeeping’. We recorded no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products. High standards of manufacturing help minimise exposure to risks that may affect product quality. When we refine crude palm oil, we ensure high quality using stringent process controls to prevent contaminants entering the process. Information on how we mitigate contamination risk is available to our industrial customers upon request.

All our customers can use various support services such as phone, e-mail and post to enquire matters relating to brand, distribution and others. We receive enquiries relating to promotional prizes, distributors, price and defects such as damaged packaging.

We are accustomed to prepare a site for compliance to the Food Safety Management Standard (FSMS) for FSSC 22000, witness the success at our Tanjung Priok refinery in achieving this two years ago. Our FSMS journey continues – at the end of 2016, 46% of the volume of our products is certified to FSMS.

Our food products are packaged using approved food-grade materials and our products passed the tests required by the Indonesian National food safety standards. Packaging materials comply with the Indonesian policy on Extended Producer Responsibility and our parent, PT Indofood Susskses Makmur Tbk (PT ISM), is a member of the Coalition for Sustainable Packaging. Currently we do not use recycled packaging or operate any take-back of packaging.

Nutrition

FORTIFYING CONSUMER STAPLES

Consumers of our products have processed foods such as rice and flour at the core of their diet. But in the absence of a balanced diet, they are at risk of vitamin deficiency. IndoAgri produces vitamin-boosting products. Correctly refined palm oil contains carotenoids and tocopherol, a rich source of vitamin E. But that’s not all. We go beyond compliance; we take fortification seriously. Our table margarine products are fortified with eight vitamins; in addition to vitamins A and D which are mandated by the Indonesian regulations, we add E, B1, B2, B3, B9 and B12 to benefit the diet of Indonesians who may particularly miss out on vitamin E. The cooking oils we export to the Philippines are further enriched with vitamin A as required by regulations in that market. This all means a more healthy diet, especially for children.

Vitamin A is great for the immune system, eyesight and the fetus during pregnancy. Vitamin E is excellent for proper cell development, enzymes and a healthy nervous system. Palm oil is composed mainly of triglycerides of fatty acid in both saturated and unsaturated forms, and is free of cholesterol and trans-fat. The right sorts of fat are needed by the human body for healthy growth, suppleness and as an energy store.

Customer satisfaction

Accolades and awards continue to confer trust

IndoAgri products are recognised for quality, price and confidence.

In 2016, the Bismil brand received a Platinum Indonesia Best Brand award for the 14th consecutive year from SWA magazine & MARs and the Indonesia Customer Satisfaction Award for the 17th consecutive year from SWA magazine & Frontier consulting under the cooking oil category.

We routinely engage with industrial bodies, consumers and distributors. Consumer engagement in 2016 focused on the Palma brand. We continued our customer ‘roadshow’, set up in 2012, to increase Palmia’s brand profile.

The baking roadshow ran events in 39 cities to promote creative cakes and savouries. An expert chef in May 2016, for example, showed industrial customers how

Palmia inspires great Japanese sweets. Similarly, an entrepreneur forum was run for the small businesses to provide a demonstration on how to use Palmia as well as business advice such as pricing strategies.
There are 182 schools and 977 teachers on our plantations: provide greater access for children.

Weighing activity as part of monthly Posyandu event in our South Sumatra estate.

89% of all sites have a health and safety management system in place. 31 sites formally certified to SMK3 in 2016.

28 sites are at SMK3 Gold level.

Our People and Community

Healthy Workforce, Productive People

Progress headlines

- Our operations continued to be safer again
- Our new policy framework not only focuses on employees but on suppliers too
- Talent management has intensified, staff turnover falls once again
People: Our approach

WHAT’S AT STAKE?
In order to become a leading agribusiness, we need to produce high yields through cost effective and efficient operations. To achieve this, we must carefully support and manage our people: sustainable operations cannot be achieved without them. Our vision and strategy puts people and team work right at the centre. Our human resources (HR) team develops, evolves and champions our human ‘capital’ through training, evaluation, remuneration, and engagement. While the health of our employees is directly linked to their satisfaction at work, their productivity brings rewards. The end goal is a capable and productive workforce.

Underpinning all these are the safety and labour rights of employees and workers – they are enshrined in our Sustainable Palm Oil Policy and shape the wellbeing of our teams. Our stakeholders expect it. We expect it.

OUR RESPONSE
Our intention is to embed innovation in productivity, competence tracking, leadership and empowerment in the workforce.

Our HR management approach is around eight key areas. The first three look at recruitment, organisation and people development; which focus on strengthening processes, talent and succession. Then we focus on training, remuneration, and contribution; which aim to deliver change, formulate benefits and how to reward accordingly. We then focus on industrial relations and HR information management.

One of the key focus areas is respect for human rights, guided by our Solidarity Programme. Working practices and plantation labour arrangements are based on long established, tried and tested approaches. Integral to them are safety and basic rights, such as minimum wages and compliance with Indonesian labour rights regulations. Such practices also make good business and are part of RSPO and ISPO requirements.

Our Work and Estate Living Programme promotes the safety, wellbeing and human rights of our workers and their families; and our Code of Conduct commits our workforce to respect the rights of employees, business partners and communities.

Our HR Policies are grounded in legal, moral and commercial principles to comply with the law and create ‘human capital’ and ‘social capital’ value for the long-term. Our HR procedures also include anti-sexual harassment policy and encourage diversity in the workforce.

