ASIAN AGRI

TRANSFORMATION THROUGH DRIVING BEST PRACTICES

SUSTAINABILITY REPORT 2013-2014

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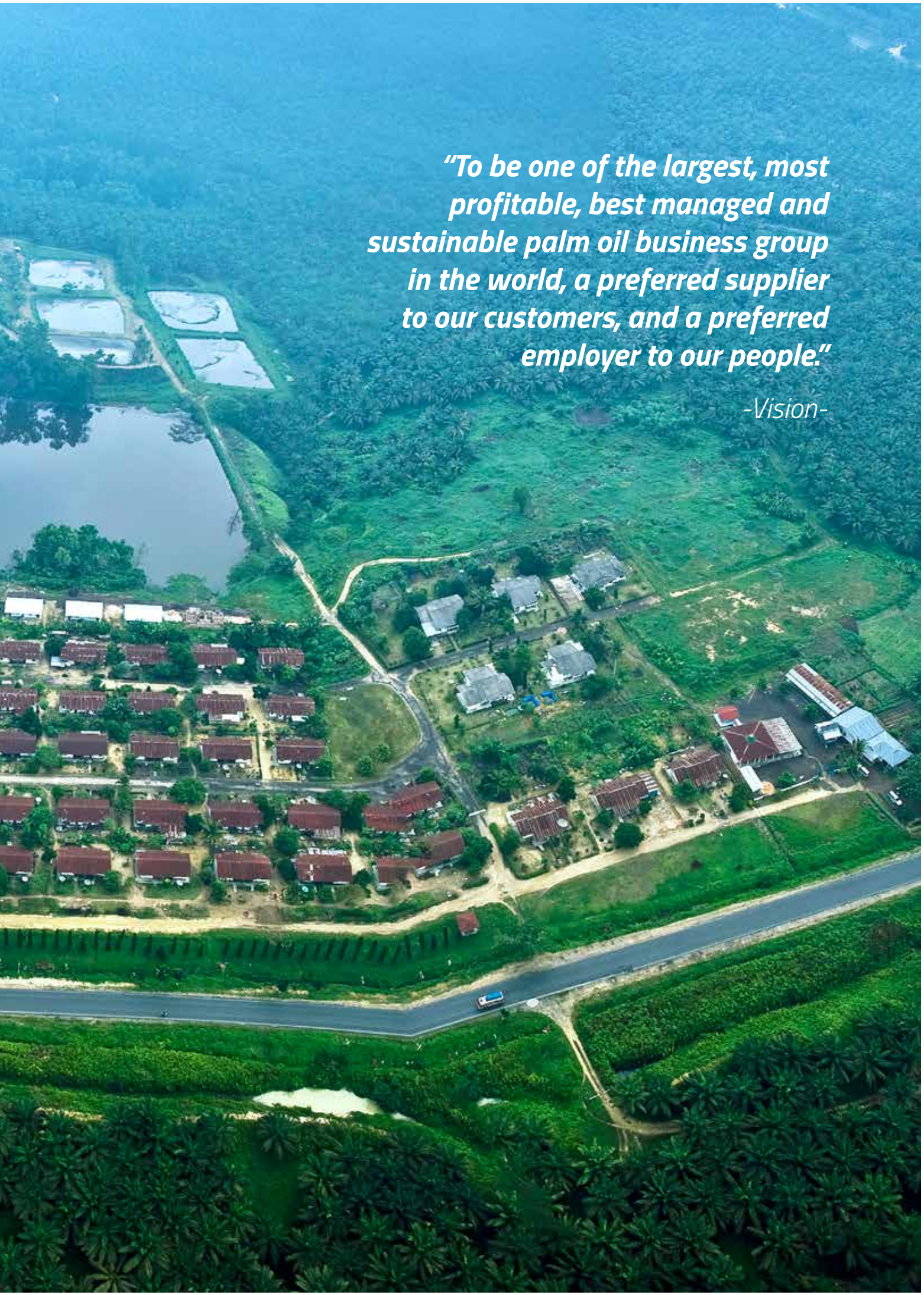


"To be one of the largest, most profitable, best managed and sustainable palm oil business group in the world, a preferred supplier to our customers, and a preferred employer to our people."

-Vision-

About This Report

[G4-17, G4-28, G4-30]

This Sustainability Report relates to the reporting standards of the Global Reporting Initiative (GRI) G4 Guidelines 2013.

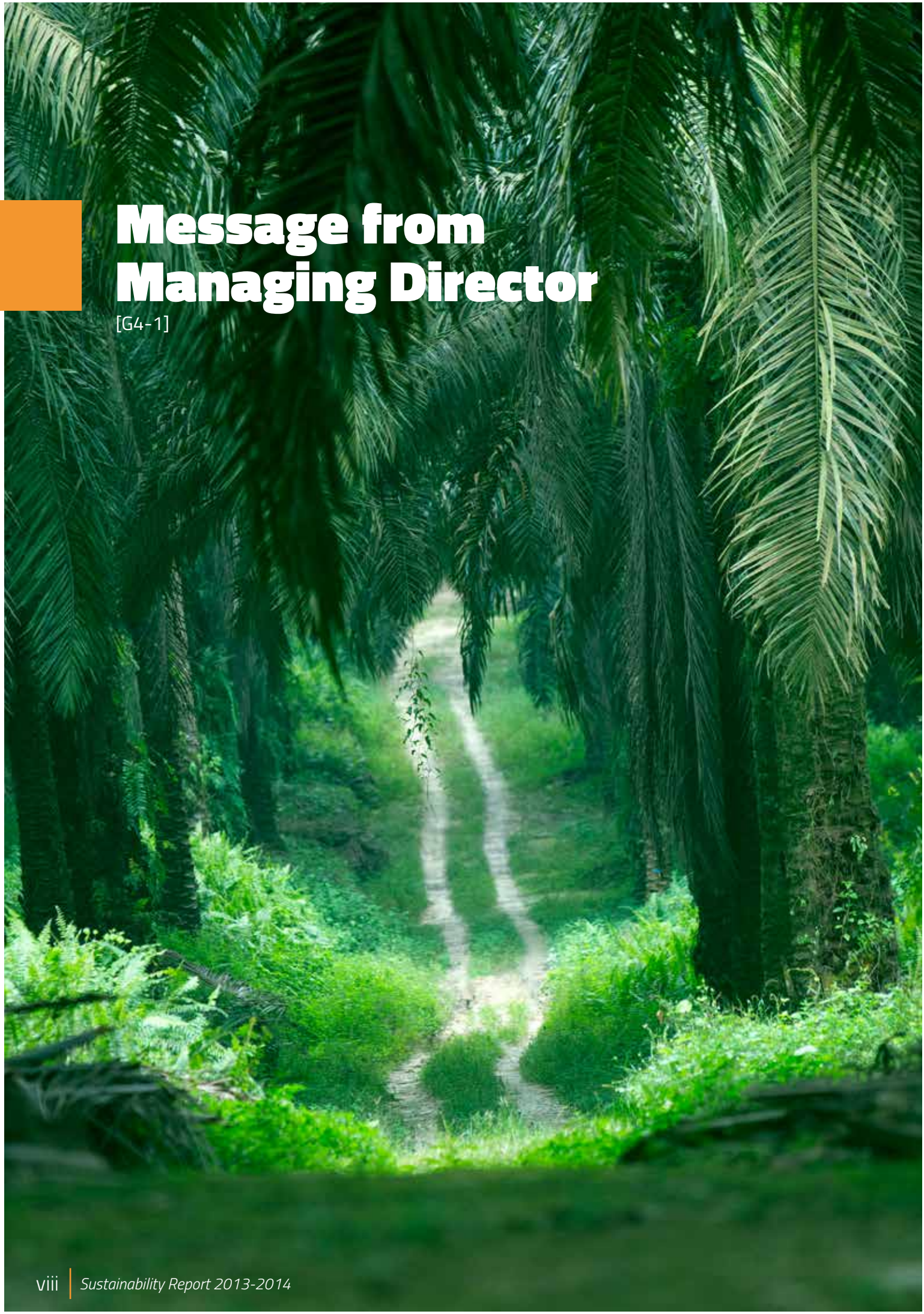
The Asian Agri Sustainability Report 2013-2014 covers the operational and management activities of the company in the two-year period of 2013-2014. The report is being presented for the first time to the general public as part of Asian Agri's commitment to meet the standards of transparency for our stakeholders. Starting from this year, Asian Agri will publish its Sustainability Report biennially (i.e., once every two years). Being a private limited-liability company, the company's financial related data is not included in this report.

In preparing the report, an internal team at Asian Agri has coordinated with various departments that manage all aspects covered in this report in accordance with core options in the GRI G4 guidelines. The report has also been verified by an independent party, namely SGS Indonesia, which has conducted assurance into the reliability of the data presented in the report. Asian Agri has no affiliation or relationship with SGS Indonesia.

Table of Contents

Message from Managing Director

[G4-1]



Since 2006, palm oil has emerged to become the most consumed edible oil in the world. The versatility of palm oil has ensured its expanding growth such that it is now commonly found in many of our daily consumed products, ranging from chocolate to bio-fuel. Currently, annual global palm oil consumption stands at a record high of 57 million metric tonnes (MT), or 35 percent of the total annual global consumption of edible oil. Indonesia is the largest producer of palm oil in the world, with an annual volume of around 30 million MT, followed by Malaysia at around 19 million MT. Palm oil is also the most efficient vegetable oil crop, yielding between 7 and 10 times more than other vegetable oils per hectare of land cultivated. The increased demand for palm oil is being strongly driven by the world's growing population, together with rising levels of affluence, especially among the large developing nations such as India, China and Indonesia.

In Indonesia, the palm oil industry plays a vital role in the country's socio-economic status. More than 4.5 million people are employed in the industry, indirectly impacting the livelihoods of 15 million households. The industry's multiplier impact on employment, healthcare and education in rural areas has been profound. Despite the outstanding performance of the industry, since 2008 it has received heavy criticism and intense scrutiny linked to deforestation, the loss of habitat of protected and endangered species, issues regarding forest fires and haze, social conflicts, and its contribution to climate change.

Some of the concerns voiced by environmental and social NGOs may carry some validity and are shared by many of our stakeholders, as well as ourselves as one of the largest palm oil producers in Indonesia. It is therefore our commitment as a major producer to manage our operations using the very best management and sustainable practices. We cannot and will not tolerate palm oil operations that are managed without due regard

for the environment and stakeholders' concerns. These concerns, if not addressed properly, risk tarnishing the image of the industry and negatively impacting the livelihood of millions of households.

Production of sustainable palm oil is the only way to go in moving forward, both for the industry and for the nation's socio-economic growth. Guided by our triple-bottom line principles, we commit ourselves, including our smallholder partners, to sustainable and responsible production.

Thus, we produced our sustainable policy in which we commit to No Deforestation, No Peatland Planting for new plantations, and a Positive Socio-Economic Impact. We actively participate in the implementation of these initiatives. We see these commitments as an opportunity to evolve our practices to be in line with market expectations. This not only helps us to move forward, but also ensures that we are at the forefront, and part of the movement, in setting the sustainability agenda. We strongly encourage our stakeholders to work hand-in-hand with us to transform the market through best practice management.

We have journeyed alongside many diverse stakeholder groups, continuously engaging them to better understand their expectations and working hard to respond effectively. Looking back, our journey started in February 2006, when we became a member of the Roundtable of Sustainable Palm Oil (RSPO). We continued to embark on pursuing other sustainability standards, such as International Sustainability and Carbon Certification (ISCC) and Indonesian Sustainable Palm Oil (ISPO). Today, we are 100 percent ISCC certified and committed to certifying all of our mills and estates using RSPO and ISPO Principles and Criteria by 2015. Presently, around 635,000 MT of CPO have been ISCC certified—including our mills, estates and our smallholders—making us one of the largest certified producers in Indonesia. In addition to certification goals, we also aim to be 100 percent traceable by 2016.

We are not alone on this journey. We partner 29,000 scheme smallholders, covering a total of 60,000 ha of land—one of the largest smallholder schemes in Indonesia. Our smallholders have also been fully involved in sustainable practices through the implementation of internationally recognized standards

since 2011. Today, our smallholders hold a significant position, with a 25 percent contribution to our supply chain. They produce around 184,000 MT of RSPO and ISCC-certified CPO, one of the largest amounts produced by smallholders in Indonesia.

Independent smallholders are also our key strategic partners in implementing our sustainability commitment. We currently engage around 30,000 independent smallholders to supply us with good quality production through Best Management Practices. Our independent smallholders in Riau, represented by the Amanah Association of Independent Smallholders, received RSPO certification in 2013—the first independent smallholders' RSPO certification in Indonesia.

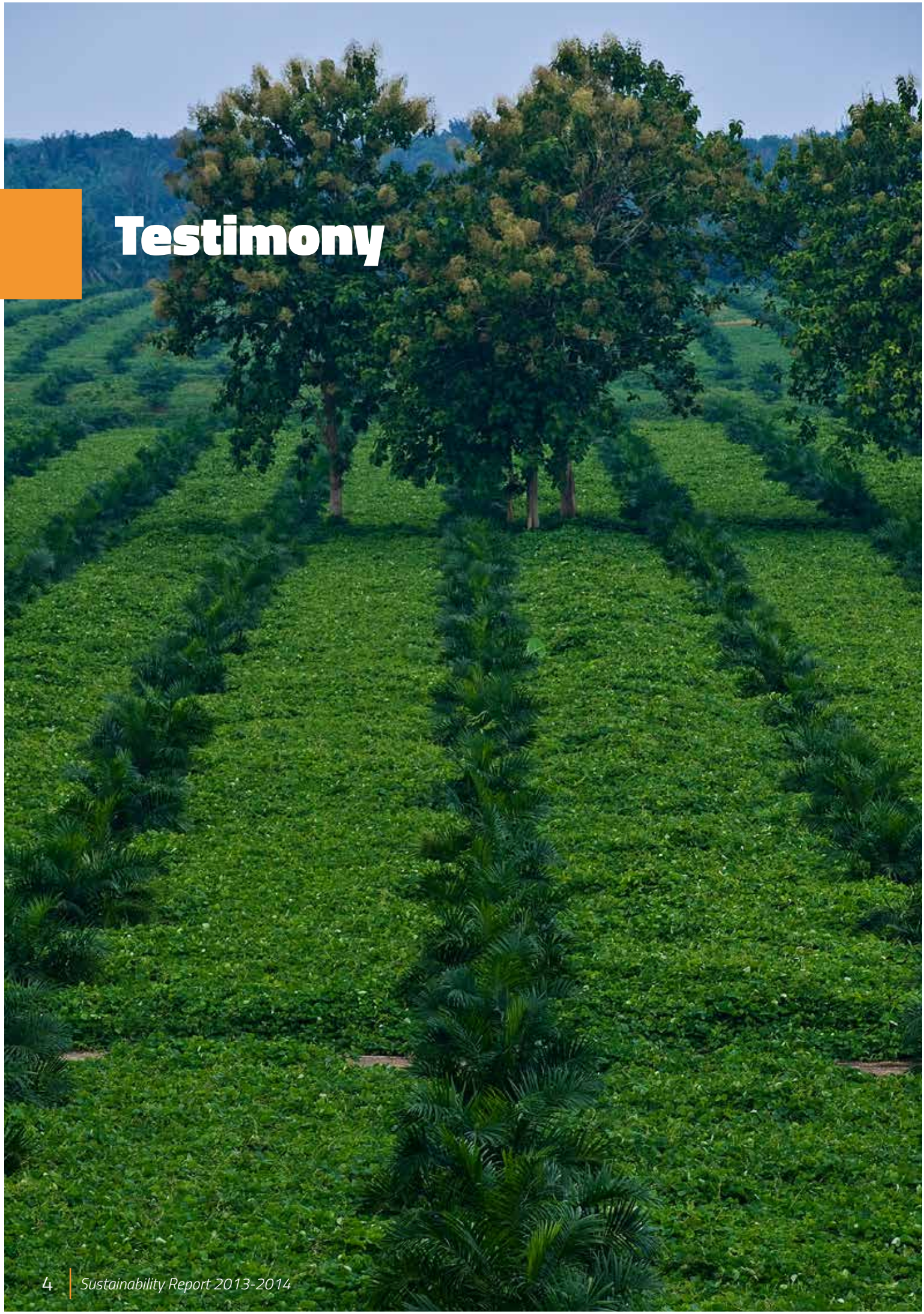
This shows that these groups of farmers, whether part of a scheme or independent, are willing to work with us towards better outcomes. Production of sustainable palm oil through Best Management Practices has allowed them to produce higher yields and to be more productive, while reducing costs through higher operational efficiency. This contributes significantly to their incomes and welfare. Sustainable palm oil is therefore a win-win solution for both growers and consumers.

However, all of these commitments, progress and achievements would not be possible without the support, dedication and hard work of every single employee and smallholder. I would like to extend my deepest gratitude and appreciation to all who have made this possible. Likewise, we owe our gratitude to our customers and the NGOs who have continuously guided us to never be complacent and always strive for excellence. I hope you will see how each of your ideas and actions has helped us to adjust, innovate and become a better palm oil producer.

30 October 2015

Kelvin Tio
Managing Director

Testimony



Datuk Darrel Webber
RSPO, Secretary General

"Asian Agri has been a member of RSPO since 2006 through its operating holding company, PT. Inti Indosawit Subur. They have embarked on RSPO certification for their mills and estates. Their commitment also encompasses certification scheme for plasma smallholders. To date it is one of the biggest RSPO certified plasma smallholder schemes.

They have been working very closely with RSPO especially in the initiatives for smallholders in terms of training provision. They have also engaged in independent smallholder certification, which is the first independent smallholders certified scheme in Indonesia, and they have announced plans to engage 60,000 ha managed by independent smallholders by 2020. RSPO is looking forward to see Asian Agri's sustainability actions in the future, especially in ensuring FFB traceability for independent smallholders."

■

Budi Wardhana
WWF Indonesia, Director Policy Sustainability and Transformation

"The roles and leadership of the corporation are critical in driving sustainability in the palm oil industry and beyond. WWF always takes corporations as partners allowing them to show outstanding transformation in moving to sustainability pathways. One collaboration we has with Asian Agri has led to the achievement of the first RSPO certification for independent oil palm smallholders in Riau. WWF also welcomes the willingness of Asian Agri to take joint curative action by setting aside non-compliance supply from Tesso Nilo National Park, showing support towards a more robust traceability system through the RSPO platform. Asian Agri's 2013-2014 Sustainability Report reflects the company's public accountability and is encouraging as a basis for Asian Agri to gain momentum in accelerating its sustainability policy in the near future."

■

Simo Honkanen
Neste, Sustainability and Public Affairs, Senior Vice President

"Asian Agri has been one of our suppliers providing us with a variety of palm oil products in compliance with our sustainability requirements. Asian Agri is showing dedication towards sustainability through its commitment to smallholders, reducing GHG emissions with methane capture, and its landmark commitment of non-deforestation in Indonesia. We highly value the company's long-term work for continuous improvements, which clearly positions Asian Agri among the sustainability leaders in the industry."