Quality is a prime measure of competence. We push Total Quality Management principles and practices, and quality is core to annual performance reviews at all management levels.

We are expanding and consolidating our formal SMK3 safety management systems at estates, mills and refineries (compatible with OHSAS18001:2007) and each has in place a Health and Safety Committee attended by managers and workers. The Collective Labour Agreement (CLA) covers safety, with references to proper PPE for field workers, an OHS Trustee Committee, training, and grievance mechanisms. Periodic workplace inspection, safety audit, and accident evaluations are also completed with employee representatives.

Security training is also delivered via our training centre for our security guard and in partnership with military commando units for additional focus on strength, discipline, and human rights.

See our Code of Conduct, online content at http://www.indofoodagri.com/policies.html

WORKFORCE PROFILE
In 2016, IndoAgri employed 38,104 people (2015: 38,991) in permanent full-time positions, and 1,548 people (2015: 1,489) on short-term contracts in Indonesia. We also employed 34,782 casual labourers (2015: 39,716).

Around 92% of our employees work in the field, while the rest comprises management and executive staff. Nearly three quarters of our employees are based in Sumatra and Kalimantan, the rest are in Riau, Java and Sulawesi.

Health and safety

A vital requirement: everyone goes home safe.

To deliver on our commitment to a safe workplace at estates, mills and refineries, we are improving our management systems. 115 of our sites (91%) had a certified health and safety management system in place in 2016 that complies with the government standard Occupational Health and Safety system (SMK3) or OHSAS. We report that 28 of our sites are at SMK3 Gold certification level. Estate and mill managers are trained in SMK3 workplace safety techniques. Every estate, mill and refinery has in place a Health and Safety Committee attended by management and operatives. Safety is also regularly communicated using SMK3 audits, manuals and procedures, morning briefings, work instructions and first aid procedures. Further, as a result of Hazard Identification and Risk Assessment (HIRA) we define what PPE is required on site. In line with SMK3, we have Policies for strict compliance on PPE. This is also stated in the CLA. We track our annual investment in PPE, and we have programme in place to render the workplace safer, such as Paraguay phase-out (see page 31).

Our policy is strict: all workers must use PPE. It is distributed to workers in line with their specific tasks and they are required to sign for PPE when it is received. Its correct use is governed by Working Instructions, backed up with training. Awareness-raising (‘socialisation’) is ongoing to influence behaviour of the individual, to stigmatise rejection of any PPE and to mandate its use. At safety committee (IP2K3) meetings learning points are shared and resolutions to why some may shun PPE is discussed.

Workers mixing and spraying pesticide are required to complete a certified level of training from the Indonesian Pesticide Committee. There is an emergency medical supply point on each site, for workers and also for estate based families.

In 2016, we recorded an Accident Frequency Rate (AFR) of 1.6 accidents per million man-hours (three in 2015) and an Accident Severity Rate (ASR) of 243.3 [42.6 in 2015].

Fatalities are still present in our industry and we endured five in 2016 (seven in 2015), one involved a casual worker. The causes of death related to harvesting and construction tasks. While not formally recorded as a workplace fatality, we report a colleague’s passing due to natural causes at a legitimate sports event during work hours. Senior managers visit the bereaved, every accident is formally investigated, and each one is also covered by Badan Penyelenggara Jamminan Sosial (BPJS), an Indonesian social security system.

AFR in 2016

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<tr>
<th>Coverage</th>
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<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Gender</td>
<td>1.9</td>
<td>0.5</td>
</tr>
<tr>
<td>By Region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sumatra</td>
<td>2.3</td>
<td>0.5</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>1.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Others</td>
<td>0.8</td>
<td>–</td>
</tr>
<tr>
<td>Group AFR: 1.6</td>
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<td></td>
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</table>

ASR Rate in 2016

<table>
<thead>
<tr>
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<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Gender</td>
<td>304.7</td>
<td>3.2</td>
</tr>
<tr>
<td>By Region</td>
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<td></td>
</tr>
<tr>
<td>Sumatra</td>
<td>496.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>12.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Others</td>
<td>7.9</td>
<td>–</td>
</tr>
<tr>
<td>Group ASR: 243.3</td>
<td></td>
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</tr>
</tbody>
</table>

Note: We report our frequency rate per million worker hours, and severity rate by last worker days. Severity rate calculations have changed since 2015 to align with those of IndoFood Group. We therefore restate the severity rate for 2015 (04–22). Data cover all IndoAgri palm oil estates, mills and refineries. Casual labour are excluded since 2016.

Training you, retaining you

As an employee with us your career path builds on your talents.

Talent is also a springboard to improve performance. So, you tell us your aspirations and we gear the training accordingly, in line with your job. The training develops your skills: from core competencies to leadership, and is guided by Total Quality Management principles.

Our new appraisal process drives this, its consolidation and roll-out continued in 2016. From estates to offices, it drives into detail, using a balanced scorecard approach, to assess performance potential and reveals the main gaps to close. And it goes further, too! Professional development is core, but we also strive to effect wider business goals such as culture change and knowledge sharing. Such evolutions are underpinned by better information systems under SAP so that we can ‘review and optimise’ how we deliver a skilled workforce for the future of the business.

In 2016, IndoAgri reported permanent employees turnover of 6%, an improvement compared to 7% in 2015. So we recognise how welfare and career development contribute to the attractiveness and reputation of a workplace. Indeed, our engagement with employees indicates no significant levels of dissatisfaction. Our new hire data show how we are recruiting, including gender balance.