■

Rukaiyah Rafik
SETARA Jambi, Director

"For almost three years, in partnership with Asian Agri, we have been trying to promote sustainable palm oil through Best Management Practices for smallholders. We feel that Asian Agri's commitment should be seen as an example and a source of lessons learned for other parties, especially for their commitment to engage and support independent smallholders in Jambi province. Although Asian Agri has no relationship with independent smallholders, except for the FFB trading relationship, Asian Agri nonetheless provides technical assistance and funding to strengthen smallholders' cooperatives and also contributes in repairing local road infrastructure. These are examples of Asian Agri's contribution to independent smallholders' welfare, environment quality improvement and smallholders' cooperatives with the goal of achieving sustainable development."

■

Marieke Leegwater
Solidaridad, Program Manager Palm Oil

"In 2012, Solidaridad partnered with Asian Agri to improve the livelihoods and contribute to the RSPO certification of 19,000 Scheme Smallholders in their supply base. As part of the project, 1,000 Scheme Smallholders were trained in Best Management Practices, including the safe use of chemicals, the economics of oil palm plantation management, the monitoring and management of HCVs and the use of Personal Protective Equipment. As the Training of Trainer approach was followed, the project reached an additional 18,000 Scheme Smallholders in the same year, resulting in a total of 19,000 Scheme Smallholders obtaining RSPO certification. The project resulted in, among other things, higher yields for the farmers, and better relationships between the farmers and Asian Agri. With this project, Asian Agri was one of the first companies to accomplish RSPO certification for such a large group of Scheme Smallholders.

In 2014, Asian Agri committed to ensure RSPO certification of all its Scheme Smallholders by the end of 2015 and to bring a further 60,000 ha of land managed by independent smallholders under a partnership scheme by 2020. Together, these programs will cover their full supply base. Solidaridad trusts the approach used for Scheme Smallholders will be inspirational for work to support Independent Smallholders and wishes Asian Agri a good future with this initiative on the journey towards continuous improvement."

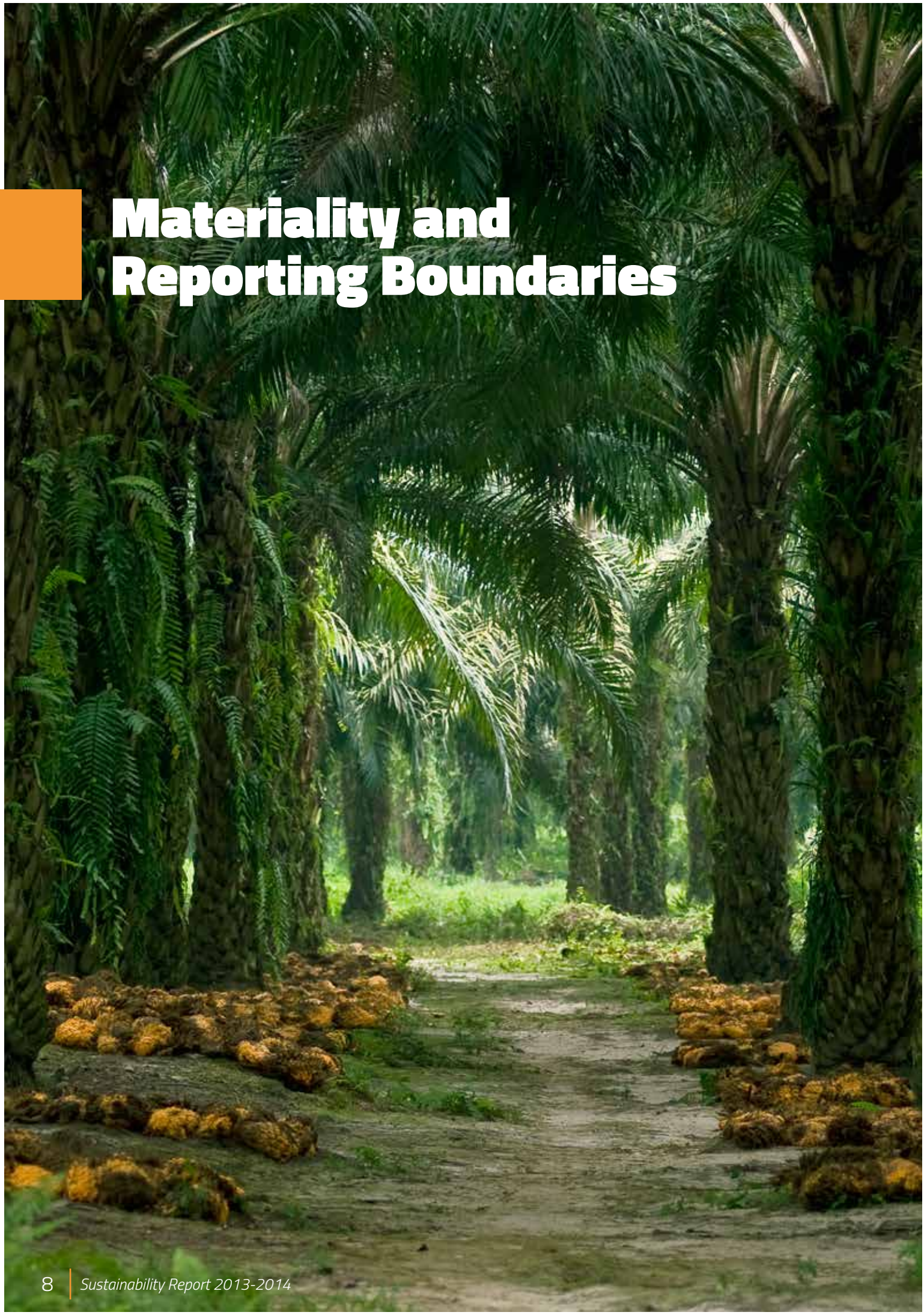
■

the sustainable trade initiative

"Asian Agri is a partner in the palm oil program of IDH. Together with other companies, governments and NGOs, Asian Agri aims to ensure that their smallholders are part of the company's sustainability journey. This will not onlyhelp to improve smallholders' livelihoods but will also open wider access to markets, while protecting the environment and respecting the social values."

■

Materiality and Reporting Boundaries



Materiality

[G4-18] [G4-19]

The information used in compiling this Sustainability Report's materiality includes performance in environmental and social responsibility indicators, comprising the following:

- Water
- Biodiversity
- Emissions
- Effluent and waste
- Economic performance
- Occupational health and safety
- Diversity and equal opportunity

The reporting material is based on data from the company's head office and regional offices, as well as all mills and estates owned by Asian Agri.

The process of selecting reporting materiality for this Sustainability Report 2013-2014 was based on the ever-changing market demands required in becoming a more sustainable company. Therefore, following on from multi-stakeholder meetings and discussions involving NGOs, buyers and smallholders, the company held an internal meeting to decide on the significance of the interests of both internal and external parties. As a result of this identification method, our sustainability policy and commitment were produced.

In the process of producing this Sustainability Report, the management team discussed the important material aspects based on directly and indirectly gathered information from both our internal and external stakeholders:

- Buyers
- NGOs
- Certification organizations (RSPO, ISCC, ISPO)
- Suppliers
- Smallholders

- Local communities
- Asian Agri's Management team
- Employees
- Governments

Furthermore, other aspects of consideration that have been taken into account in producing this report are our sustainability commitments. From both internal and external workshops and regular meetings, we have selected the following highly prioritized material aspects and their main indicators:

Environmental category comprising:

- Water : total water withdrawal from source
- Biodiversity : total number of IUCN red list species and national conservation list species with habitats in areas affected by operations by level of extinction risk
- Emissions : direct greenhouse gas (GHG) emissions
- Effluent and waste : total water discharge by quality and destination

Economic category comprising:

- Economic performance : direct economy value generated and distributed

Social category comprising:

- Occupational health and safety : types of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender
- Diversity and equal opportunity : composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and any other indicators of diversity

In addition to these, we have also included other aspects due to their importance in our operational activities, namely:

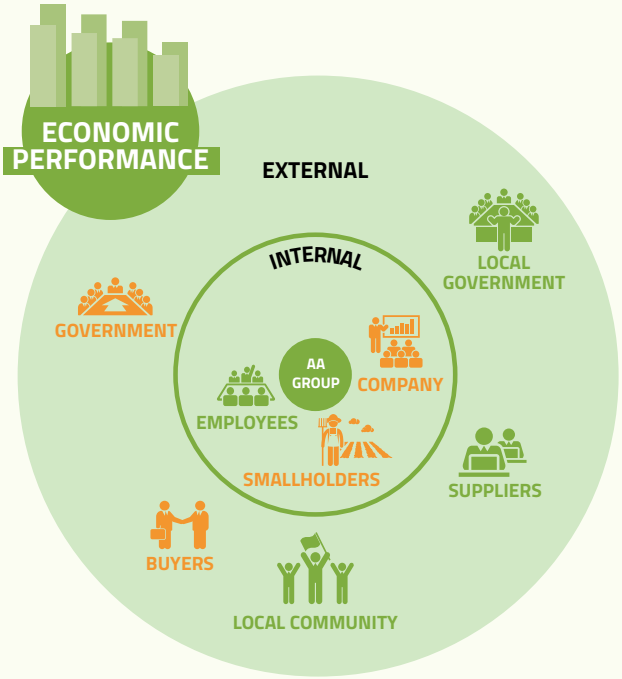
Environmental category comprising:

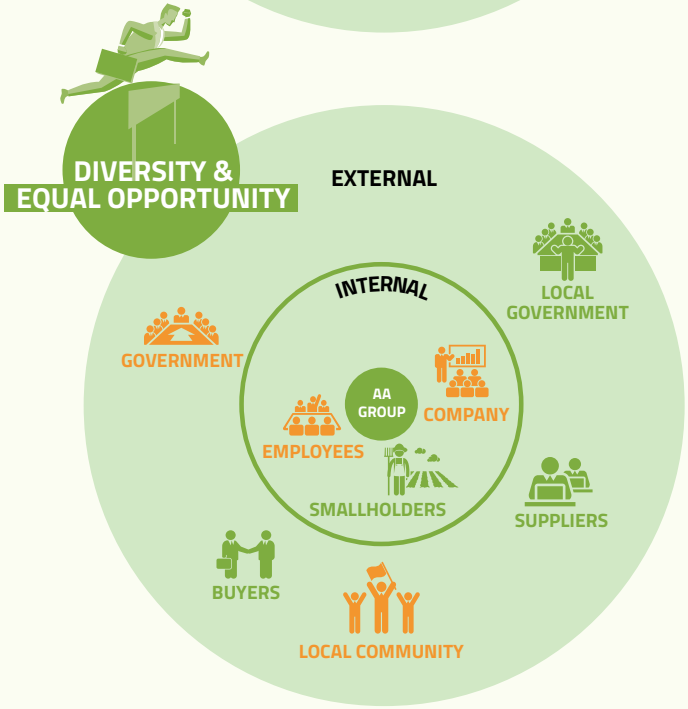
- Biodiversity : habitats protected or restored
- Emissions : reduction of greenhouse gas (GHG) emissions

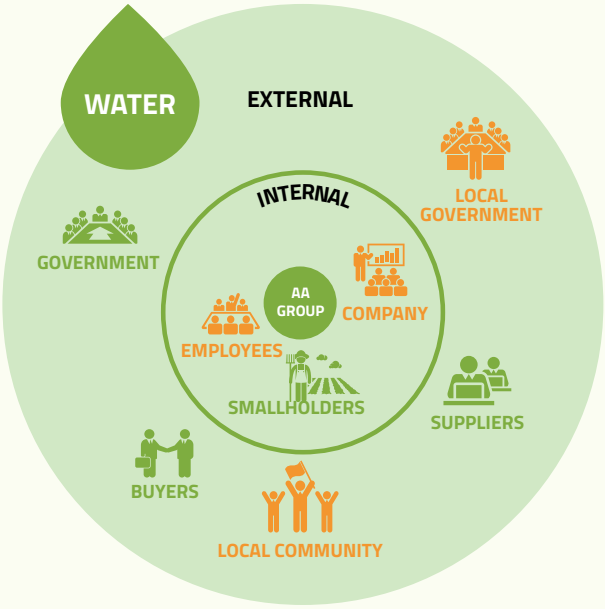
Reporting Boundaries

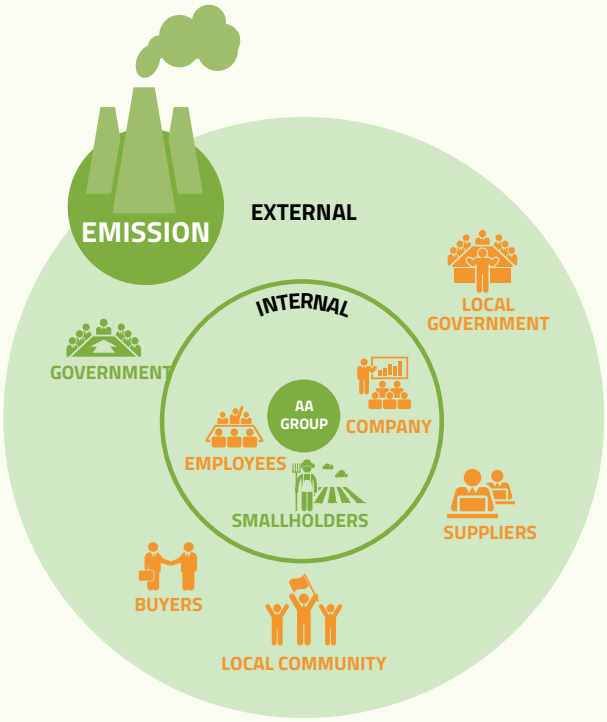
[G4-20, G4-21]

All material aspects, including specific aspects, in this report were established internally at our head office and regional offices, and are based on our years of engagement with external stakeholders, which include suppliers, certification organizations, buyers, and NGOs.





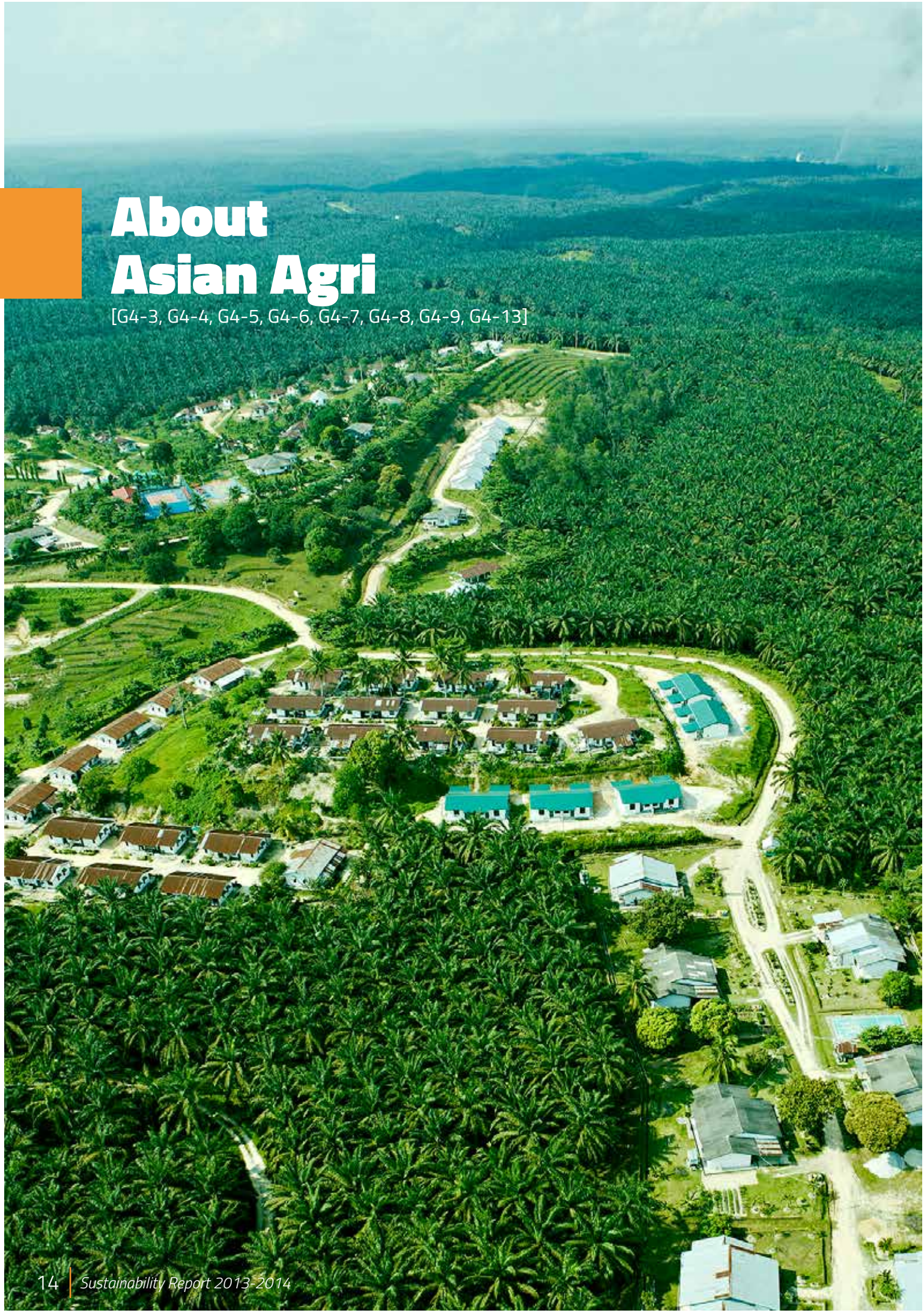

WATER
EXTERNAL
INTERNAL
AA GROUP
COMPANY
EMPLOYEES
SMALLHOLDERS
GOVERNMENT
LOCAL GOVERNMENT
SUPPLIERS
BUYERS
LOCAL COMMUNITY


EMISSION
EXTERNAL
INTERNAL
AA GROUP
COMPANY
EMPLOYEES
SMALLHOLDERS
GOVERNMENT
LOCAL GOVERNMENT
SUPPLIERS
BUYERS
LOCAL COMMUNITY


EFFLUENT & WASTE
EXTERNAL
INTERNAL
AA GROUP
COMPANY
EMPLOYEES
SMALLHOLDERS
GOVERNMENT
LOCAL GOVERNMENT
SUPPLIERS
BUYERS
LOCAL COMMUNITY

About Asian Agri

[G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-13]

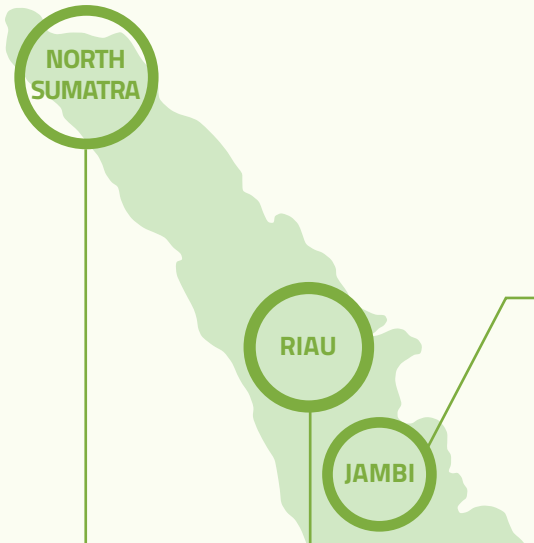


Asian Agri was established in 1979 in North Sumatra as a private limited-liability company. Under its operating holding company, PT. Inti Indosawit Subur (PT IIS), Asian Agri currently manages 27 plantations and 20 palm oil mills, and 3 kernel crushing plants (KCP) in the provinces of North Sumatra, Riau and Jambi. We are also in partnership with 9 smallholder estates.