See charts on training, turnover and new hires data on pages 51-52.

Employee welfare

A fit and happy workforce makes for a productive business.

Our Work and Estate Living Programme sets out how we work with local governments and hospitals to provide essential medical support, facilities and infrastructure for the people living on our estates. Projects focus on household hygiene, healthy living and free access to medical facilities.

In 2016, we met our target on welfare (community welfare improvement plans for each site) and we are proud of the sanitation, clean water, waste collection and electricity facilities on our estates.

See page 52 for data on education and medical facilities provided which employees and their dependents enjoy free of charge.
Labour rights and human rights

Worker rights are respected and represented, employment is agreed, engagement on industrial relations and formal agreements with unions takes place regularly.

IndoAgri employees benefit from a government pension, additional contributions from the company, and retirement packages (in agreement with the BPJS). Our HR management approach, Solidarity Programme and Code of Conduct guide how we work. We aim to identify significant risk of human rights infringement. For 2016, no operations or suppliers have so far been identified where collective bargaining, or freedom from forced or child labour, are at significant risk.

In October 2016, three NGOs submitted a formal complaint to RSPO, following allegations of labour violations at one of our subsidiaries, Lonsum. We take such allegations very seriously, and have repeatedly requested the NGOs to provide supporting factual evidence to substantiate their allegations and enable us to fully investigate. Unfortunately no such evidence has been provided. We have compiled fully with the information requested as part of the RSPO complaints process, and we have had two external audits from RSPO-appointed auditors. The final audit report issued in January 2017 confirms we are in compliance with RSPO Principles and Criteria. All correspondence and evidence submitted by us, together with the external auditor’s reports, have been uploaded on the RSPO website at http://www.rspo.org/members/complaints/status-of-complaints/view/2.

Diversity and equal opportunity

In accordance with our Code of Conduct, equal employment opportunity is given to every employee regardless of religion, ethnicity, gender and other discriminatory factors. There were no incidents of discrimination reported via our whistle-blowing facility during the reporting period. Agriculture is male dominated, only 13% of the workforce is female.

We keep the jobs of new mothers open while on maternity leave. In 2016, 399 women (2015: 321) took maternity leave, 73% or 292 women returned to the same job position, as compared to 86% in 2015. The rest remained on leave or elected to leave the company.

Above the minimum wage

The structure and salary scale of our employees are based on experience, position and competency. We strictly comply with the minimum wage regulations set by the Government, and ensure that all employees are adequately compensated for their work. Wage agreements with all unions account for Provincial minimum wage levels which set by the Governor of each region. We have good relations with labour unions and local government (Dinsakernad) who routinely check minimum wage compliance. In 2016, we continued to focus on respecting minimum wage increases across our operations.

Freedom of association

IndoAgri strives to maintain good working relationship with unions. Government regulation1 of the ILD is installed on the ground via company regulations and CLA. We collect various data to monitor this human right, such as a list of unions and unionised employees and their contributions as well as awareness-raising activities. We believe there are no sites where the right to freedom of association might be at risk. Further, each employee is free to choose to be a member of an union. The workers have the liberty to register themselves directly with their preferred labour union. The deduction of union membership fees from workers’ pay is triggered once a letter of request is received from the union.

CLA are renewed every two years under the union. The union works with our HR Team to guide workers about the CLA, the content of which is subject to mutual agreement. As at end 2016, 74% of operative employees were covered by a CLA, the remainder are covered by a company regulation known as Peraturan Perusahaan.

Casual labour

Casual labour is hired particularly for seasonal work such as weeding and peak crop season. We comply with government regulation2 using company procedures, code of conduct, Sustainable Palm Oil Policy and in line with Principles and Criteria of RSPO. Each casual labour contract respects government regulation and we ensure that they understand their rights and responsibilities in that contract.

Casual work is offered to family members of full time workers in the first instance, as well as to workers from local villages. Promotion is possible too depending on skills and job availability.

Every casual worker is registered by our HR Unit and logged onto the fingerprint recognition system: this permits transparent payment and administration. It is company policy to forbid non-registered employees, we clearly communicate rules relating to unregistered, forced and child labour on sign-boards on site.

Child labour

Government regulation3 is installed on the ground via company policies. Our Sustainable Palm Oil Policy strictly prohibits child labour. So how do we “walk the talk”? In the field, we use Standard Operating Procedures to guide how employees work, we raise the issue using signs and posters on plantations, stating “Dilarang Mempekerjakan Anak di Bawah Umur” & “Tidak Diperkenankan Anak Masuk dalam Wilayah Kerja” ("Child labour is not allowed") and “Children are not allowed to enter working premises"). The aim is to remind workers not to bring children to the work area. In line with our Policy, we will issue warning letters to those allowing children to help with agricultural production work.

Free education, from kindergarten to secondary school levels, is crucial to draw children away from the fields: there are 182 schools and 977 teachers on our plantations. For children under five we provide day care facilities. According to the recruitment database, our employee age profile records show that no registered worker is below 18 years of age.

Land rights

We commit to uphold, and to deliver the FPIC principle which refers to the right of a community to give or withhold its consent to proposed projects that may affect the lands it customarily owns, occupies or uses. Land transactions may be subject to historic assertions of traditional ownership and rights. As described on page 23, every land transaction in which IndoAgri is involved follows Indonesian law and company policy.

One grievance was reported in 2009 relating to land rights dispute over 165 ha of land in North Sumatra. Cited land is under the HGU of Lonsum and has been operated by the company since 1914. Despite the decisions (legally awarding the land to Lonsum) issued by the Provincial High Court in 2008 and the Supreme Court of the Republic of Indonesia in 2011, and multiple meetings with the local community and local government, the complainants still have not agreed to a resolution. RSPO operates a formal process for such complaints; please refer to the relevant section of their website for details. We are working together with the government and related stakeholders to resolve the cases.

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1 Undang-undang No 13 Tahun 2003 Pasal 106 tentang Pekerjaan/STiker Baru
2 Kepmenakertrans No 150/2010 tentang Ketentuan Pelaksanaan Perjanjian Kerja Kementerian Tenaga Kerja
3 Undang-undang No 14 Tahun 2003 pasal 68, Pasangsaat dilarang mempekerjakan anak
4 Kepmenakertrans No 100/2011 tentang Ketentuan Pelaksanaan Perjanjian Kerja Kementerian Tenaga Kerja

2

3

4

5

6
Community investment

Towards resilient and prosperous communities.

Each day sees a similar story play out: we create overwhelmingly positive effects on the income and livelihoods of farmers and suppliers, communities and families. Our Solidarity Programme seeks to improve the quality of life in our nucleus and plasma estates. It aims to do this by improving the education, resilience and skills of people who live on our estates, or near to us. Our new PROKLM project aims to secure resilient communities through climate change projects (see below). Since we met our 2015 community development target successfully, we now understand the community needs of all sites based on Social Impact Assessment. When we plan community investment, we assess cultural context, literacy, living conditions and economic conditions on the ground before setting up a programme. Our community development projects cover education, health, infrastructure, microenterprise, farmer training, culture and humanitarian relief.

Community infrastructure and enterprise

Developing infrastructure and fostering enterprise are vital, and our Solidarity Programme guides community investment in these areas. Our Programme coordinator is based in Jakarta with team members in the Provinces. They coordinate community programme delivery on the ground. They listen to host community requests for support, and implement such programme based on merits and certain eligibility criteria. We want to invest in projects that catalyse change. So we have set up 20 Rumah Pintar, or ‘smart houses’ in our oil palm plantations for locals to come together to sell artisanal products and learn new skills. Typically, it provides books, children’s facilities, and a computer workstation. In 2016, we continued the work to consolidate emergent enterprises and monitor their progress. Our team offers training at the Rumah Pintar on entrepreneurial and effective communication.

Amongst our new projects is PROKLM, a national Indonesian’ climate village programme’ to involve communities on climate change mitigation and adaptation actions. This project is sponsored by the Ministry for Environment & Forestry, which brings together livestock, fishing, agriculture and fruit tree growing, PROKLM supports specific action on areas such as disease control, waste and biogas – to energy. We have a PROKLM project in our Kayangan estate in Riau involving water catchment planning, soil protection, community housing and food security. The benefits of such a project include:

• Better community resilience in the face of climate variability;
• Greater GHG emission reductions to support the national reduction target;
• Clearer data and local level project support to help make climate change policies, strategies and programmes;
• Easier for local communities to adopt low-carbon technologies.

Early signs of progress include a national awards from the Ministry to two villages and three schools on one of our estates in Riau.

Medical aid matters

Central to the Solidarity Programme are the Posyandu infant and maternal health care clinics of which there are 206 in 32 districts across Indonesia. We continue to improve the quality of the clinic buildings, medical equipment as well as capabilities of Posyandu’s personnel. Our team issued further implementation and monitoring guidance for it in 2016, following the recommendations of the University of Indonesia, and through our IndaAgri Sehati programme. The next steps are to improve leadership, structure, community empowerment, planning, support, and support in preparing ‘needs’ assessments.

As one of our flagship programmes, cleft lip surgery which was established in mid 2014, continues successfully to change people’s lives. Our programme covers the cost of surgery, the logistic arrangement, pre and post operations medical needs. We wholeheartedly appreciate the dedication and skill of the surgeons and recognise and thank our partners in the project. Cleft lip is a common medical condition affecting many children in Indonesia. Many families cannot afford the simple operation that can transform their children’s lives. Until 2016, we have sponsored 137 operations for 128 children under the programme.