To date, Asian Agri is one of the largest palm oil producers in Indonesia, producing 1,000,000 MT of crude palm oil (CPO) annually. Asian Agri plantations and mills are professionally managed by our team of experts and highly trained staff, and all operations are regularly audited by an internal audit team (e.g., visiting agent for estates, visiting engineer for mills, operational audit team, etc.), as well as third parties. Our headquarter is located in Medan. We have also set up several regional offices in Pekanbaru, Jambi and Jakarta, to further support the company in terms of both operational and management aspects. Our markets include domestic markets and Asia countries, where the majority of buyers are refineries and trading companies.

Our plantations implement best estate practices, ensuring quality and yields that are sustainable and environmentally friendly. Our mills are strategically located within the estates. This, coupled with efficient transportation, means that FFB production remains fresh. The mills uphold stringent standards of good manufacturing practices to consistently provide high quality. Supported by our research and development team to produce high quality seeds, our main objective is to focus on intensification rather than expansion. We believe in increasing productivity per hectare as a way of optimizing land utility.

List of Mills [G4-7]



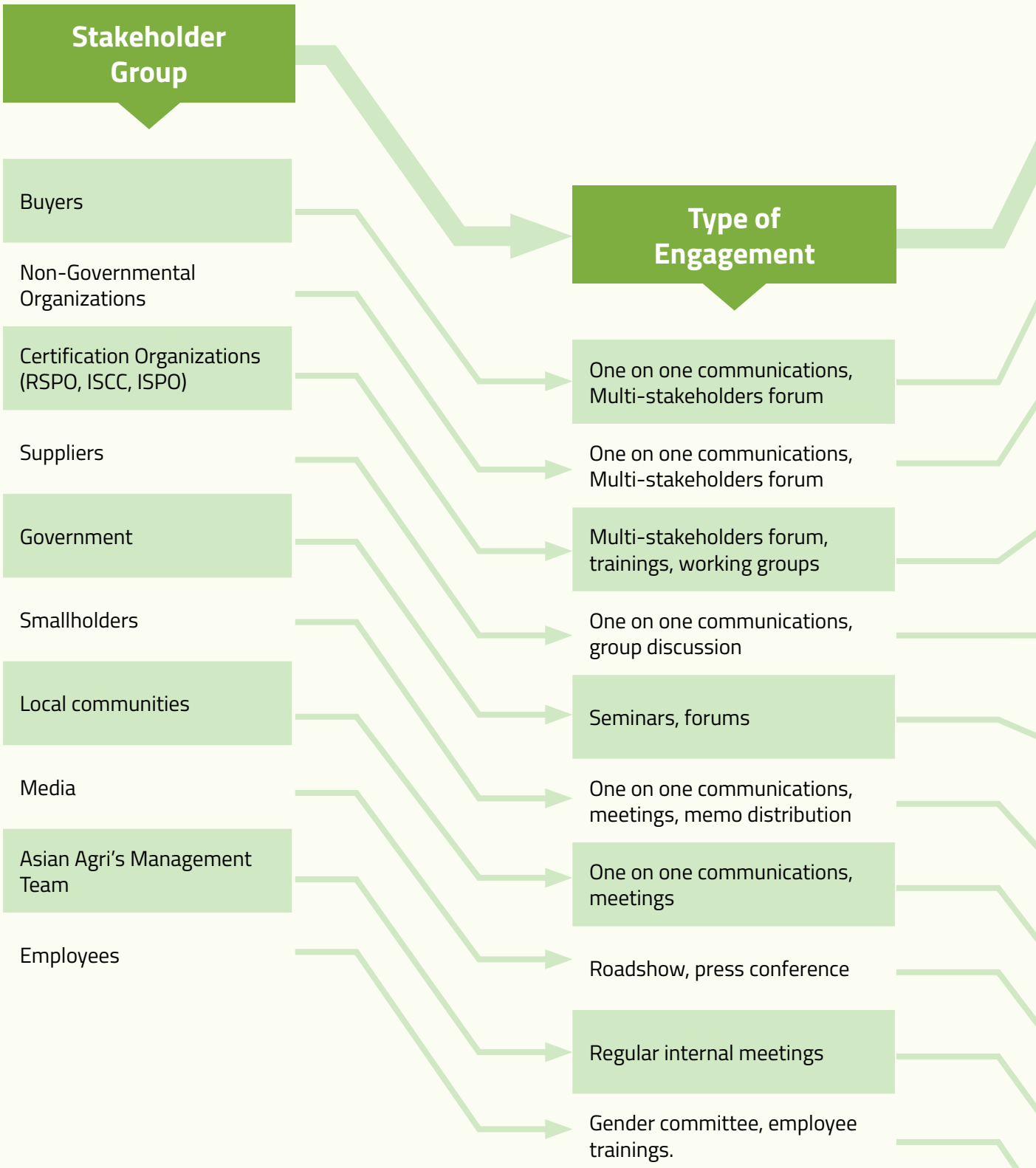
Mills	Estates
Bungo Tebo Mill	Bungo Tebo
	Bungo Tebo (Plasma)
Tungkal Ulu Mill	Tungkal Ulu
	Tungkal Ulu (Plasma)
Muara Bulian Mill	Muara Bulian
	Muara Bulian (Plasma)
Taman Raja Mill	Taman Raja
	Badang

Sumatra, Indonesia

Mills	Estates
Gunung Melayu I Mill	Pulau Maria
Gunung Melayu II Mill	Batu Anam
	Sentral
Tanjung Selamat Mill	Tanjung Selamat
	Pangkatan
Teluk Panjie Mill	Teluk Panjie
Tanah Datar Mill	Tanah Datar
	Bahilang
Aek Nabara Mill	Aek Nabara
Negeri Lama I & Negeri Lama II Mill	Negeri Lama Utara
	Negeri Lama Central
	Negeri Lama Selatan
	Aek Kuo

Mills	Estates
Buatan I & Buatan II Mill	Buatan
	Buatan (Plasma)
	Buatan (KKPA)
Ukui I & Ukui II Mill	Ukui
	Soga
	Ukui (Plasma)
Tanjung Paoh	Gunung Sahilan (Plasma)
Topaz Mill	Topaz
	Seed Garden
Segati Mill	Segati
	Penarikan
	Gondai
	Penarikan (Plasma)
Peranap Mill	Peranap
	Peranap (Plasma)

Stakeholders' Engagement [G4-24, G4-25, G4-26 G4-27]



Our stakeholder group was chosen from individual groups and organizations that affect or/and are affected by our operational activities. Based on this criterion, we have identified stakeholders and elaborated on their types of engagement and our responses to them. The frequency of our engagements with them vary from daily, weekly, monthly, to annually, as well as occasionally through specific ad-hoc events.


Topic
Response
Sustainability requirements (e.g., traceability, GHG emission, certifications)
Sustainability requirements (e.g., traceability, GHG emission, no deforestation (High Carbon Stock), HCV protection, no development on peatland, labor issues)
Sustainability standards and policies which covers:
▪ Legal compliance
▪ Greenhouse gas calculation
▪ No deforestation
▪ Best management practices
▪ Social aspects
Traceability, pricing, quality
Regulations:
▪ Peatland management
▪ Best practice management
▪ Zero burning
▪ Legal compliance
BMP (harvesting, leaf analysis, fertilizer recommendation), certification commitment, FFB pricing agreement (plasma)
Education, economic, health development as well as social and cultural engagement
Sustainability related programs (certification, environmental achievement, CSR program, etc)
Economic, social and environmental issues
Employees' trainings and development, scholarship, gender equality
Asian Agri Sustainability Policy
All of the above covers:
▪ No Deforestation Policy
▪ Traceability Policy
▪ Peatland Protection
▪ Zero Burning
▪ Driving Positive Social Economy Impact
▪ Best Management Practices
Transparency Smallholders' Management Team
Education, economic, health development, social and cultural engagement program
Press release
▪ Regional Monthly Meeting (for provincial level)
▪ Operational Review Meeting (all operations)
▪ Management Board Meeting (for senior management)
▪ Annual Kick Off Meeting (all operations)
▪ Innovation Programs & Awards
▪ Asian Agri Learning Institute (AALI)
▪ Gender committee

Vision and Values

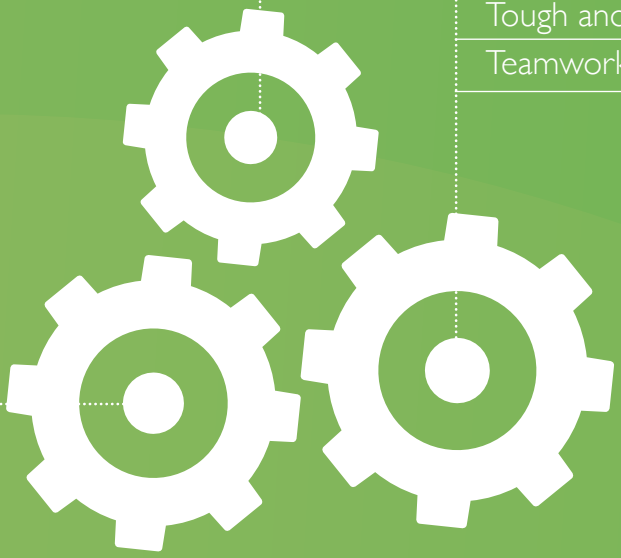
[G4-56]

Vision

"To be One of the Largest, Most Profitable, Best Managed and Sustainable Palm Oil Business Group in the World, a Preferred Supplier to Our Customers, and a Preferred Employer to our People."

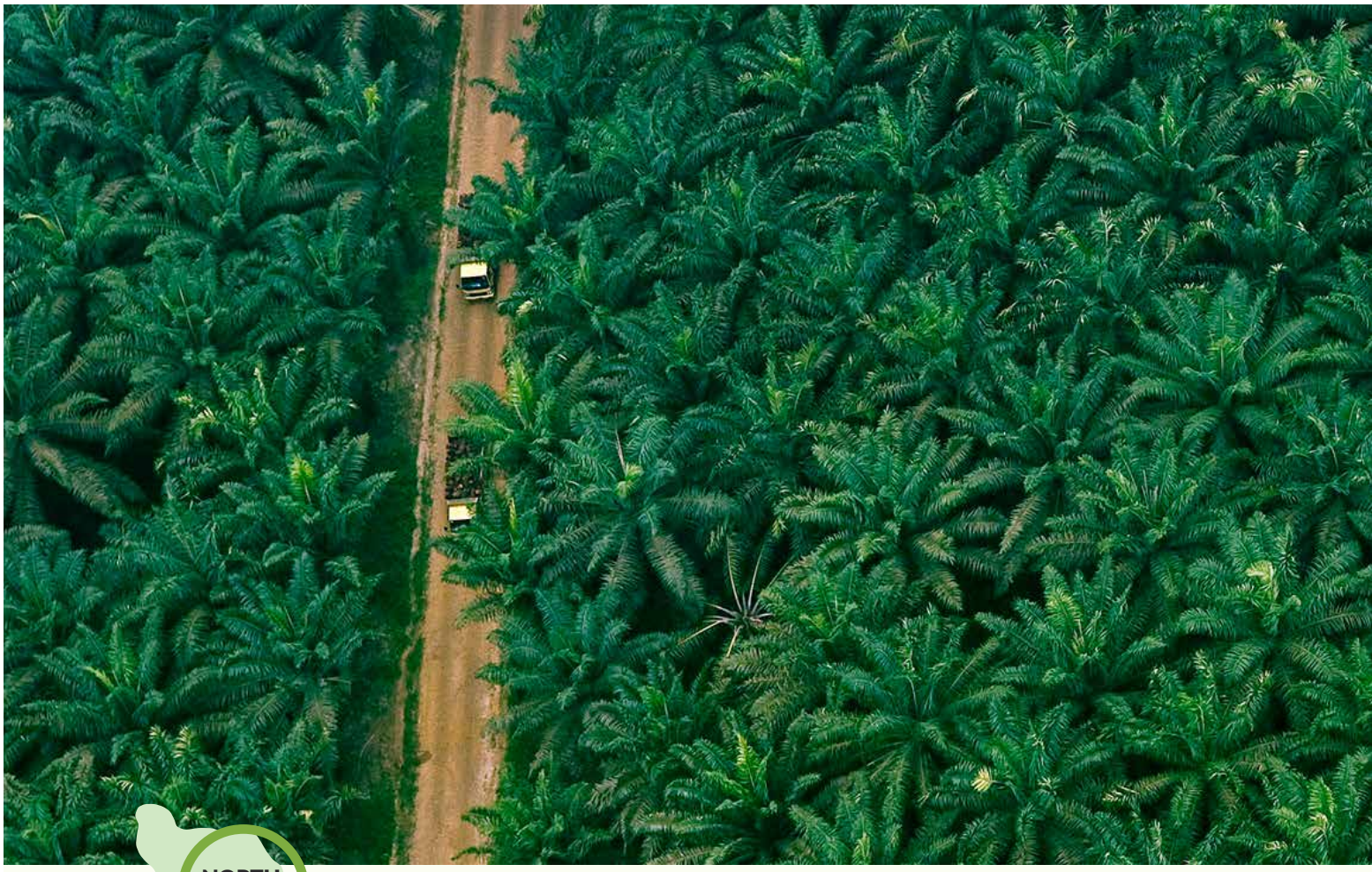
Cultural Pillars

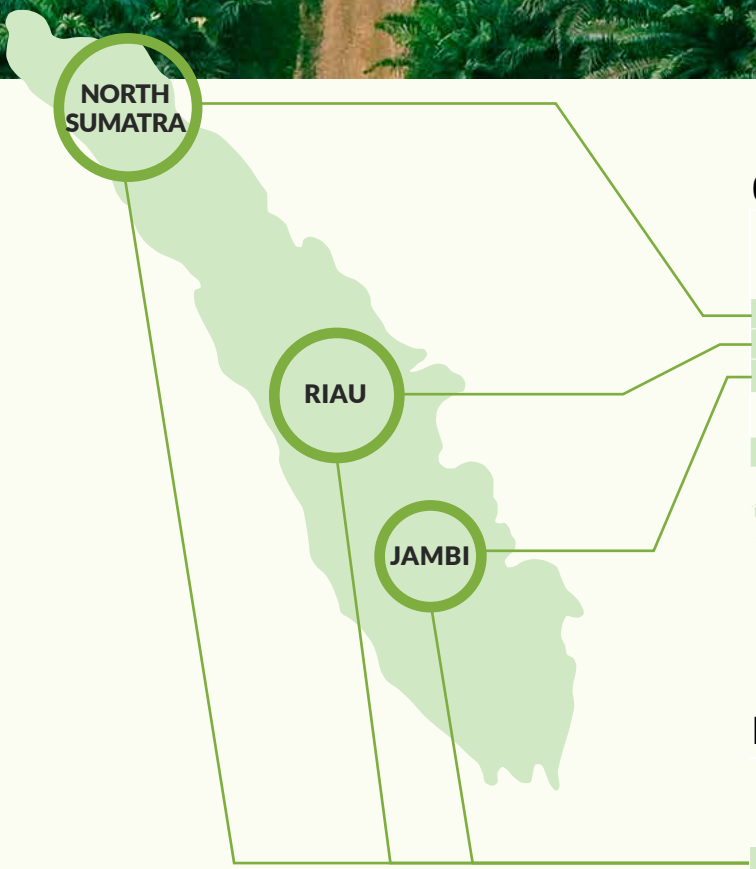
- Result Focus
- Tough and Discipline
- Teamwork



Values

- Professionalism with Integrity
- Leadership
- Achievement Oriented
- Nurture "CARE"
- Team Work
- Environment Responsible
- Responsible to Shareholders





Our Operations [G4-13]

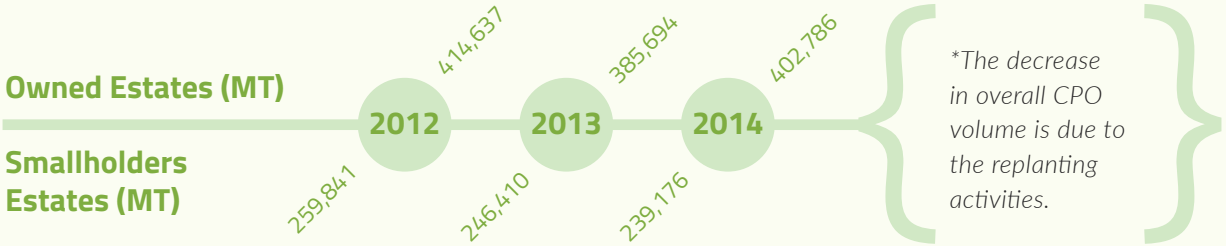
Mills	KCPs	Owned Estates	Smallholders Estates
8	1	13	-
8	2	9	6
4	-	5	3
Total			
20	3	27	9

Planted Areas

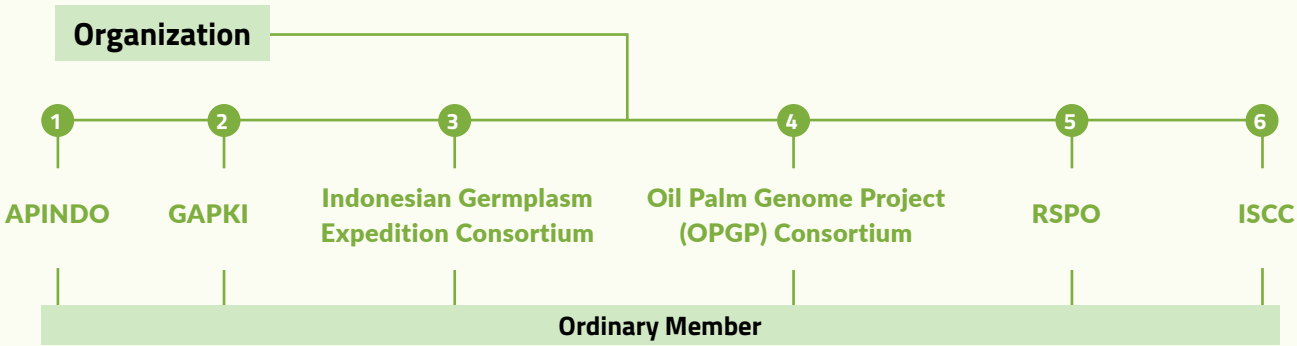
Owned Estates (ha)	Smallholders Estates (ha)
93,791	58,683

Asian Agri manages around 100,000 ha of owned estates and 60,000 ha of smallholders' estates. Our supply chain sources fresh fruit bunch (FFB) from our own estates, scheme smallholders (plasma and KKPA schemes) and independent smallholders.