<table>
<thead>
<tr>
<th>Employee Statistics</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
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<tbody>
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<td>Education</td>
<td>18 – 25 Years</td>
<td>26 – 35 Years</td>
<td>36 – 45 Years</td>
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<tr>
<td>Academy and University (Strata 1, 2 and 3)</td>
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<td>115</td>
<td>969</td>
</tr>
<tr>
<td>Diploma (D1-D4)</td>
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<td>49</td>
<td>388</td>
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<tr>
<td>Senior High School</td>
<td>1,279</td>
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<tr>
<td>Junior High School</td>
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<tr>
<td>Primary School</td>
<td>720</td>
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<tr>
<td>Total</td>
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<td>12,956</td>
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<td>Level</td>
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<td>Manager and Senior Manager</td>
<td>0</td>
<td>1</td>
<td>82</td>
</tr>
<tr>
<td>Supervisor</td>
<td>7</td>
<td>3</td>
<td>136</td>
</tr>
<tr>
<td>Staff</td>
<td>243</td>
<td>105</td>
<td>760</td>
</tr>
<tr>
<td>Administrative/Operational</td>
<td>2,587</td>
<td>429</td>
<td>11,944</td>
</tr>
<tr>
<td>Total</td>
<td>2,857</td>
<td>538</td>
<td>12,942</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sumatra</td>
<td>1,595</td>
<td>185</td>
<td>8,229</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>950</td>
<td>188</td>
<td>3,424</td>
</tr>
<tr>
<td>Others</td>
<td>336</td>
<td>141</td>
<td>1,284</td>
</tr>
<tr>
<td>Total</td>
<td>2,881</td>
<td>514</td>
<td>12,939</td>
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<tr>
<td>Status</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Permanent Employee</td>
<td>2,542</td>
<td>419</td>
<td>12,284</td>
</tr>
<tr>
<td>Non Permanent Employee</td>
<td>353</td>
<td>81</td>
<td>651</td>
</tr>
<tr>
<td>Casual Labour</td>
<td>6,764</td>
<td>1,861</td>
<td>9,317</td>
</tr>
<tr>
<td>Total</td>
<td>9,659</td>
<td>2,361</td>
<td>22,252</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Training</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager and Senior Manager</td>
<td>2,334</td>
<td>133</td>
<td>2,467</td>
</tr>
<tr>
<td>Supervisor</td>
<td>1,757</td>
<td>208</td>
<td>1,965</td>
</tr>
<tr>
<td>Staff</td>
<td>80,384</td>
<td>2,791</td>
<td>83,175</td>
</tr>
<tr>
<td>Administrative/Operational</td>
<td>40,509</td>
<td>8,902</td>
<td>49,411</td>
</tr>
<tr>
<td>Total</td>
<td>126,864</td>
<td>12,034</td>
<td>137,198</td>
</tr>
</tbody>
</table>
Our People and Community – Data Tables

**Turnover**

<table>
<thead>
<tr>
<th>Region</th>
<th>Male 18–25 Years</th>
<th>Female 18–25 Years</th>
<th>Male 26–35 Years</th>
<th>Female 26–35 Years</th>
<th>Male 36–45 Years</th>
<th>Female 36–45 Years</th>
<th>Male ≥ 46 Years</th>
<th>Female ≥ 46 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumatra</td>
<td>7%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
<td>2%</td>
<td>3%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>16%</td>
<td>11%</td>
<td>7%</td>
<td>11%</td>
<td>9%</td>
<td>9%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Others</td>
<td>12%</td>
<td>15%</td>
<td>5%</td>
<td>9%</td>
<td>2%</td>
<td>2%</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**New Hire**

<table>
<thead>
<tr>
<th>Region</th>
<th>Male 18–25 Years</th>
<th>Female 18–25 Years</th>
<th>Male 26–35 Years</th>
<th>Female 26–35 Years</th>
<th>Male 36–45 Years</th>
<th>Female 36–45 Years</th>
<th>Male ≥ 46 Years</th>
<th>Female ≥ 46 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumatra</td>
<td>132</td>
<td>9</td>
<td>194</td>
<td>6</td>
<td>27</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Kalimantan</td>
<td>70</td>
<td>19</td>
<td>146</td>
<td>29</td>
<td>51</td>
<td>5</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>42</td>
<td>22</td>
<td>32</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>244</td>
<td>50</td>
<td>372</td>
<td>38</td>
<td>80</td>
<td>6</td>
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<td>0</td>
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</tbody>
</table>

**Welfare (Medical Facilities – Estate and Off Site)**

<table>
<thead>
<tr>
<th>Medical Facilities</th>
<th>North Sumatra</th>
<th>South Sumatra</th>
<th>Kalimantan</th>
<th>Riau</th>
<th>Java</th>
<th>Sulawesi</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division Clinic</td>
<td>60</td>
<td>34</td>
<td>14</td>
<td>17</td>
<td>6</td>
<td>2</td>
<td>128</td>
</tr>
<tr>
<td>Central Clinic</td>
<td>14</td>
<td>25</td>
<td>17</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>64</td>
</tr>
<tr>
<td>Ambulances</td>
<td>1</td>
<td>14</td>
<td>7</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>Doctors</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Visiting Doctors</td>
<td>11</td>
<td>21</td>
<td>10</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>Midwife/Nurses</td>
<td>57</td>
<td>76</td>
<td>45</td>
<td>84</td>
<td>5</td>
<td>2</td>
<td>269</td>
</tr>
<tr>
<td>Posyandu</td>
<td>59</td>
<td>38</td>
<td>48</td>
<td>42</td>
<td>17</td>
<td>2</td>
<td>206</td>
</tr>
</tbody>
</table>

**Education Facilities**

<table>
<thead>
<tr>
<th>School Facilities</th>
<th>North Sumatra</th>
<th>South Sumatra</th>
<th>Kalimantan</th>
<th>Riau</th>
<th>Java</th>
<th>Sulawesi</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day Care Centres</td>
<td>29</td>
<td>30</td>
<td>52</td>
<td>39</td>
<td>1</td>
<td>0</td>
<td>151</td>
</tr>
<tr>
<td>Kindergarten</td>
<td>30</td>
<td>26</td>
<td>4</td>
<td>34</td>
<td>4</td>
<td>5</td>
<td>103</td>
</tr>
<tr>
<td>Primary Schools</td>
<td>22</td>
<td>18</td>
<td>2</td>
<td>17</td>
<td>4</td>
<td>4</td>
<td>67</td>
</tr>
<tr>
<td>Secondary Schools</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>High Schools</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Teachers</td>
<td>317</td>
<td>183</td>
<td>29</td>
<td>411</td>
<td>23</td>
<td>14</td>
<td>977</td>
</tr>
<tr>
<td>Rumah Pintar</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>20</td>
</tr>
</tbody>
</table>

**Gri Content Index**

This report uses the Global Reporting Initiative guidelines for sustainability reporting, in accordance to “Core option” of the GRI G4 guidelines. The guidelines contain principles and performance indicators, and guide reporting on a company’s corporate governance as well as social and environmental performance.