Asian Agri CPO Volume



Asian Agri Membership [G4-16]



Asian Agri's Milestones

1979

Acquired 8,000 ha landbank in North Sumatra

1983

1st Palm Oil Mill at Gunung Melayu

1987

Group's flagship company: PT. Inti Indosawit Subur was incorporated to initiate Plasma Schemes in Jambi and Riau

1989

R&D Centre was established in Bahilang Plantation

2010

- A pilot project with KMSI and ICRAF for GHG Carbon Footprint Study in Indonesia
- Received the 1st RSPO certificate for Buatan Business Unit

2011

The 1st ISCC certificate for Buatan and Ukui Business Units

2012

The 1st RSPO certificate for Buatan Smallholders

2013

- The biggest RSPO & ISCC certificate for Scheme Smallholders in Indonesia
- Received ISPO certificate for 6 mills and 5 estates
- Built 1st KCP in Ukui for our supply chain
- The 1st RSPO certificate for Independent Smallholders

1991

Successfully developed and handed over its 1st plasma estate to farmers

1994

Zero-burn & zero-waste policy implementation

1996

DxP Progeny Testing in Topaz to produce high quality planting material

2002

Built the Asian Agri Learning Institute at Buatan Plantation in Riau

2003

Formulation of Asian Agri's "One Vision and One Culture"

2005

Setting up of 'Oil Palm Seed Processing' Unit in Topaz, Riau

2006

Asian Agri became the member of Roundtable on Sustainable Palm Oil (RSPO)

2007

- Set up of a Tissue Culture Laboratory for the production of clonal oil palms in Kerinci, Riau
- Achieved the ISO14001 certification for all plantations and mills within the Group

2014

- Asian Agri became a member of International Sustainability and Carbon Certification (ISCC)
- Recipient of the first ISCC Plus Certificate in Indonesia
- Developed sustainable sourcing policies.
- Produced its Sustainability Policy

Research and Development

Strong research and development efforts, supported by experienced scientists and well-equipped laboratories, are the backbone of Asian Agri's operations. Our two research stations are the Research and Development (R&D) Center in Bahilang, North Sumatra and the Oil Palm Research Station (OPRS), Topaz in Riau. These focus on:

- Developing best agronomic practices to achieve higher yields
- Formulating new innovations
- Improving efficiency through environmentally sound and sustainable practices
- Breeding the next generation of high-yielding seedlings

Asian Agri also has a state-of-the-art bio-technology facility located in Riau, which focuses on molecular genomics research and in-vitro propagation (tissue culture) of oil palm. This helps the Group to leverage the latest cutting-edge technology in developing molecular-assisted markers so as to accelerate the development of palms with economically important traits, such as high oil yields, disease resistance (ganoderma), short height, etc. Cloning the elite palms produced from the breeding pipeline allows large-scale commercial exploitation of a new generation of improved planting materials.

R&D focuses on five key areas, as follows:

Plant Nutrition

Quality output requires quality input. The R&D team develops optimum fertilizer inputs and Best Management Practices for different types of soils. This maximizes site yield potential without compromising long-term sustainability and efforts to minimize any environmental impact.


Plant
Nutrition


OIL PALM RESEARCH


Plant
Protection


Laboratory
Analysis


Environmental
Management


Planting
Materials

Plant Protection

Asian Agri adopts a holistic approach to pest and disease control through an Integrated Pest Management (IPM) system, which seeks to balance economic and ecological concerns through the integration of physical, cultural, chemical and biological methods. The IPM system minimizes adverse impacts resulting from over-reliance and indiscriminate use of chemicals on non-target species and the environment. The IPM system also emphasizes operator safety to protect employees' long-term health.

Laboratory Analysis

Fertilizers, crude palm oil, mill by-products and compost all come under the scrutiny of Asian Agri's state-of-the-art analytics laboratory. The laboratory performs tests and monitoring to ensure stringent quality control, and to support environmental management services. The laboratory is consistently among the top in international crosschecks by the International Plant-Analytical Exchange (WEPAL) Wageningen University, the Netherlands. The laboratory also supports the Indonesian oil palm industry by extending these services to external parties in Indonesia.

Environmental Management

New and improved environmental management practices that suit local conditions are always high on the agenda. For example:

- Agronomic and husbandry practices that maximize soil and crop health, including manure nutrient management and minimizing the run-off and leaching nutrients that adversely impact the environment.
- Mill management practices include recycling by-products from mill processes in the plantations.

Planting Materials

To support our operations, we established our own seed nursery in OPRS Topaz in Riau in 1992. The nursery has an annual capacity of 25 million fresh DxP seeds, producing the next generation of high quality planting materials both for our own estates, as well as other growers in Indonesia. Leading experts are researching to produce high quality seeds from elite parent palms that have undergone extensive field evaluation and selection. The process of pollen collection from parent Pisifera palms and pollination of female inflorescences is carried out under strict supervision and control. Stringent measures are also taken to maintain seed purity. High standards

on selection coupled with tight quality control guarantees the production of superior quality planting material.

The high quality, new and improved Topaz Series DxP (dura Deli x pisifera Nigeria) planting materials produced yield 5-9 tons CPO / ha in the first year, 8-12 tons CPO / ha in the second year and 10 tons CPO / ha in the third year. The production stabilizes from the fourth year onwards. The continuous improvement is expected to further drive the potential and quality of our planting materials.

Topaz DxP's high-yielding varieties have obtained a certificate of approval from Indonesia's Minister of Agriculture, through Decree Nos. 57, 58, 59 and 60/KPTS/SR.120/I/1004 dated 16 January 2004. OPRS TOPAZ is ISO 9001: 2000 issued by TÜV Nord, while its mill is ISO certified in ISO 14001: 2004 issued by SGS.

Asian Agri also collaborates with national and international research partners. It is a member of the Indonesian Germplasm Expedition Consortium formed by 14 Indonesian plantation companies in partnership with the Indonesian Oil Palm Research Institute (IOPRI) and the Ministry of Agriculture of Indonesia. Asian Agri is currently collaborating with 15 other partners locally and overseas (Indonesia, Malaysia, Papua New Guinea, Colombia, Brazil, France and Spain) in the Oil Palm Genome Project (OPGP) Consortium. The project works on developing genomes to assist selection in breeding programs for specific traits, for example, yield, height, compactness and disease resistance.

Sustainability Commitment

The palm oil sector continues to be embroiled in debates over deforestation, biodiversity loss, greenhouse gas (GHG) emissions and social conflicts. This is despite oil palm's overwhelming yield advantage of up to 10 times more than other competing oilseed crops, and its pivotal role in socio-economic development and poverty alleviation of local communities and smallholders.

Palm oil has become the most favored oil for consumption in the world. Palm oil is a highly productive and inexpensive edible oil with a high number of uses for food, cosmetics, hygiene products and sustainable energy generation, for example biofuel.

Major producers of palm oil are located in Malaysia and Indonesia. In 2013, Indonesia was the world's largest producer of palm oil. In 2014, the country is expected to produce 33.5 million MT of palm oil.[1]

The rising global demand of palm oil has caused a major expansion of palm oil plantations. There is an urgent call for responsible development in the industry to prevent and reduce negative environmental impacts of deforestation and greenhouse gas emissions.

Asian Agri, as one of the largest palm oil producers in Indonesia, has answered this call by adopting Best Management Practices from the outset. Our sustainability commitment is bolstered by our membership in RSPO (Roundtable of Sustainable Palm Oil) and International Sustainability and Carbon Certification (ISCC). We are also actively participating in Indonesian Sustainable Palm Oil (ISPO) certification.

RSPO is a multi-stakeholder certification system for the production of sustainable palm oil. We have an RSPO time-bound plan in place to certify all of our mills and estates.

ISCC is the sustainability system initiated by Germany to comply with EU Directive 2009/28/EC. In 2011, we received our first ISCC certification for four of our mills in Riau. By 2014, Asian Agri had become 100-percent ISCC certified.

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1 USDA World Agricultural Production Report, 9 May 2014.

ISPO is the sustainability system initiated by the Indonesian government. As an Indonesian company, we faithfully comply with its regulations.

Our target is to certify all of our estates by 2015 for RSPO and ISPO, and those of smallholders by 2016.

We embrace the sustainability requirements and the spirit of RSPO, ISCC and ISPO. All of these systems guide us in continuously improving our efforts to conserve the planet, take care our people, and sustain our business.

In September 2014, we produced our Asian Agri Sustainability Policy. Our policy set out the standards and commitment for Asian Agri in relation to traceability and sustainable supply chains, which are elaborated based on the figure below. The commitment includes the implementation of no deforestation, protection of peatlands, regardless of depth, and contribution towards the social-economic development of the community. The no deforestation policy includes the protection of High Carbon Stock (HCS) and High Conservation Value (HCV) areas.

Asian Agri believes that through active stakeholder engagement and communication, we can transform the sustainability practices of our scheme smallholders and independent smallholders. We have a time-bound plan to implement this policy across our entire supply chain by 2016.

Asian Agri Sustainability Policy

No Deforestation

- Conservation of HCS areas for new development
- Conservation of HCV areas
- GHG emission monitoring and reduction
- Zero burning policy

Positive socio-economic impact for people, smallholders and the community

- Respect universal declaration of human rights and promote equal rights.
- Respect the right of all workers to become the member of labor union.
- Provision of a safe and healthy working environment and practicing a fair treatment policy, including those of contract, temporary and migrant workers.
- Inclusion of smallholders, outgrowers and third-party suppliers in our supply chain.
- Respect and recognize the rights of indigenous and local communities on Free, Prior and Informed Consent (FPIC) of land which they hold legal, communal or customary.
- Ensure food security of local community.
- Develop a transparent grievance mechanism system.

Protection of Peatland

- No new development on peatland
- Implementation of Best Management Practices for existing peatland estates
- Explore options for long-term restoration or alternative use, if existing peat areas are found unsuitable for replanting.

Sustainability Implementation [G4-14, G4-15]

Related Policies

All existing procedures are reviewed and revised to assure alignment with our commitment Asian Agri Sustainability Policy.

The procedures that relate to our commitment are, among others:

1. Land preparation
2. Replanting
3. GHG calculations
4. HCV management and monitoring
5. Independent smallholders supply
6. Water management on peat land

These policies will be communicated to our management and all operations personnel to ensure proper implementation in the field.

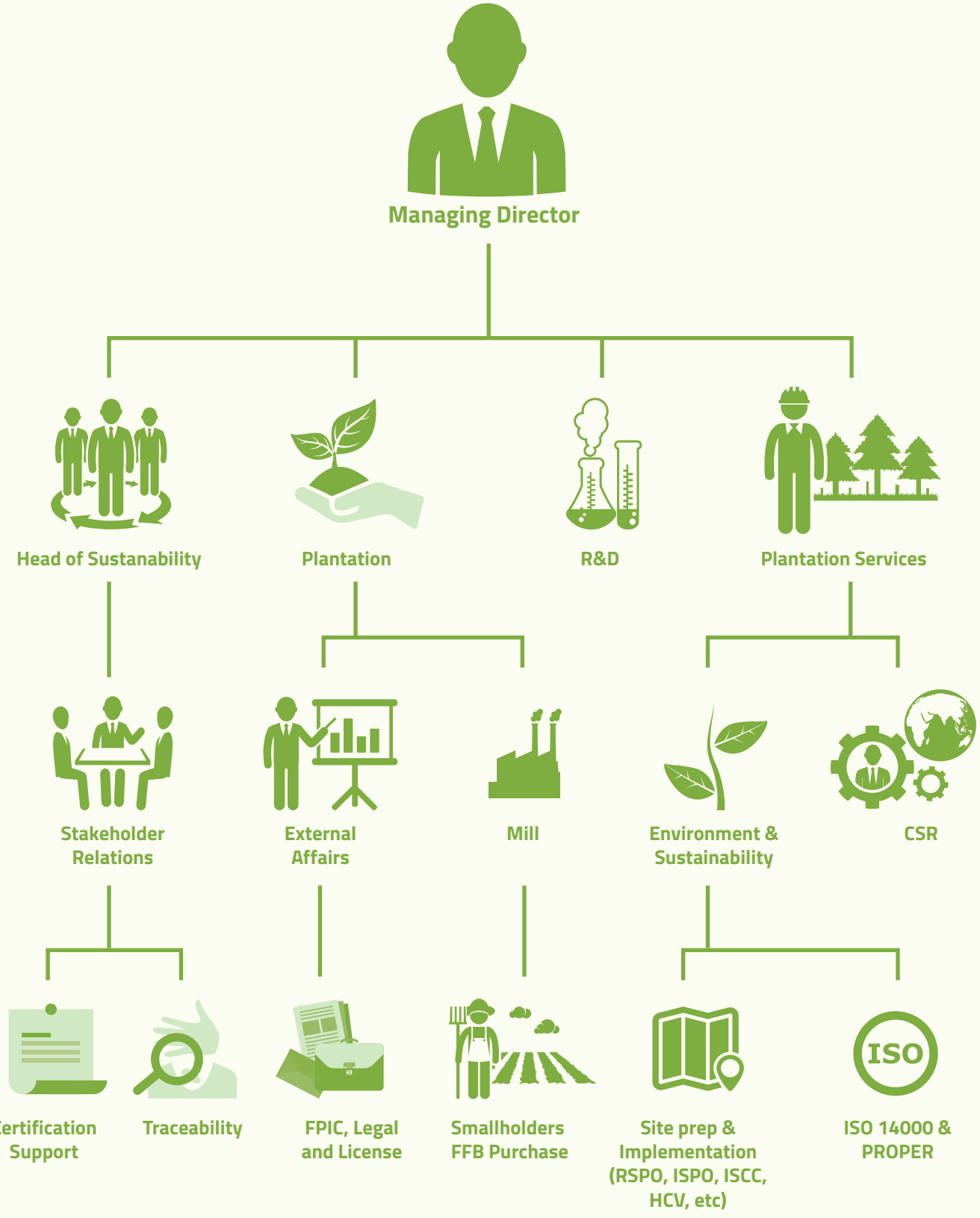
At present, our focus is on intensification rather than expansion. Although we do not have any new plantation developments, we have established a new planting procedure involving a series of assessments that must be conducted prior to any plantation development.

Integrated Sustainability Team [G4-34]

Sustainability is the core of Asian Agri's business. We believe in implementing integrated sustainability activities as the key to ensuring that the best sustainable practices are incorporated in the field. Good leadership is critical to the promotion of a sustainability culture in the company. Each segment in the structure plays an important role in determining the economic, environmental and social aspect of the company. Inputs will be gathered and discussed during internal meetings, and decisions will be mutually agreed upon by the top management.

Asian Agri's road to sustainability is strengthened with the establishment of a Sustainability Team overseeing our operations. Various aspects of sustainability are embedded within and across the various departments of the company.

Asian Agri Sustainability Structure



Sustainability Certifications

Asian Agri Certified Mills and Owned Estates

	Mills			Owned Estates			KCP
	2012	2013	2014	2012	2013	2014	2014
RSPO	6	6	6	5	5	5	1
ISCC	13	18	19	18	27	27	1
ISPO	0	6	6	0	5	5	0

Asian Agri Owned Estates Certified Sustainable Palm Oil

	Owned Estates Certified Sustainable Palm Oil (MT CPO)		
	2012	2013	2014
RSPO	124,880	113,521	114,555
ISCC	313,286	385,693	403,760
ISPO	0	113,521	114,555

Asian Agri Certified Smallholders' Estates

	Smallholders Estates		
	2012	2013	2014
RSPO	2	5	5
ISCC	-	4	9

Asian Agri Smallholders' Certified Sustainable Palm Oil

	Smallholders' Certified Sustainable Palm Oil (MT CPO)		
	2012	2013	2014
RSPO	130,756	182,772	191,726
ISCC		223,776	252,262

RSPO Time-bound Plans

We have a RSPO time-bound plan to certify all of our operations by 2018. As of December 2014, we had certified seven estates and five mills. Nine estates and seven mills have been audited and are currently in the reviewing process.

Our smallholders are also taking part in our certification journey. In 2012, we certified two smallholder estates and in 2013 we certified a further four smallholder estates. We have a RSPO time-bound plan to certify all of our smallholder estates by 2016.

bsi.

By Royal Charter

Certificate of Registration

PRODUCTION AND MANAGEMENT SYSTEM

This is to certify that

PT. Inti Indosawit Subur
Buatan I Palm Oil Mill
Jl. M.H Thamrin No.31, Jakarta 10230, Indonesia
Website: www.asianagri.com
RSPO Membership Number: 1-0022-06-000-00

Holds Certificate Number SPO 638918

and operates a Production and Management System which complies with the requirements of RSPO Principles & Criteria for Sustainable Palm Oil Production : 2013, RSPO Supply Chain Certification November 2014 for CPO Mills (Module E Mass Balance) for the following scope:

Palm Oil and Palm Kernel Production

This certificate is in force until further notice, provided that the licensee mentioned in this certificate continues meeting the RSPO P&C and certification requirements and the conditions as laid down in the licensee contract with BSI Services Malaysia Sdn Bhd. Based on the annual inspections that BSI Services Malaysia Sdn Bhd. shall conduct this certificate is upheld and kept in force.

For and on behalf of BSI Chris Cheung, Head of Compliance and Risk, APAC

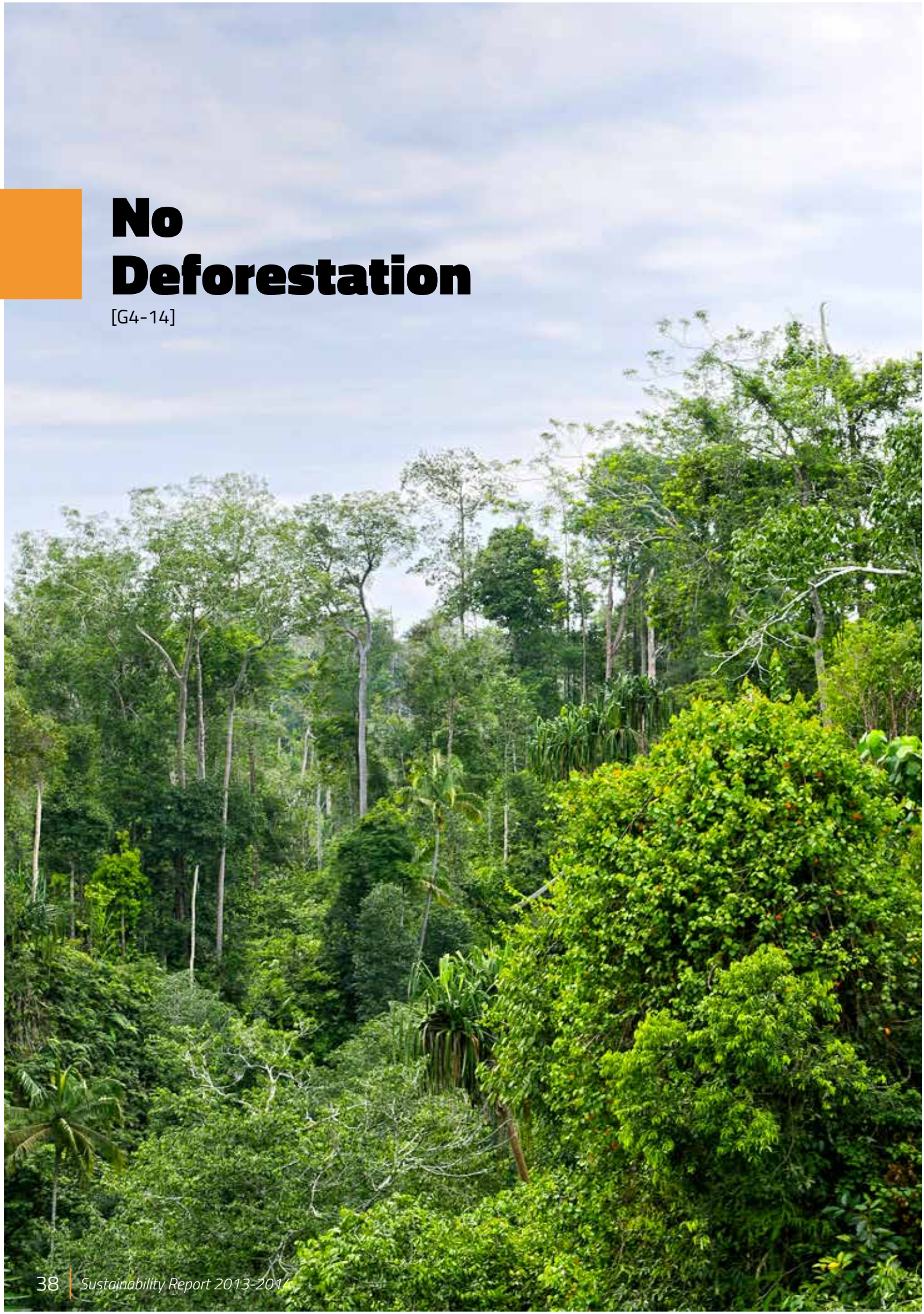
Originally registered: 16/09/2010 Latest issue: 15/09/2015 Expiry date: 15/09/2020

...making excellence a habit.

RSPO asi

No Deforestation

[G4-14]



High Carbon Stock Conservation

Asian Agri is committed to a no deforestation policy and conserving High Carbon Stock (HCS) forests. One of our commitments is to determine a definition for what is meant by High Carbon Stock. We are funding a study to further define what constitutes HCS forests and to establish a HCS methodology and thresholds that take into account potential GHG emissions and regional socio-economic factors.

A Technical Committee (TC) has been established to guide and contribute to the study. The TC comprises six highly experienced scientists with expertise in the following areas:

- Above and below ground biomass
- Soil carbon
- Remote-sensing
- Socio-economics and sustainable development
- The global oil palm industry
- Sustainability assessment

The study is overseen by a Steering Committee and is expected to take 12 months to complete. While waiting for the study to be completed, we are referring to the currently available definition of High Carbon Stock.[2]

2 http://www.greenpeace.org/international/Global/international/briefings/forests/2014/HCS%20Approach_Breifer_March2014.pdf

Greenhouse Gas Monitoring and Mitigation

[G4-DMA EMISSIONS, G4-EN15, G4-EN19]

In the past few years, palm oil has become one of the world's most discussed, and at times controversial, topics. Palm oil plantations have been blamed for causing environmental issues such as greenhouse gas emissions. GHG is the main contributor of global warming and climate change. Carbon dioxide and methane gas are the main components of GHG. Stakeholders expect companies to monitor the sources of GHG and implement measures to reduce their emissions.

Asian Agri has been conducting analyzes of air emissions from boiler chimneys and generators based on ISO 14001 Environmental Management System procedures. This analysis is monitored regularly by our internal team every six months and verified by a third party.

We also conduct GHG calculations for all of our mills and estates annually based on ISCC guidelines and RSPO GHG Palm Calculator. The calculator allows palm oil producers to estimate and monitor their net GHG emissions from the plantation to the mill. It also enables palm oil producers to identify crucial areas in their production chain and thereby guides emission reduction opportunities. Auditors verify our GHG calculations for ISCC and RSPO certifications.

GHG Emissions*

Province	GHG emissions in Mineral Soils (t CO2 eq / t CPO)			GHG emissions in Peat Soils (t CO2 eq / t CPO)		
	2012	2013	2014	2012	2013	2014
North Sumatra	0.99	1.38	1.22	25.66	28.71	28.31
Riau	1.03	1.13	1.52	10.84	11.87	11.50
Jambi	1.05	1.32	1.62	N/A	N/A	N/A

*Based on PalmGHG calculator V2.1.1 – still in the implementation period until 31 December 2016.

The largest emitters of GHG are land conversions and Palm Oil Mill Effluent (POME), while the largest creditors of GHG are crop sequestration, methane capture and other renewable energy options. Peat soil is an organic soil with high carbon content, which when drained for agricultural use will inevitably result in higher GHG emissions. However, with Best Management Practices, the emissions can be minimized

Asian Agri realizes that to further minimize GHG emissions we have to implement cutting-edge technology to complement our Best Management Practices. Therefore, we have identified the largest source of GHG emissions and carbon sequestration in our operations, and subsequently have explored various methods that are feasible to achieve that goal.

One of the approaches being adopted by Asian Agri to reduce GHG emissions is the installation of biogas plants with methane capture technology.

Currently, we are working towards installing biogas plants in five of our mills in North Sumatra, Riau and Jambi. These biogas plants will capture the methane generated from the open-pond system of POME treatment at mills. This will impact significantly in reducing our carbon footprint.

We have also installed 11 gassifiers in our mills. Gasification is a process that converts fossil fuels to a gas mixture. The gas mixture will produce syngas (synthesis gas), which is considered to be a fuel. The power generated from gasification and combustion acts as a fuel alternative, reducing about 30 percent of our fossil fuel consumption.

We have also been participating in various working groups to determine the methodology for calculating GHG emissions in RSPO and ISPO. We are participating in the RSPO GHG Working Group and have been providing inputs on the GHG Palm Calculator during its trial implementation. We are also actively participating in ISPO GHG Workshops to design the GHG calculator template together with other stakeholders.

Zero-Burning Policy

Asian Agri was one of the pioneers in introducing a zero-burning policy in 1994. Our commitment for zero-burn is documented in the company's policy. The use of mechanical clearance during the land-clearing process is part of our zero-burning policy. As part of the commitment to ensure that this is being implemented throughout our supply chain, we have contract agreements with third parties to enforce the policy.

Emergency response procedures are put in place to respond to any outbreaks of fire on our plantations. These include a list and contact information of personnel responsible for attending to these emergencies, as well as the contact numbers of the local Fire-Brigade Department. We have a dedicated team to do hotspot monitoring for risk of fires occurring within our plantations. We also conduct regular monitoring for hot spots using satellite imagery.

Fire and Safety Department Structure

Head of Environment and Sustainability

Environment Department

Fire & Safety Department

Fire and haze are key concerns in the province of Riau and as a consequence we have acted by putting into place infrastructure to respond effectively. Our fire-fighting team has obtained training on safety procedures and proper methods of fire-fighting by authorized trainers from the Fire-Brigade Department.

Sirens have been installed in case of fire and there is a designated 'Assembly Point' where employees gather in case of a fire. Fire extinguishers have also been placed at various strategic locations. These extinguishers are also inspected and serviced periodically to ensure that they are always functional.

Protection of High Conservation Value Areas

[G4-DMA BIODIVERSITY, G4-EN13]

High Conservation Values (HCV) are biological, ecological, social or cultural values that are considered outstandingly significant or critically important, at the national, regional or global levels. These include the presence of rare or endemic species, the provision of ecosystem services, and the sacred sites of local communities. HCV areas are anticipated in all new land available for potential oil palm development and also in existing oil palm plantations. It is the company's responsibility to maintain and enhance these values.

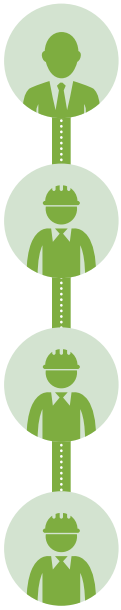
Most of our operations are established in degraded forests with relatively low biodiversity value. Each operation is established based on concession areas granted by the government, which also considers areas in need of protection. Within our estates, a certain area is set aside to conserve the protected and endangered species found within our boundaries. These areas include habitats of certain wildlife, riparian zones and areas that are of high cultural value to local communities.

Conservation Guidelines

High Conservation Value (HCV) areas are considered prior to replanting and new planting programs. We are in active collaboration with third parties (academics, NGOs) to provide us with the relevant expertise in HCV assessments based on the HCV Toolkit 2008 and to identify and develop strategies in managing conservation areas identified within our estates. The HCV assessments include our own estates, scheme smallholders areas. Rare, threatened and endangered species are identified by these prominent parties to aid in their conservation efforts. Identified HCV areas are maintained based on a management and monitoring plans that we have developed.

In order to ensure that the conservation management plan is implemented, we have a dedicated team to oversee HCV conservation efforts.

Conservation Department Structure



Conservation Initiatives [G4-DMA BIODIVERSITY, G4-EN14]

We have conducted conservation programs since 2007 through biodiversity studies at our plantations in North Sumatra, Riau and Jambi in collaboration with independent researchers from prominent universities. Gadjah Mada University (UGM) and Bogor Agriculture Institute (IPB) are two academic institutions that have carried out biodiversity studies for several of our plantations in the Riau province, while Brawijaya University has done the same for our plantations in Jambi province. The objective was to identify and categorize the various species of flora and fauna within our plantations, with the purpose of developing management tools in the conservation area, as well as promoting biodiversity.

As a continuation of our conservation initiatives, we have conducted HCV assessments in all of our estates, including those of smallholders. Based on the HCV assessments, we have identified numbers of endangered fauna and flora species found in our estates, such as Scaly Anteater (Trenggiling / *Manis javanica*), Lutung (*Presbytis melalophos*), Meranti Gembung (*Shorea dasyphylla* Fowx.) and Ariung (*Shorea faguetiana* Heim.).

Some of the estates also contain social and cultural value, such as sacred burial grounds. Thus, we have plans to include all the details of an HCV area, demarcated location on a map, appropriate signage to indicate the type of HCV, objective and target dates for the management action plan, methodology employed and the person responsible for its implementation.

These areas are preserved in accordance with the management and monitoring guidelines that Asian Agri has set up, such as marking the riparian boundaries with pegs. To further minimize the risk of encroachment on these riparian areas, we have also designed re-routing options for road infrastructure that is used in our production activities. For existing plantations, planted areas that are located in the riparian zone are still maintained manually by not using chemical applications. These riparian zones will be set aside during replanting program.

We believe that participation of stakeholders is essential to help the conservation program. As a result, identified HCV areas are communicated to our surrounding communities and conceptual agreements have been signed by both parties to conserve areas of high social value. We have also conducted HCV training for our smallholders on our own estates. Signboards are put up prohibiting trapping, hunting and fishing. Entry by outsiders who have the intention to damage the HCV areas is strictly prohibited.

We are also actively participating in RSPO Working Group for HCV Indonesian Working Group (HCV-RIWG) to develop HCV management and monitoring plan. The protection of HCV areas is incorporated within Asian Agri's policy and operating procedures.

List of Number of IUCN Red-List Species Found in Our Estates

North Sumatra

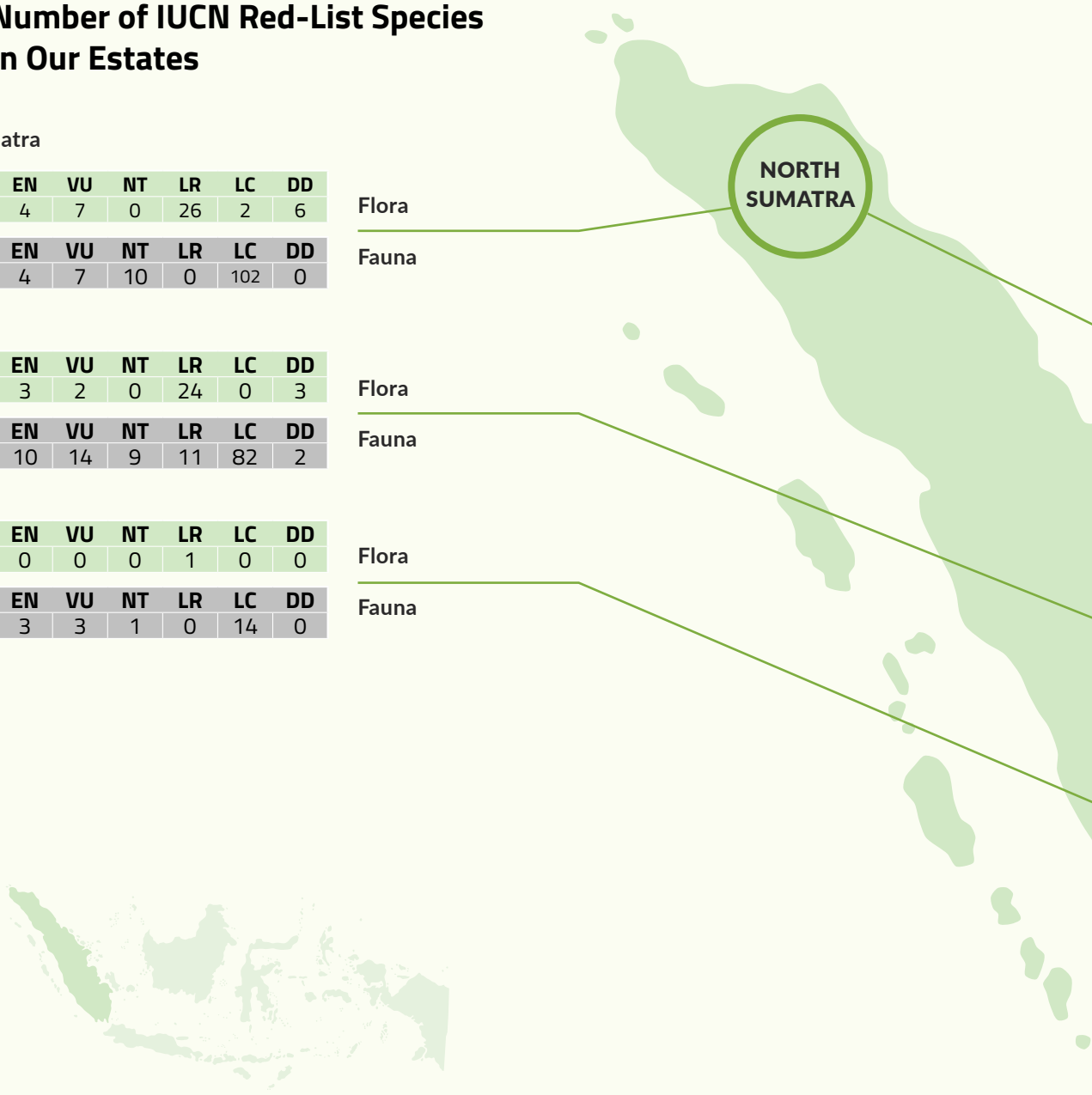
	CR	EN	VU	NT	LR	LC	DD
Flora	3	4	7	0	26	2	6
Fauna	0	4	7	10	0	102	0

Riau

	CR	EN	VU	NT	LR	LC	DD
Flora	0	3	2	0	24	0	3
Fauna	1	10	14	9	11	82	2

Jambi

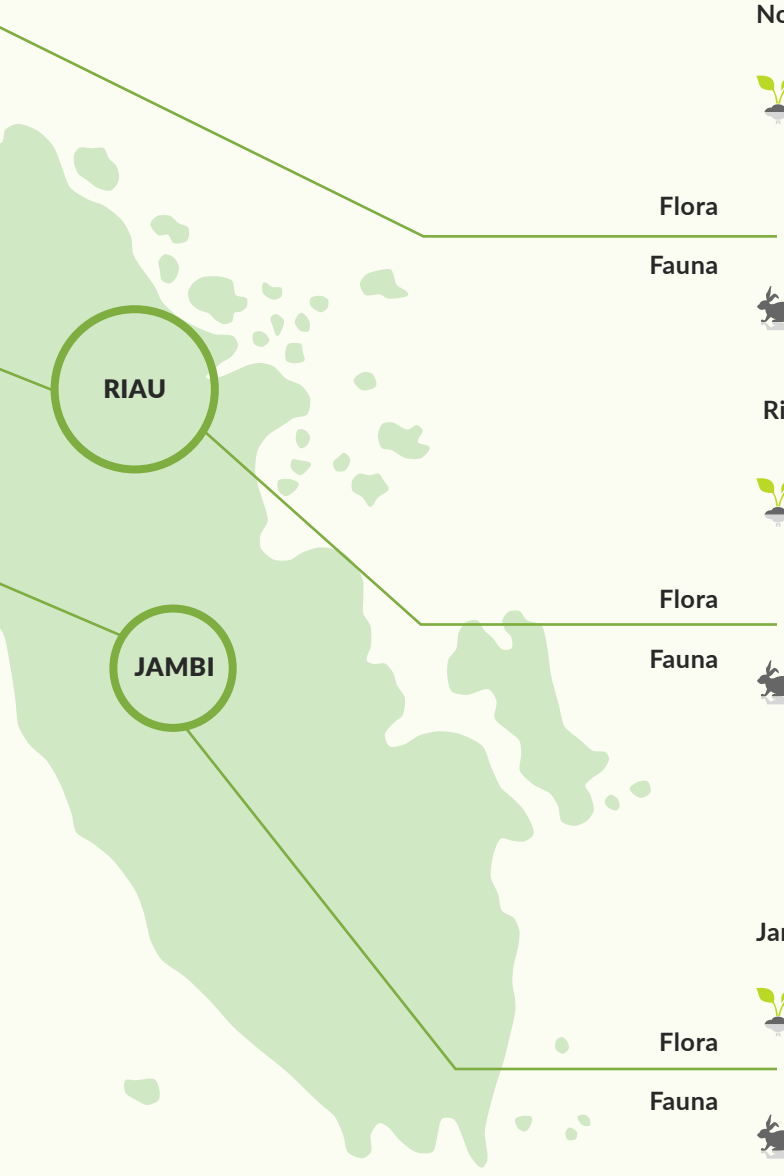
	CR	EN	VU	NT	LR	LC	DD
Flora	0	0	0	0	1	0	0
Fauna	0	3	3	1	0	14	0



Sumatra, Indonesia:

Legends:

CR : Critical Endangered
EN : Endangered
VU : Vulnerable
NT : Near Threatened
LR : Lower Risk
LC : Least Concern
DD : Data Deficient



List of Endangered Species

North Sumatra

Flora

CR	EN
Hopea mengarawan, *Hopea sangal* Korth., *Parashorea aptera* V.Sl.	*Diospyros philippinensis*, *Shorea faguetiana* Heim., *Shorea dasyphylla* Foxw., *Shorea bracteolata* Dyer.