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

**General Standard Disclosures**

<table>
<thead>
<tr>
<th>Page-Number</th>
<th>Link or Direct Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>04-1</td>
<td>A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability. CEO Statement, page 6</td>
</tr>
</tbody>
</table>

**Organisational Profile**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>04-3</td>
<td>Name of the organisation</td>
</tr>
<tr>
<td>04-4</td>
<td>Primary brands, products, and services</td>
</tr>
<tr>
<td>04-5</td>
<td>Location of the organisation’s headquarters</td>
</tr>
<tr>
<td>04-6</td>
<td>Number and names of countries where the organisation operates</td>
</tr>
<tr>
<td>04-7</td>
<td>Nature of ownership and legal form</td>
</tr>
<tr>
<td>04-8</td>
<td>Markets served</td>
</tr>
<tr>
<td>04-9</td>
<td>Scope of the organisation</td>
</tr>
<tr>
<td>04-10</td>
<td>Workforce statistics</td>
</tr>
<tr>
<td>04-11</td>
<td>Percentage of total employees covered by collective bargaining agreements</td>
</tr>
<tr>
<td>04-12</td>
<td>Description of the supply chain</td>
</tr>
<tr>
<td>04-13</td>
<td>Significant changes during the reporting period</td>
</tr>
<tr>
<td>04-14</td>
<td>Application of the precautionary principle</td>
</tr>
<tr>
<td>04-15</td>
<td>Externally developed charters, principles, or other initiatives to which we subscribe or endorse</td>
</tr>
<tr>
<td>04-16</td>
<td>Membership of associations and national or international advocacy organisations in which we are active or which we substantially fund</td>
</tr>
</tbody>
</table>

**Strategy and Analysis**

- Business Overview: pages 10-13; Annual Report: page 36
- Business Overview page 10; Back cover
- Business Overview page 10
- Business Overview page 10; From seed to sales page 13.
- Business Overview page 10
- Business Overview page 10; From seed to sales page 13.
- Business Overview page 10
- Business Overview page 10
- Business Overview page 10
- Business Overview page 10; From seed to sales page 13.
- Business Overview page 10
- Business Overview page 10
Policy on external assurance for the report
G4-33
The ‘in accordance’ option, G4-32
G4-29
G4-27
G4-25
G4-23
G4-21
G4-19
G4-18
Generic Standard Materials
2016 sourcing policy and is applicable to a greater extent to third parties from whom we purchase CPO for our refineries. We have a pilot smallholder project to pursue compliance with policy and possible RSPO certification; here we set out to express a specific percentage of purchased volume is not available. (Note, this is a declared reason for omission).

FP2 Percentage of purchased volume verified as in accordance with responsible production standards (RSPO)
Supply chain sustainability & quality, and Certifying smallholders to higher standards page 38

CATEOGORY: ENVIRONMENTAL
MATERIAL ASPECT: MATERIALS
G4-ENA (incl. G4-FF Sector Disclose EN1 Supplementary)
Materials used by weight or volume
Environmental Performance > Agricultural inputs page 30

MATERIAL ASPECT: ENERGY
G4-DMA
Generic Disclosures on Management Approach
Environmental Performance > The Environment: Our approach page 22; how we manage sustainability pages 16-17

G4-EN3 Energy consumption within the organization
Environmental Performance > Carbon footprint: energy and GHS emissions page 26

G4-EN4 Reduction of energy consumption
Environmental Performance > Carbon footprint: energy and GHS emissions page 26

MATERIAL ASPECT: WATER
G4-DMA
Generic Disclosures on Management Approach
Environmental Performance > The Environment: Our approach page 22; how we manage sustainability pages 16-17

G4-EN5 Total water withdrawal by source
Environmental Performance > Water consumption page 32

MATERIAL ASPECT: BIODIVERSITY
G4-DMA
Generic Disclosures on Management Approach
Environmental Performance > The Environment: Our approach page 22; how we manage sustainability pages 16-17

G4-EN11 (incl. G4-FF Sector Disclose EN1 Supplementary)
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
Environmental Performance > Forests and palm oil production page 23

GOVERNANCE
G4-36 Governance structure of the organisation
How we manage sustainability page 19; Please also see http://www.indofoodagri.com/sustainability-governance.html; Annual Report page 50

ETHICS AND INTEGRITY
G4-94 Organisation’s values, principles, standards and norms of behavior
Inside front cover; The Policy that drives us page 1; How we manage sustainability page 19

SPECIFIC STANDARD DISCLOSURES
DNA and Indicators
Page Number, Link or Direct Response
CATEOGORY: ECONOMIC
MATERIAL ASPECT: PROCUREMENT PRACTICES/SOURCING
DNA Management approach, with due regard for the GS Fixed Processing Sector Disclose page 20
How we manage sustainability page 19; The Policy that drives us page 1; Sustainable Sourcing > Sustainable: Our approach page 36

FP1 Percentage of purchased volume from suppliers compliant with company’s sourcing policy
Sustainable Sourcing > Becoming traceable: know your source page 36. Our new Policy builds on our 2016 sourcing policy and is applicable to a greater extent to third parties from whom we purchase CPO for our refineries. We have a pilot smallholder project to pursue compliance with policy and possible RSPO certification; here we set out to express a specific percentage of purchased volume is not available. (Note, this is a declared reason for omission).