Fauna

CR	EN
-	*Manis javanica*

Riau

Flora

CR	EN
-	*Shorea leprosula* Miq., *Shorea teysmanniana* Dryer., *Shorea bracteolata* Dyer.

Fauna

CR	EN
Batagur baska	*Presbytis melalophos*, *Hylobates agilis*, *Orlitia borneensis*, *Elephas maximus*, *Manis javanica*, *Tomistoma schlegelii*

Jambi

Flora

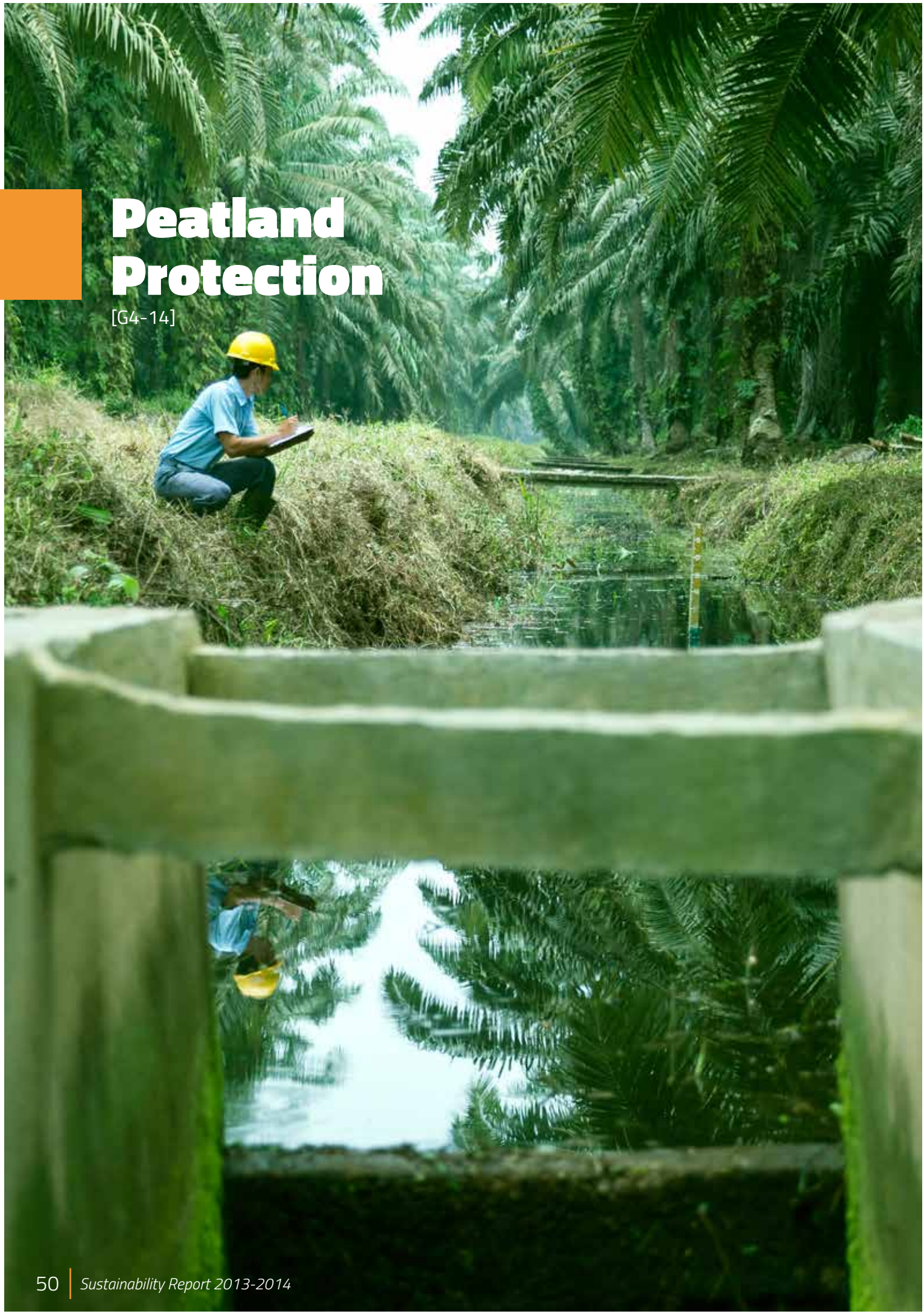
CR	EN
-	-

Fauna

CR	EN
-	*Presbytis melalophos*, *Elephas maximus*, *Manis javanica*, *Tomistoma schlegelii*

Peatland Protection

[G4-14]



We recognize that, if not managed properly, estates on peatland can potentially be a large source of GHG emissions. Hence, Asian Agri is committed to implementing Best Management Practices on all its peat plantings (as stipulated in the RSPO's BMP guidelines for peatland, which Asian Agri helped to formulate with emphasis on adopting good water management practices).

Asian Agri, supported by its competent in-house R&D team, has conducted soil mapping and surveys to identify the main soil types on our estates. Some of our estates that were established back in the 1980s are located on peatland. The peatland is mapped on Asian Agri estates to guide Best Management Practices, which include proper nutrition, preventing excess nutrient leaching into waterways to prevent eutrophication, optimum water management and the monitoring of water subsidence.

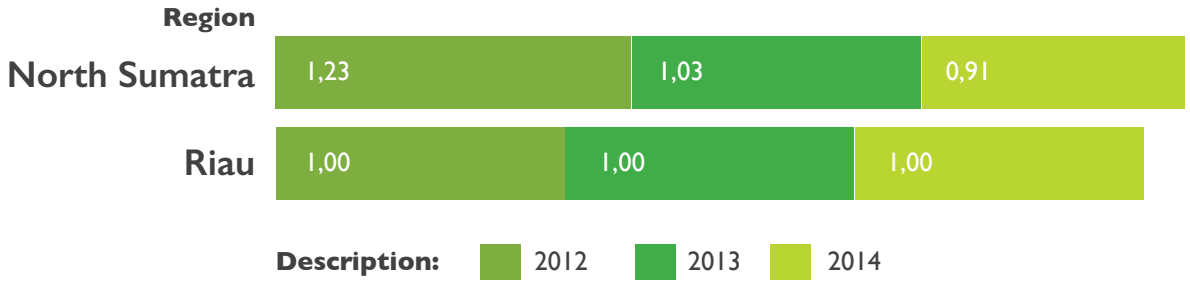
As a member of RSPO, the water management practices for our estates are based on RSPO Best Management Practices on Peatland. A drainability study of the area must be conducted before the peatland is considered for new cultivation. The assessment will determine which water management approach is most suitable for the area, for example the use of bunds, water gates and weirs (water control structures).

Good water management prevents inflow of water during the monsoon period when river water levels are high. It also serves an all-important function to prevent water from leaving the plantation during the dry months, mitigating the risk of over-drainage of the peat.

Over-drainage not only increases the rate of oxidation of the peat (GHG emission), but it also irreversibly destroys the physical structure of the peat itself and, therefore, is highly detrimental to the oil palm growth and yield. Subsidence poles are installed at strategic locations in the peat plantations to monitor the rate of peat subsistence on a monthly basis.

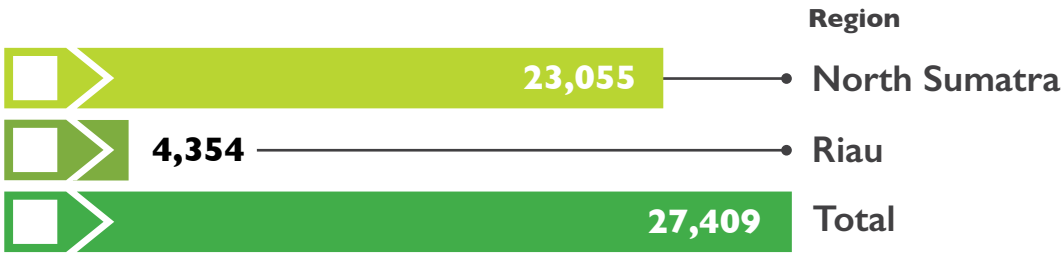
Our procedure requires that the water level in the drainage should be maintained throughout the year at between 50 and 70 cm from ground level. This is in line with the RSPO Manual on Best Management Practices for Existing Oil Palm Cultivation on Peat (2012).

Peat Subsidence (cm)



Our existing peatland estates are distributed in North Sumatra and Riau. We are currently managing eight peatland estates. These represent around 17 percent of the total area under our management.

Peatland Area (ha)*



*All of our estates on peatland were planted back in 1990s.

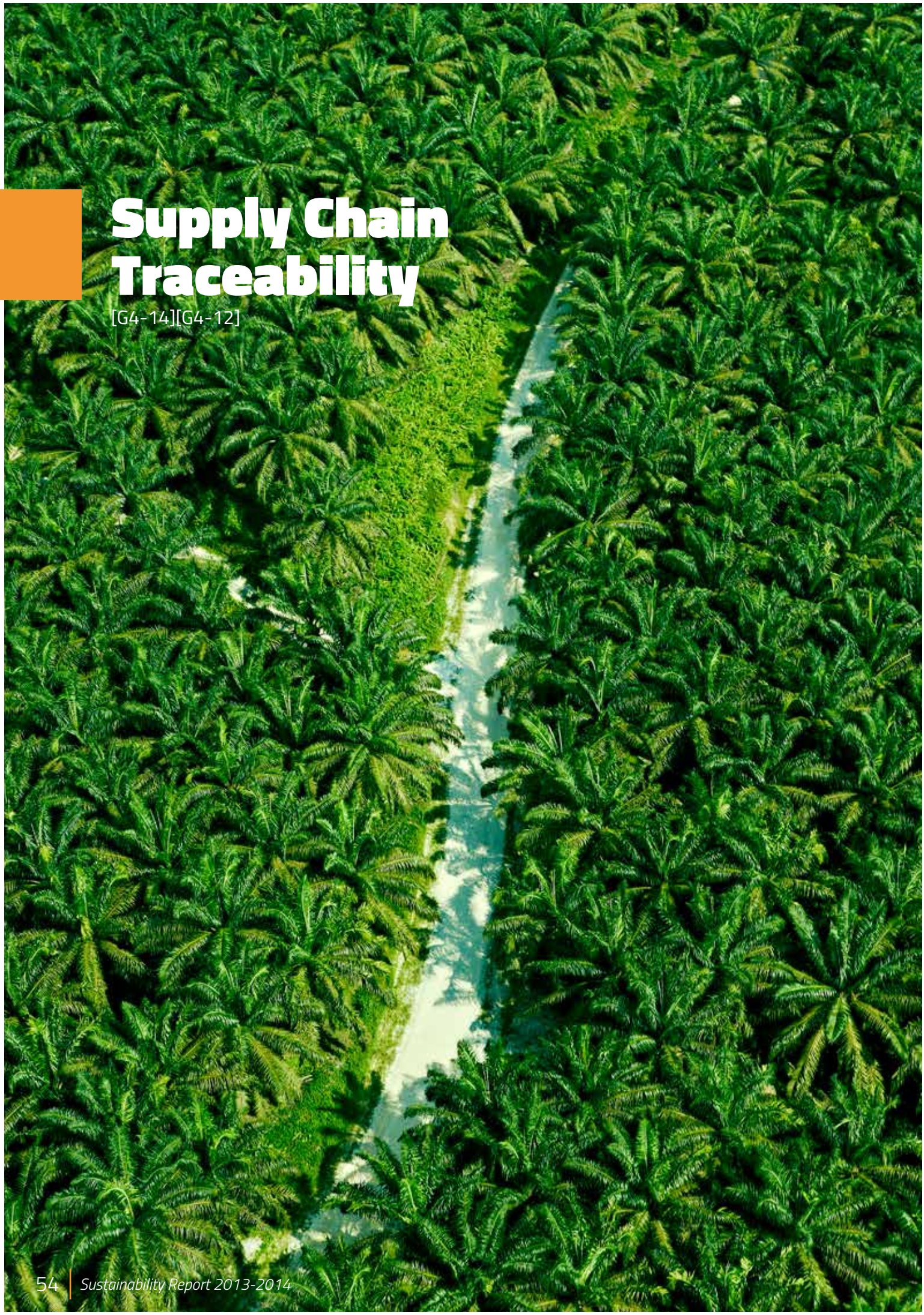
As our old estates on peatland are entering their replanting phase, our procedure requires drainability assessments to be conducted prior to replanting in order to determine the suitability of the land for the next cycle of oil palm planting.

We also committed to a "no new planting" policy on peatland regardless of the depth of new development areas. Prior to any new planting, peatland mapping and assessment are carried out by peat experts from our R&D department. The results are used to produce a peatland map showing areas that should be protected from any new development. We also conduct monitoring of our water usage for all of our mills and estates.


LOKASI
PEMANTAUAN PENURUNAN
TANAH GAMBUT & KEDALAMAN
AIR TANAH DANGKAL
AREAL KEBUN SEED GARDEN BLOK 47
KOORDINAT N 0721135
0077964

Supply Chain Traceability

[G4-14][G4-12]



Asian Agri is committed to supply chain traceability for our Fresh Fruit Bunch (FFB) sources. Traceability is the first step towards building a fully sustainable supply chain. Currently, we are operating 20 palm oil mills and three kernel crushing plants (KCP). These mills are currently supplied with FFB from our own estates, scheme and independent smallholders. Identifying supply from independent smallholders in Indonesia is challenging because of the complex independent smallholders supply chain system. The supply chain comprises layers of middlemen that lie between estate owners / farmers to a mill's direct suppliers.

To address such issues, Asian Agri has developed a systematic strategy to assist in identifying our FFB supply sources:

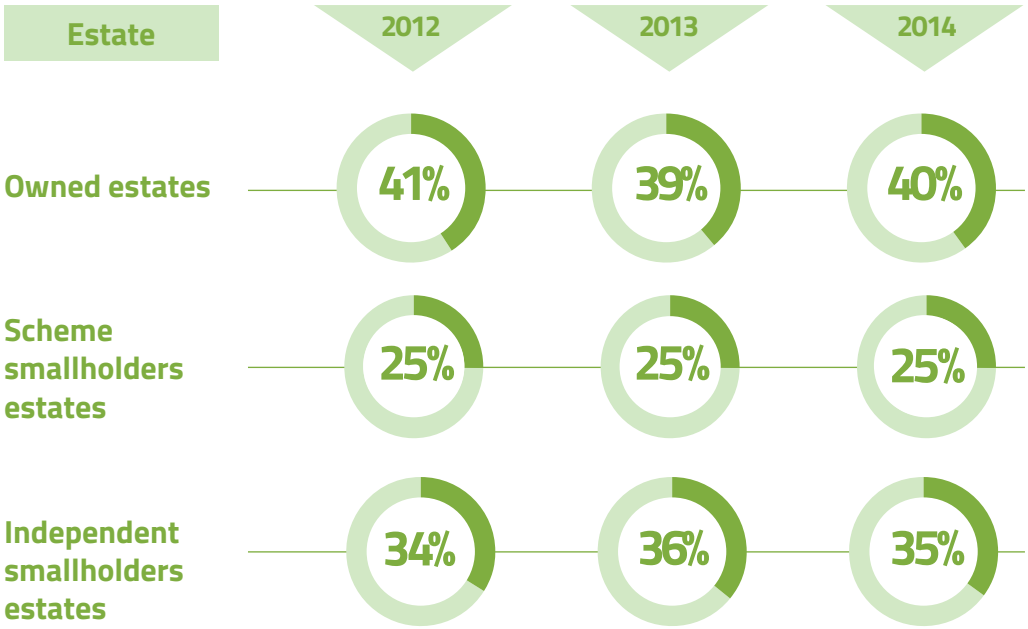
1. Identifying our suppliers

FFB supplies from our own estates and scheme smallholders are comprehensively mapped out. As a result, we have complete data on the status of our own estates, including scheme smallholders that are under our management.

Our supplies come from 100,000 ha of our own estates production and 60,000 ha of scheme smallholders' production. Our smallholders' FFB consists of 29,000 scheme smallholders across Riau and Jambi, under 1,224 farmer groups and 80 cooperatives.

The locations of scheme smallholders are mapped with GPS coordinates along with their addresses. Production and total area data are also available. By December 2014, we were able to trace around 65 percent of our mill supply chain to the plantation level. The remaining 35 percent of our supply chain comes from independent smallholders. Currently, our mills are supplied by 221 direct suppliers.

Mill Supply Chain Data [G4-12]



Our KCPs are supplied by our own mills and third-party suppliers.

For independent smallholders, we have taken the first step by listing all our direct suppliers. This listing was completed in 2014. The next step in further identifying independent smallholders will be to carry out a traceability assessment.

2. Engagement and verification

The first step in ensuring our suppliers' active participation is to increase their awareness. We identify our larger suppliers based on their production contribution to each mill. We communicate our policy regarding proof of legality of their land, legality of their fruit, child labor and protection of conservation areas, for example national parks. Suppliers who have been identified are required to submit baseline data and sign a compliance statement with Asian Agri. We then map out the location smallholders' estates and overlay them on the provincial spatial plan for verification.

This process will be conducted continuously and progressively until 2016 in order to achieve full traceability.

Zero Tolerance Policy on Illegal Fruit

In 2013 and 2014, media articles and NGOs reported allegations that Asian Agri had purchased palm fruit originating from illegal palm oil plantations inside the Tesso Nilo National Park. As a member of RSPO, ISPO and ISCC, Asian Agri fully subscribes to sustainability practices in all aspects of its palm oil operations. These include a zero tolerance policy towards illegal palm fruit supplied to its mills.