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MATERIAL ASPECT: MATERIALS
G4-DMA
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Environmental Performance > The Environment: Our approach page 22; how we manage sustainability pages 16-17

G4-EN1 (incl. G4-FF Sector Disclose EN1 Supplementary)
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G4-EN11 (incl. G4-FF Sector Disclose EN1 Supplementary)
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
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Generic Disclosures on Management Approach
Environmental Performance > The Environment: Our approach page 22; how we manage sustainability pages 16-17

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Environmental Performance > Agricultural inputs page 30

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Environmental Performance > The Environment: Our approach page 22; how we manage sustainability pages 16-17

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Environmental Performance > Carbon footprint: energy and GHS emissions page 26

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ETHICS AND INTEGRITY
G4-94 Organisation’s values, principles, standards and norms of behavior
Inside front cover; The Policy that drives us page 1; How we manage sustainability page 19
SPECIFIC STANDARD DISCLOSURES
DNA and Indicators | Page Number, Link or Direct Response
--- | ---
CATEGOR Y: ENVIRONMENTAL
MATERIAL ASPECT: EFFLUENTS AND WASTE
G4-DMA | Generic Disclosures on Management Approach | Environmental Performance > The Environment: Our approach page 22, how we manage sustainability pages 16-17
G4-EN22 | Total water discharge by quality and destination | Environmental Performance > Waste management page 33
G4-EN23 | Total weight of waste by type and disposal method | Environmental Performance > Waste management page 33
G4-EN24 | Total number and volume of significant spills | Environmental Performance > Waste management page 33
MATERIAL ASPECT: PRODUCTS AND SERVICES
G4-DMA | Generic Disclosures on Management Approach | Environmental Performance > The Environment: Our approach page 22, how we manage sustainability pages 16-17
G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | Environmental Performance > Waste management page 33
MATERIAL ASPECT: COMPLIANCE
G4-DMA | Generic Disclosures on Management Approach | Environmental Performance > The Environment: Our approach page 22, how we manage sustainability pages 16-17
G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | Environmental Performance > Waste management page 33
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT
G4-DMA | Generic Disclosures on Management Approach | Environmental Performance > The Environment: Our approach page 22, how we manage sustainability pages 16-17
G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | Sustainable Sourcing > Becoming traceable – know your source page 36. No new suppliers were screened in 2016; 86% of supply to our refineries is from CPO suppliers who have been audited against our Policy.
CATEGOR Y: SOCIAL
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK
MATERIAL ASPECT: EMPLOYMENT
G4-DMA | Generic Disclosures on Management Approach | Our People and Community > People: Our approach page 44; How we manage sustainability pages 16-17
G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | Our People and Community > People: Data tables page 52
G4-LA3 | Return to work and retention rates after parental leave, by gender | Our People and Community > Labour rights and human rights > Diversity and equal opportunity page 68
MATERIAL ASPECT: LABOR/ MANAGEMENT RELATIONS
G4-DMA | Generic Disclosures on Management Approach | Our People and Community > People: Our approach page 44; How we manage sustainability pages 16-17
G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | No minimum notice period or specific provisions on consultation/ negotiation are required to be stated in a CLA under Indonesian regulation. If new changes arise eg. a merger, we would follow Indonesia Financial Services Authority (Otoritas Otonomi Kejadian) laws. Other changes such as new policies that will impact on our workers are supported by awareness raising or training prior to implementation
FP3 | Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country | No lost time reported for palm oil operations
SPECIFIC STANDARD DISCLOSURES
DNA and Indicators | Page Number, Link or Direct Response
--- | ---
CATEGOR Y: OCCUPATIONAL HEALTH AND SAFETY
MATERIAL ASPECT: TRAINING AND EDUCATION
G4-DMA | Generic Disclosures on Management Approach | Our People and Community > People: Our approach page 44; How we manage sustainability pages 16-17
G4-LA9 | Average hours of training per year per employee by gender, and by employee category | Our People and Community > Training you, retaining you page 47; Our People > Data tables page 51
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY
G4-DMA | Generic Disclosures on Management Approach | Our People and Community > People: Our approach page 44; How we manage sustainability pages 16-17
G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | Our People and Community > Our People – Data tables pages 51-52; Annual Report 2016 – A Corporate Governance page 50
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES
G4-DMA | Generic Disclosures on Management Approach | Our People and Community > People: Our approach page 44; How we manage sustainability pages 16-17
G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | Sustainable Sourcing > Becoming traceable – know your source page 36. No new suppliers were screened in 2016; 86% of supply to our refineries is from CPO suppliers who have been audited against our Policy.
SUB-CATEGORY: HUMAN RIGHTS
MATERIAL ASPECT: NON-DISCRIMINATION
G4-DMA | Generic Disclosures on Management Approach | Our People and Community > People: Our approach page 44; How we manage sustainability pages 16-17
G4-HR3 | Total number of incidents of discrimination and corrective actions taken | Our People and Community > Labour rights and human rights > Diversity and equal opportunity page 68
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
G4-DMA | Generic Disclosures on Management Approach | Our People and Community > People: Our approach page 44; How we manage sustainability pages 16-17
G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | Our People and Community > Labour rights and human rights > Freedom of association page 69
### SPECIFIC STANDARD DISCLOSURES