Our purchasing policy includes:

- Requiring all direct independent smallholder suppliers to provide a declaration letter that their fruit supplies to Asian Agri are only from legal sources. The letter is validated by regional government offices following the sighting of legal documents, such as land ownership title deeds or relevant licenses.
- Immediate termination of any supplier found to be providing Asian Agri with illegally sourced fruit.
- Signage placed at the entrances of our mills warning suppliers about our zero tolerance towards illegal palm fruit.

As part of our purchasing policy of accepting only palm fruit from legal sources, Asian Agri also engages in regular dialogue with our stakeholders, including suppliers, local and provincial government representatives, as well as local community heads. The aim is to clearly communicate our purchasing policy and to collectively enhance procedures to ensure the legality of palm fruit supplies to Asian Agri.

In our efforts to provide full assurance, we have opened up channels for key stakeholders to provide us with feedback if they discover any non-compliance within our supply chain. Due to the complexity of this issue, we need multi-stakeholder discussions involving government officials, smallholders and other key stakeholders to find the most pragmatic solutions that also consider the socio-economic impacts.

Best Management Practices

[G4-14]

Environmental Performance

Asian Agri complies with the laws and regulations of the country that we operate in. Environmental policies of Asian Agri are in accordance with environmental regulations. All our plantations and mills have carried out environmental impact analysis, or EIA (*Analisa Mengenai Dampak Lingkungan* / *AMDAL*), as required by Indonesian law. This identifies the impact of a new development on the environment and contains appropriate recommendations for monitoring and mitigation measures for managing and/or reducing impact. It is also a regulatory requirement to submit a RKL (*Rencana Pengelolaan Lingkungan Hidup* / Environmental Management Plan) and a RPL (*Rencana Pemantauan Lingkungan Hidup* / Environmental Monitoring Plan) to the environmental department at the district, provincial and national levels. These plans are carried out biennially. Impact assessment documents are freely available and regularly updated.

Our environmental management system has been validated by third parties as all of our mills and estates are ISO 14001 certified. In the period 2012-2014, Asian Agri was granted PROPER (Program for Pollution Control, Evaluation and Rating) awards by the Ministry of Environment for our mills in North Sumatra, Riau and Jambi.

This is supported by consistent ISO 14001 environmental management system implementation, reductions in air pollution, and community development programs.

Waste Management

[G4-DMA EFFLUENT AND WASTE, G4-EN22]

We have identified all sources of waste and pollution at both our estates and our mills. These sources are recorded and monitored as required under ISO 14001 systems. Potential sources of waste and pollution include those generated in the plantation and also at the mill office, staff quarters, and workers' housing complexes at the mills and in workshop areas.

We have an Environmental Management Program, in accordance with ISO 14001, to manage the sources of waste and pollution. We maintain logbooks on the disposal of household waste and scheduled waste. Most of the household waste generated is sent to the local government's public dump sites. For our plantations that are too far away from these facilities, we have dedicated backfills on our areas that are located far from HCV, settlements and rivers.

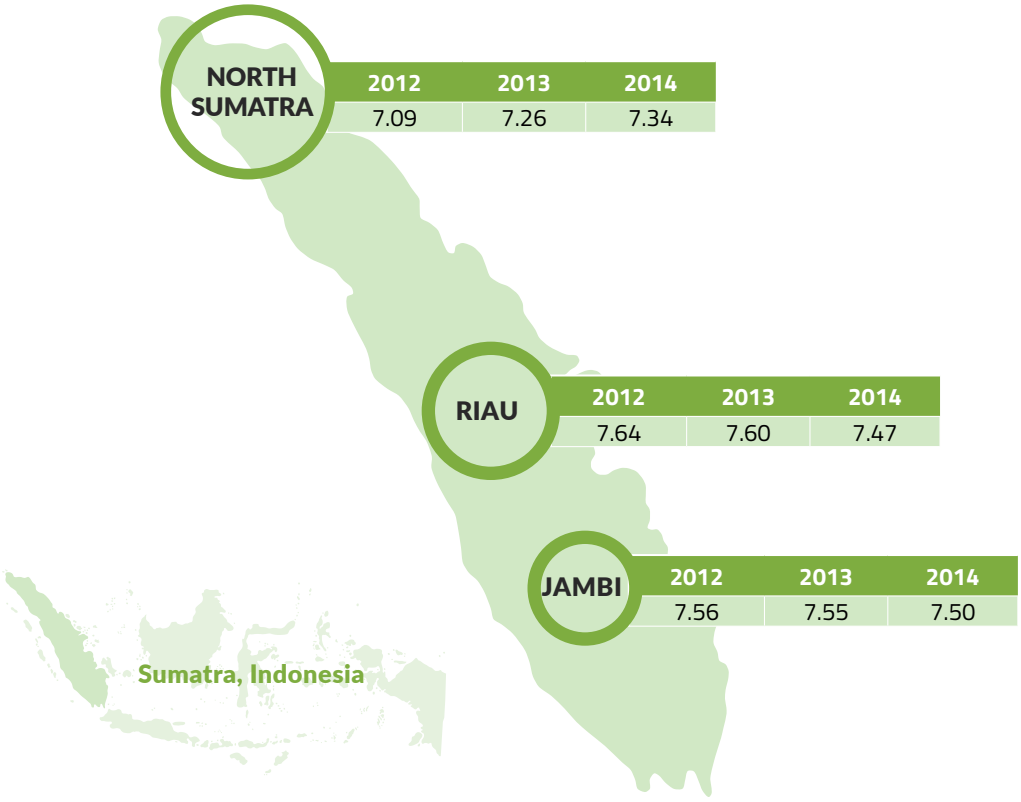
Regular monitoring is carried out to control and manage smoke emissions from the mills' chimneys and effluent ponds, as required by law. There are clear management policies and procedures for the recycling of waste. Some of the waste is brought back to the field for fertilizer application, while other waste is used as renewable sources of energy, for example to produce electricity and steam used to operate mills. This has resulted in a reduction in the consumption of fertilizer and fossil fuels by both estates and mills.

Asian Agri has a zero-waste management policy, requiring us to minimize waste. As a result, some of our estates are using POME for land application. To ensure this does not have any negative implications to water quality, ground water quality is monitored using laboratory analysis twice a year in the surrounding land application areas. Sample analyzes are carried out by government authorities. The results are regularly submitted to local and national government agencies.

Waste is processed in waste pools and is monitored so that the quality of the waste is safe before being released into the water stream. Our waste

quality is tested by external parties and must comply with Indonesian law and regulations before it can be discharged into rivers or used for land application. From the routine monitoring results, the majority of the BOD values over the past three years have complied with the regulations, with only a few BOD values exceeding the required standards. With a robust commitment from Asian Agri, numerous countermeasures have been conducted depending on particular cases, such as changing circulation pumps when there has been a breakdown and the regular cleaning and maintenance of circulation pumps.

Average pH of POME (Land Application)



Hazardous waste is stored in dedicated stores located in estates and mills. This is consistent with Indonesian law and regulations. Records are maintained of all movements of these materials into and out of store. We regularly collect hazardous waste by using the services of licensed and government-approved scheduled waste contractors. Scrap metal is sold for recycling and used fertilizer bags are washed and reused for the collection of loose fruit in the field.

Energy Management

Fossil fuels are used at the office and housing complexes, and for field maintenance and cultivation, as well as for generators. They are also used for mill transportation of crude palm oil (CPO) and palm kernel (PK). An efficiency analysis is conducted on a monthly basis and shows the amount of fossil and renewable energy resources being used per ton of CPO and PK produced.

An important aspect of our continuous improvement program involves efforts to improve our energy use efficiency and reduce the waste generated. We have also put in place a system to monitor and regulate the amount of fiber and shell used as fuel at our mills. The use of fiber and shell helps us to reduce our fuel consumption as shown in the table below. To ensure better control and efficiency of usage, we place a monetary value on these renewable solid fuel resources.

Annual Fuel Consumption

Year	Annual Fuel Consumption (Liter)		
	North Sumatra	Riau	Jambi
2012	5,934,193	7,606,966	3,864,316
2013	3,995,824	6,423,917	3,117,591
2014	4,381,146*	4,475,585	1,901,700

*The increasing trend is due to some estates in North Sumatra undergoing replanting. During this period, the replanting operations lead to an increase in fuel consumption.

Compared with fuel consumption in 2012, in general, there has been a reduction in fuel consumed of between 16 and 39 percent annually, except for fuel consumption in North Sumatra in the period 2013-2014, when a 10 percent increase was due to replanting.

Integrated Pest Management

Asian Agri always strives to reduce the use of chemical substances. In our efforts to minimize the use of pesticides, Asian Agri has implemented Integrated Pest Management (IPM) within our operations, such as utilizing natural predators, host plants for predators and traps in order to control oil palm pests.

Asian Agri has an ongoing and well-documented IPM plan guided by our Agronomy Policy Manual (APM). The broad guiding principles of IPM are to use biological and ecological perspectives as a basis for the integration and correct use of appropriate physical, biological, culture land chemical control methods to control pests. A key feature of the pest control programs is the use of pest surveillance. Asian Agri has a comprehensive array of tools for implementing and monitoring IPM on its plantations. Regular monitoring of pest population dynamics and the concept of maximum population thresholds are used as a management tool to decide when it is necessary to warrant intervention measures to prevent economic losses.

The major pest species at our plantations include rhinoceros beetles (*Oryctes rhinoceros*), leaf-eating caterpillars, woolly caterpillars and bagworms, bunch moths, termites (on peat soil) and rodent pests.

The adult *Oryctes rhinoceros* beetles attack the shoots of oil palms and young palms, leading to serious damage and often the death of the palms. The control measures include the destruction of breeding sites, the use of pheromones to trap adults, and the use of target-specific fortnightly spraying of the shoots and axils of young palms.

Under the Group's Standard Operating Procedures, efforts are made to protect and maintain the population of beneficial insects, for instance the natural enemies of pests. When there are outbreaks, planting and propagation of beneficial nectar-bearing plants (e.g., *Turnera sp.* and *Cassia cobanensis*), which our research has shown tend to attract beneficial insects, is undertaken.

The Asian Agri Group has been increasing its efforts to reduce the use of chemical pesticides in order to become more environmentally sustainable. Increasingly, we are adopting the use of trapping using light and appropriate food baits to attract adult moths.

The Group has also introduced the use of barn owls for the biological control of rats in our oil palm estates. The use of chemical pesticides is permitted only during emergency cases, such as when there are major pest outbreaks.

The consistent implementation of IPM is expected to reduce the use of pesticides in estate operations.

Soil Management

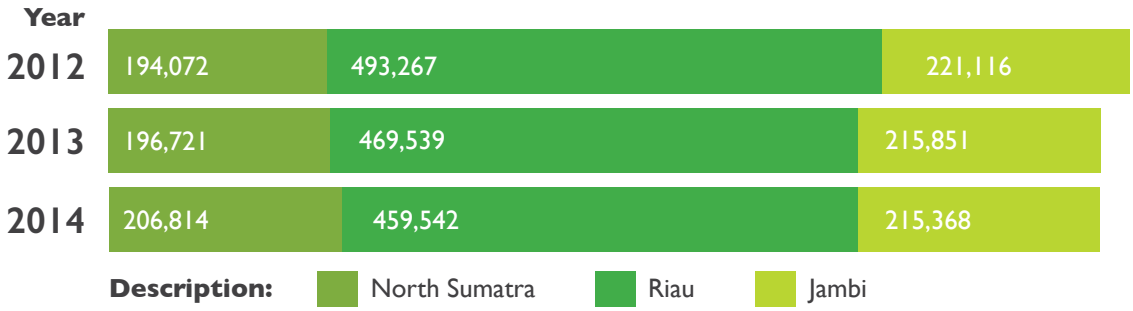
Good quality soil supports the production of oil palm. We are cognizant of this and significant efforts go into minimizing the impact of our operations on soil quality. Soil maps are available for all our plantations and are used in guiding the management process for mitigating impacts. Most of our estates are developed on mineral soils. The soil is conserved by mitigating soil erosion and fertilizer run-off using arrangements of pruned oil-palm fronds.

Legume cover crops are planted in newly cleared areas prior to the oil palm being planted. Due to the humid tropical characteristics of Sumatra Island, it is imperative to protect the organic matter contained in the topsoil from degradation and reduce soil erosion. Terracing and stacking of fronds along the contours is conducted in those estates with slopes. This is done to reduce the rainwater run-off. Planting platforms and soil traps are also constructed to reduce soil erosion in steeper areas.

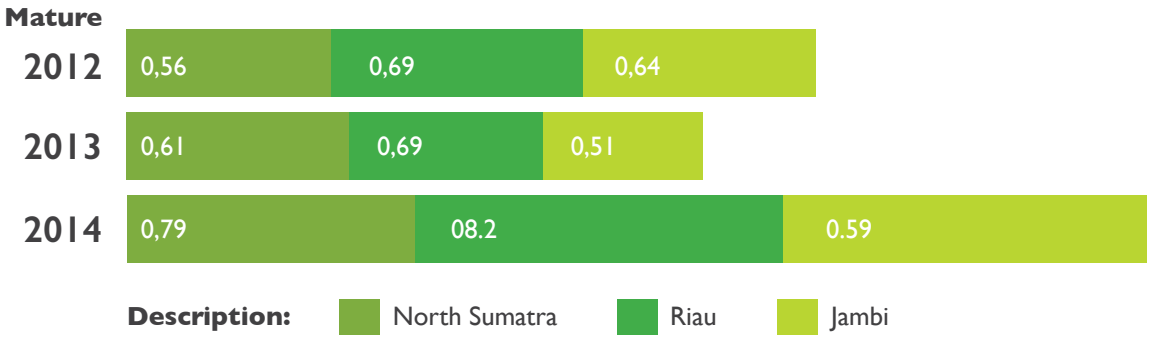
Later, in the mature phase of the plantings, a good cover of mixed natural vegetation is maintained. Normally, selective weeding is carried out to favor the establishment of some weed species that will not jeopardize growth of the oil palms.

Leaf and soil analysis is conducted by our R&D department to provide recommendations on fertilizer application. As part of our zero-waste management, empty fruit bunch (EFB) is applied to the surrounding palm trees as organic fertilizer. EFB can provide soil with nutrients, thereby enriching soil quality. This is also one of our methods to reduce the need for the application of chemical fertilizers.

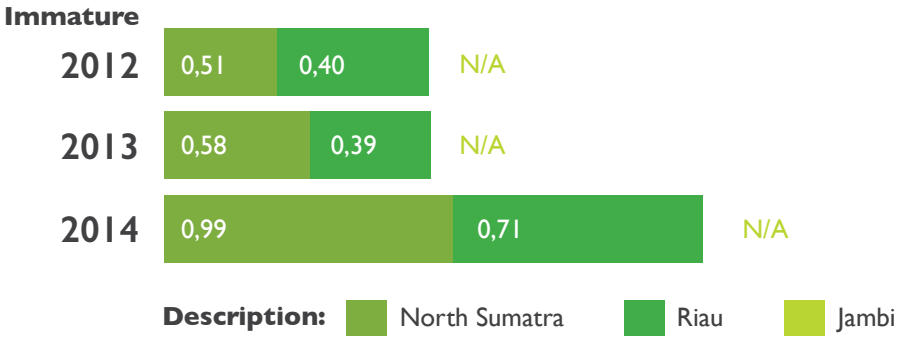
Total Empty Fruit Bunches Applied (ton/year)



Fertilizer Usage - Mature Oil Palm (ton/ha/year)



Fertilizer usage - Immature Oil Palm (ton/ha/year)



Factor that led to an increase in fertilizer usage, in particular is due to replanting material which has high potential yield is provided with increase fertilizer application to maximize the production.

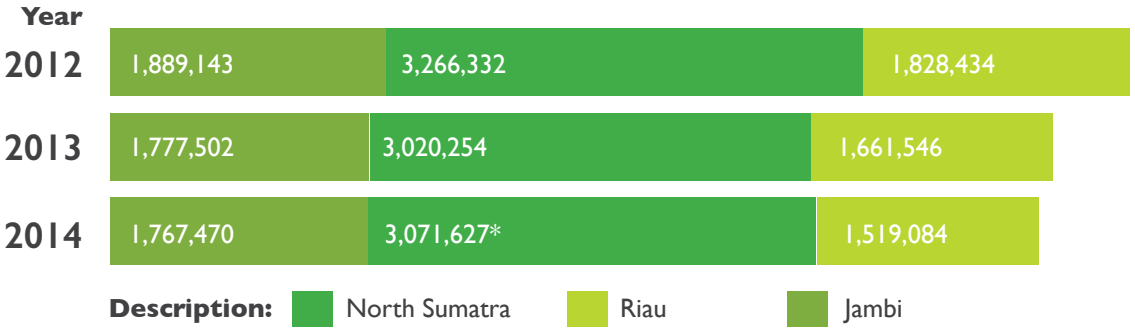
Sustainable Water Use

[G4-DMA WATER, G4-EN8]

We fully realize how precious water is to all our operations and the surrounding communities. As such, Asian Agri has begun to implement a clear monitoring system to measure our water usage in accordance to the company's commitment towards Best Management Practices. As such, water usage for agricultural purposes (irrigation in nurseries, etc.), mills, offices and domestic use is now regularly monitored.

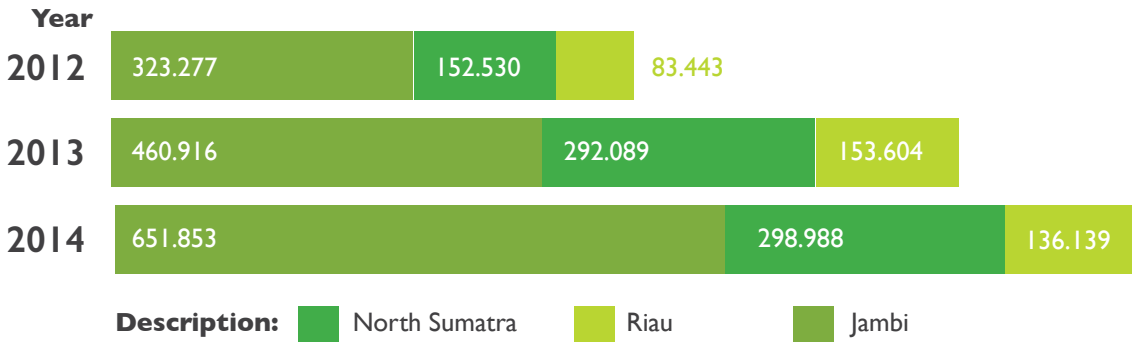
Regular biannual analysis is also carried out on our domestic water supplies to ensure they are safe for human consumption.