**DNA and Indicators**

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SUB-CATEGORY</th>
<th>ASPECT</th>
<th>Page Number, Link or Direct Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOCIAL</td>
<td>HUMAN RIGHTS</td>
<td>Material: Child Labor</td>
<td>DNA: Generic Disclosures on Management Approach (Our People and Community—&gt; People: Our approach page 44; How we manage sustainability pages 16-17)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>G4-10: Percentage of operations with implemented local community engagement, impact assessments, and development programmes. Our People and Community—&gt;Community investment page 50. We understand the community needs of all sites based on Social Impact Assessment.</td>
</tr>
<tr>
<td></td>
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<td>Forced or Compulsory Labor</td>
<td>DNA: Generic Disclosures on Management Approach (Our People and Community—&gt; People: Our approach page 44; How we manage sustainability pages 16-17)</td>
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<td>G4-10: Percentage of new suppliers that were screened using criteria for impacts on society. Sustainable Sourcing—&gt; Becoming traceable—know your source page 34; Our People and Community—&gt;Labour rights and human rights page 48; No new suppliers were screened in 2016; 86% of supply to our refineries is from CPO suppliers who have been audited against our Policy.</td>
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<td>Security Practices</td>
<td>DNA: Generic Disclosures on Management Approach (Our People and Community—&gt; People: Our approach page 44; How we manage sustainability pages 16-17)</td>
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<td>G4-10: Percentage of production volume manufactured in sites certified by an independent third-party according to internationally recognised food safety management system standards. Our Products—&gt;Food safety page 62; 100% of palm oil product categories comply with regulations and codes on food safety.</td>
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<td>Human Rights Assessment</td>
<td>DNA: Generic Disclosures on Management Approach (Our People and Community—&gt; People: Our approach page 44; How we manage sustainability pages 16-17)</td>
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<td>G4-10: Percentage of total sales volume of consumer products, by product category, that contain increased nutritional ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives. Our Products—&gt;Nutrition page 43; Food labelling and information page 43.</td>
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<td>Grievance Mechanisms</td>
<td>DNA: Generic Disclosures on Management Approach (Our People and Community—&gt; People: Our approach page 44; How we manage sustainability pages 16-17)</td>
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<td>G4-10: Percentage of total sales volume of consumer products, by product category, that are lower in saturated fat, trans fats, sodium and added sugars. Our Products—&gt;Nutrition page 43; Food labelling and information page 43.</td>
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**SPECIFIC STANDARD DISCLOSURES**

**DNA and Indicators**

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>SUB-CATEGORY</th>
<th>ASPECT</th>
<th>Page Number, Link or Direct Response</th>
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</thead>
<tbody>
<tr>
<td>SOCIAL</td>
<td>HUMAN RIGHTS</td>
<td>Material: Child Labor</td>
<td>DNA: Generic Disclosures on Management Approach (Our People and Community—&gt; People: Our approach page 44; How we manage sustainability pages 16-17)</td>
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</tr>
</tbody>
</table>
ANALYSIS DAMPAK LINGKUNGAN (AMDAL) An environment impact assessment which companies are required by law to undertake when starting a business or activity that will have an impact on the environment in Indonesia.

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

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

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

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

CRUDE PALM OIL (CPO) Oil produced from palm oil fruits in milling process.

FOOD SAFETY SYSTEM CERTIFICATION (FSSC) 22000 A food safety certification scheme based on the existing internationally recognised standard (ISO 22000) and complemented by other technical standards. This certification aims to provide an effective framework for the development, implementation and continual improvement of a Food Safety Management System (FSMS).

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

FREE, PRIOR AND INFORMED CONSENT (FPIC) The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

FRESH FRUIT BUNCH (FFB) The fruit bunch harvested from the oil palm tree.

GLOBAL REPORTING INITIATIVE (GRI) A non-profit organization that promotes economic sustainability and develops an international standard for sustainability reporting.

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

HIGH CARBON STOCK (HCS) An expression of the amount of carbon and biodiversity stored within an area of land, to help halt deforestation while ensuring the rights and livelihoods of local peoples are respected.

HIGH CONSERVATION VALUE (HCV) AREA Natural habitat that is considered to be of outstanding significance or critical importance.

INTEGRATED PEST MANAGEMENT The use of natural pest control techniques to reduce pest populations, and replace pesticides and other harmful interventions to minimize risks to human health and the ecosystem.

INDONESIA SUSTAINABLE PALM OIL (ISPO) A non-governmental organisation that promotes the growth and use of sustainable oil palm products through international standards and engagement of stakeholders.

PROGRAMME FOR POLLUTION CONTROL, EVALUATION AND RATING (PROPER) An Indonesian regulatory mechanism based on public disclosure of pollution records and environmental performance.

ROUNDABLE ON SUSTAINABLE PALM OIL (RSPO) A non-governmental organisation that promotes the growth and use of sustainable oil palm products through international standards and engagement of stakeholders.

SYSTEM KESELAMATAN DAN KESABARAN KERJA (SMK3) Occupational Health and Safety system management according to Indonesian regulation.

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

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

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