Annual River Water Usage (m^3)



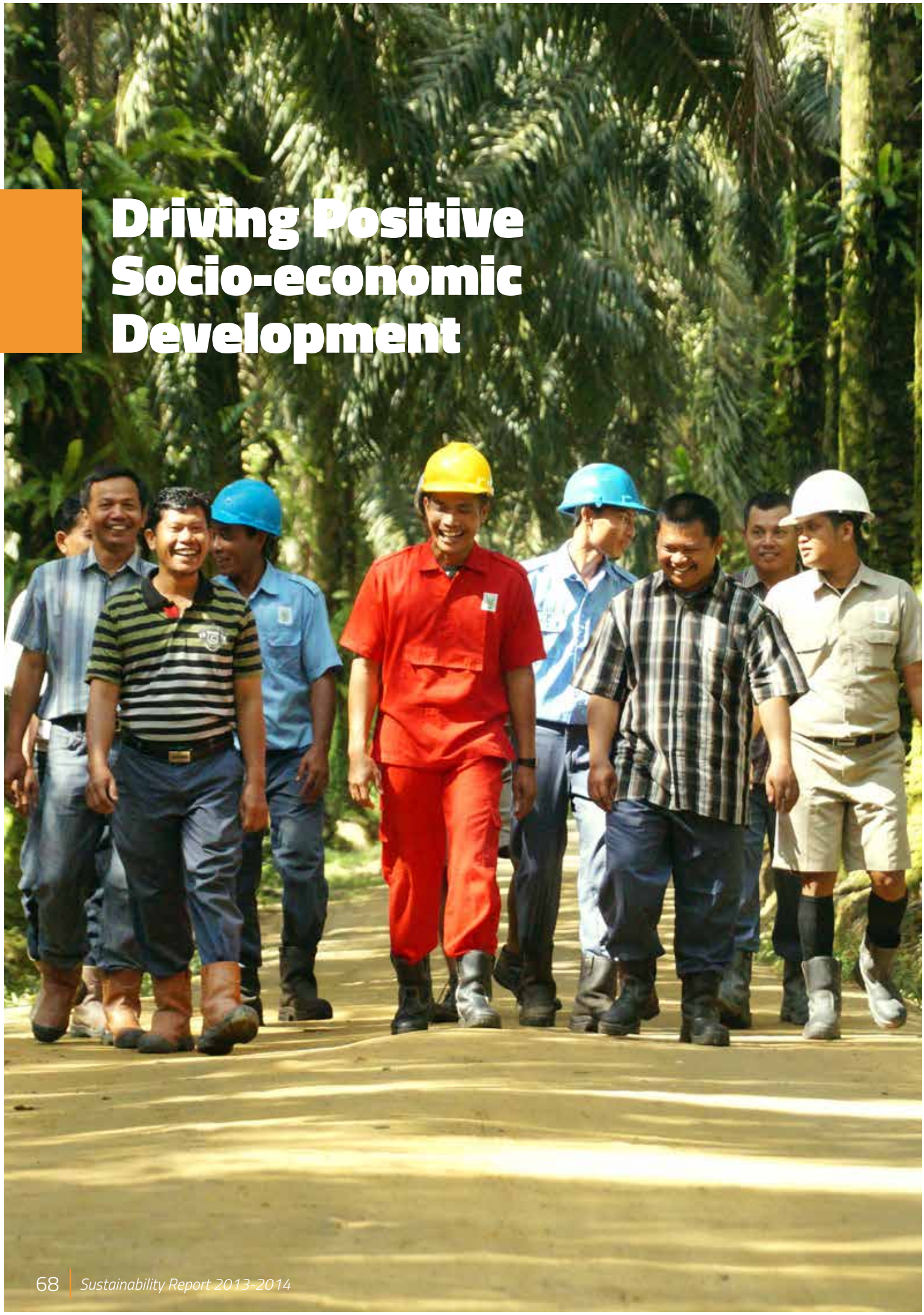
*Increasing due to additional mill being introduced in that year, Tanjung Paoh Mill,

Annual Ground Water Usage (m^3)



*Increasing trends in all regions, especially in North Sumatra, were due to several factors, including as a result of replanting there was an increase in nursery activities requiring water and the establishment of five new KCPs and one mill.

Driving Positive Socio-economic Development



Our Employees

[G4-10, G4-11]

Employees are key players in the success of our business operations. To date, Asian Agri employs around 25,000 people the majority of whom are located on-site (mills and estates). As a responsible company, we place a high priority on the welfare of our employees and protect their rights. This is incorporated within Asian Agri policy. In addition, all of our workers (non-staff) are bound by a collective labor agreement through the Indonesian Workers' Union (PP SPSI Sumatra). The agreement was created and approved by all 160 companies that are members of the Agency for Cooperation of Sumatra Plantations (*Badan Kerja Sama Perusahaan Perkebunan - BKSPPS*).

We categorize employees into the following:

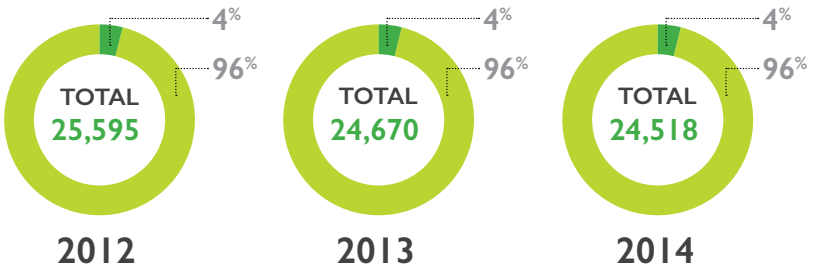
Staff : Officer level and above
Workers : Non-staff level
(mill and estate workers including non-permanent workers)

Fair Treatment Policy

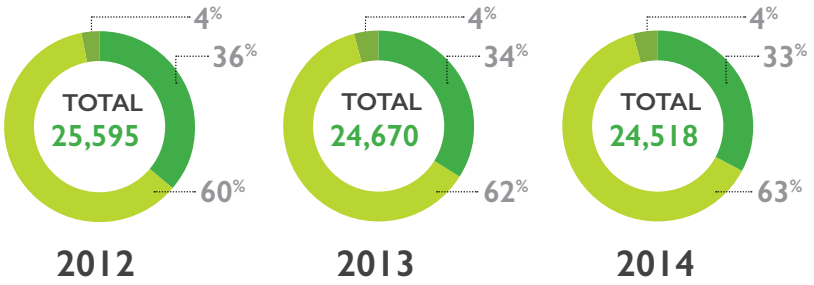
[G4-DMA DIVERSITY AND EQUAL OPPORTUNITY, G4-LA 12]

We respect the Universal Declaration of Human Rights. We believe that all people should be treated fairly and equally. We condemn any form of discrimination on our premises. Equality in terms of religion, race, beliefs, origins, age, gender and freedom from pressure is respected as part of our company culture and policy. Women have equal rights to work in our company. We also respect the reproductive rights of our women employees. We have policies in place to investigate, handle and manage any incidents involving possible sexual harassment.

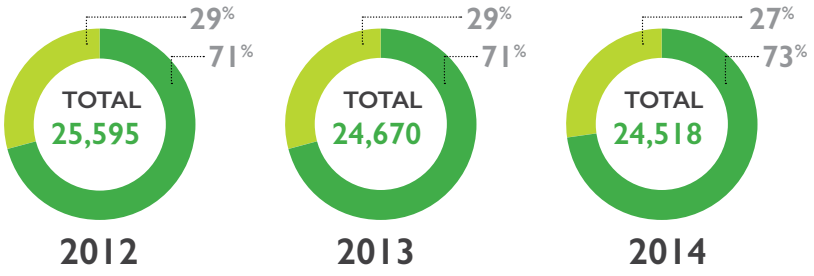
Employee Classification (%)



Age Classification (%)

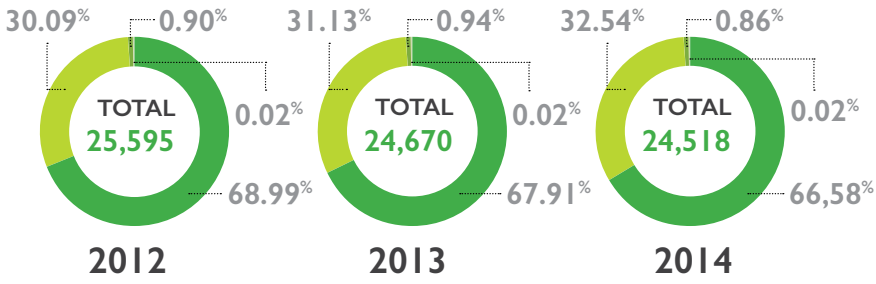


Gender Classification (%)

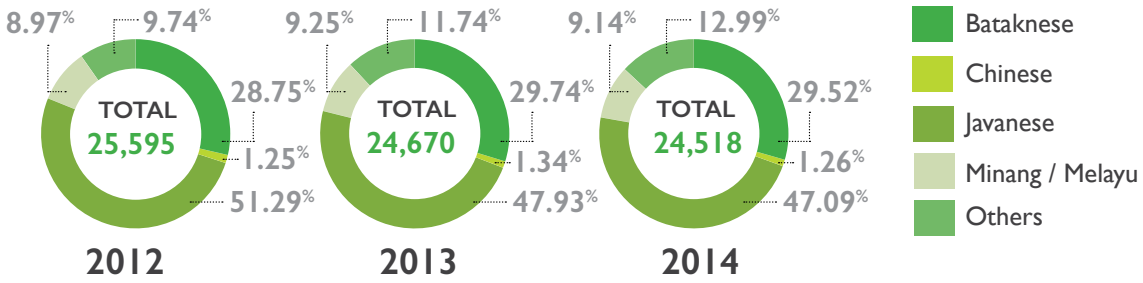


*The large difference in gender numbers is due to most estate and mill workers being men, as the work involves heavy physical activities that are deemed unsuitable for women, such as harvesting,

Religion Classification (%)



Ethnic Classification (%)



Freedom to Form a Union

Employees and workers have the right to form and become members of labor unions. Through unions, workers have the right to carry out collective bargaining as permitted under Indonesian law.

Employees' Welfare

We believe that creating a good working environment requires a strong company culture to be in place. Asian Agri has policies that respect the rights of all our employees.

Our employees are provided with facilities and amenities to meet their needs. Housing complexes are equipped with proper healthy and hygiene facilities. Clean water, electricity, and medical facilities are also available. Facilities to take care of employees' children, such as kindergartens and primary schools, crèches and school buses are provided to create a comfortable environment for employees' families.

Social facilities have been built for employees to engage in a wide variety of activities with each other. Sporting facilities and houses of worship allow employees to engage in social, cultural and religious activities. The company is fully committed to providing a clean, healthy, safe and vibrant environment for both its employees and their families to live and work in.

The company keeps records of all salaries, benefits in-kind, and money paid to its employees, contractors, etc. There is a fixed minimum wage and this is revised annually by each provincial government in Indonesia. The company follows the minimum wage agreements and all new guidelines or revisions to the existing agreements are communicated to employees. Payment records are countersigned by the workers to acknowledge receipt and they understand how payments are calculated. In addition, the company also pays an annual bonus to all employees according to individual performance and gives an annual bonus to celebrate the holidays depending on their religion, called *Tunjangan Hari Raya* (*THR*)

Child Labor Policy

We strictly do not hire under-age workers or condone the use of child labor. We have a strict employment policy that prohibits workers under the age of 18 from being employed by Asian Agri.

Employee Engagement

A successful company is only as good as its people. Thus, Asian Agri constantly invests heavily in human resources development. Our focus is to produce professional employees who fulfill the 4C components: Competent, Character, Commitment and Complementary to the team.

Thus, we identify and recruit potential candidates from all over Indonesia and have designed a worker development system that starts from the beginning of their careers. The system is directed to improve employee competence, involving knowledge, skills and attitude.

We recognize the contribution of our workers to our operations. We have established a worker appreciation system based on performance (performance-based management). A competitive welfare and remuneration system is also established to provide protection in accordance with plantation company standards and local regulations.

We have a supportive industrial relations program, with a priority on creating a safe, comfortable and harmonious working environment. The aim of this program is to support productivity targets, quality work and high efficiency.

Asian Agri has a set career path system to ensure that our organization is managed by competent personnel; with defined duties, responsibility and skills; based on work groups/ departments.

This policy is expected to have a positive impact, where work experience is considered to increase an employee's competency and facilitate career planning within a vertical career path. However, this does not limit possibilities based on an employee's potential and development; horizontal career paths between departments can also occur.

Asian Agri applies a grading/leveling system that supports its remuneration and promotion systems. Grade increases are not solely based on experience

or seniority—often observed in the plantation business—but more on the talent or potential, as well as performance, of an employee.

Human resources in plantations do not only comprise competent individuals in the estate business, but also people who are skilled to manage fellow employees. This is why in Asian Agri we do not call ourselves agronomists. Instead, we call ourselves planters. "Planter" is a key word to show our strength in the palm oil business and reflects our focus throughout our business organization.

Asian Agri deals with the shortage of skilled staff in the industry by having our own infrastructure and system to train staff. Our commitment is that all individuals will be developed to become competent in their respective fields through enhancing their knowledge, skills and attitude. This commitment to human resources development is a strong policy of Asian Agri, demonstrated by the establishment of the Asian Agri Learning Institute (AALI), located in one of our best estates, the Buatan estate in Riau.

We have developed a training program for all our employees, for workers, staff and those at the management level. This includes training to support certification programs, case-study visits, a technical rejuvenation program, a managerial and leadership rejuvenation program, and participation in seminars. Certification training programs include provision of skills and knowledge that support sustainability compliance. This includes HCV, safety and health, fire management, first aid, etc. We also conduct case-study visits to conduct benchmarking with other industry players and to learn from their experiences. Technical and managerial rejuvenation programs are provided as a way to refresh and update employees' technical knowledge. We also attend seminars to learn about updates in the industry on sustainability initiatives and new approaches from key stakeholders.

Our Learning and Development Department has also instituted the Asian Agri Innovation Award to encourage staff to come up with ideas that enhance efficiency and improve productivity. In 2007, AALI successfully adopted the ISO 9000-2001 Quality Management System issued by Sucofindo. AALI has been noted as being "very competent" in implementing its program dedicated to planters, based on a curriculum audit conducted by the Bogor Agricultural Institute, the University of Gajah Mada and the University of Brawijaya.

Workers' Health and Safety

[G4-DMA OCCUPATIONAL HEALTH AND SAFETY, G4-LA6]

The health and safety of our workers is fundamental and a critical factor in working efficiently and effectively. High standards of workers' health and safety is also part of our efforts to ensure our workers' welfare. Asian Agri has in place environmental, social, and occupational safety and health policies in accordance with Indonesian regulations, as well as RSPO P&Cs.

We conduct regular training to improve the skills and knowledge of workers in their daily operations. We also provide constant training and have set up a mandatory policy on the use of personal protective equipment (PPE). Signboards have been erected in the field to remind workers of the benefits and rationale of wearing PPE while at work.

Asian Agri has developed an Occupational Health and Safety Committee (*Panitia Pembina Keselamatan dan Kesehatan Kerja - P2K3*) in each of its units, for both plantations and mills. This committee is coordinated by health and safety expert staff, who hold monthly meetings to gather feedback and input as part of our continuous improvement. Action plans and monitoring steps are taken to ensure that precautionary occupational health and safety steps are implemented in the field.

In addition, we provide our employees and workers with the necessary knowledge and skills in first aid and fire-brigade training. This training enables them to react appropriately in the case of accidents or fire.

To further support our team, we have clinics and ambulances to provide health services for employees, both for their health concerns and also in the case of emergency. Routine annual medical check-ups are given to all employees, while workers who have a high level of exposure to hazards and chemical substances are given biannual check-ups. Pregnancy tests are provided to our female workers, especially pesticide sprayers and fertilizer operators. As a precautionary measure, expectant mothers are redeployed to other operations. All employees are provided with insurance coverage (*JAMSOSTEK*) in accordance with Indonesian law and regulations.

Injury Rate*

Year	Injury Rate					
	North Sumatra		Riau		Jambi	
	Male	Female	Male	Female	Male	Female
2012	2.93	0.00	11.63	0.09	3.55	0.02
2013	2.09	0.01	7.73	0.00	2.67	0.00
2014	2.14	0.05	4.84	0.00	2.49	0.00

*For more information, please kindly refer to Appendix

Lost Day Rate*

Description	Year	Lost Day Rate		
		North Sumatra	Riau	Jambi
Man Hour / Year	2012	8	9	2
	2013	13	7	6
	2014	11	11	4
Lost Day/ Year	2012	1.92	1.54	0.62
	2013	1.18	1.10	0.90
	2014	1.20	21.7	0.70

*For more information, please kindly refer to Appendix

Absentee Rate*

Description	Year	Absentee Rate					
		North Sumatra		Riau		Jambi	
		Male	Female	Male	Female	Male	Female
Man Hours Absence / Worker	2012	35.74	0.67	109.67	0	13.60	0.53
	2013	25.15	0.01	56.24	0.07	21.33	0
	2014	23.44	0	61.08	0.13	14.95	0
Day Absence / Worker	2012	4.97	0	15.53	0	1.77	0
	2013	3.59	0.17	8.03	0.01	3.05	0
	2014	3.35	0.08	8.73	0.02	2.14	0

*For more information, please kindly refer to Appendix

Work Incident Based on Category*

Region	Work Incident Based on Category											
	2012				2013				2014			
	F	PD	MA	FA	F	PD	MA	FA	F	PD	MA	FA
North Sumatra	0	1	210	257	0	0	158	240	0	0	165	174
Riau	0	1	765	368	0	1	465	226	1	0	298	181
Jambi	0	1	146	139	0	0	128	134	0	0	93	117

*For more information, please kindly refer to Appendix

Legends:

F : Fatality
PD : Permanent Disability
MA : Medical Aid
FA : First Aid

Our Communities

Free Prior and Informed Consent

Indonesia is a country blessed with a rich variety of cultures, ethnicities and languages. Asian Agri recognizes that a strong relationship with stakeholders surrounding our operations also enriches us as a company. A good relationship with local communities is based on trust, respect and good communication.

We have developed a system to cater for community concerns through our grievance and claims mechanism. We collate community feedback before opening new concessions following the environmental and social assessment (AMDAL). We believe that by having a transparent communication system we can engage and build a good relationship with the communities around our operations.

Corporate Social Responsibility (CSR) Program

Asian Agri works in three provinces in Indonesia, and in 17 regencies and 137 villages. As part of our responsibility to the community, we have launched several CSR programs for our stakeholders. CSR programs provide a strategic value-added only if they can address the needs of our stakeholders. Thus, we always welcome an open dialogue and engagement with our stakeholders to build good relationships with them.

Through CSR programs, our goal is to build our sustainability practices, as well as improve the welfare of our employees and their families, our smallholders and local communities.

Asian Agri's CSR programs emphasize the development of the surrounding communities. Thus, we focus on four aspects that have a strategic role in contributing to society's empowerment and development, as follows:

1. Economic improvement
2. Education improvement
3. Health improvement
4. Social and cultural engagement

We believe that it is our responsibility to help our communities and to engage with our key stakeholders.

Economic Improvement

We recognize that local communities have an important role in shaping the economy development of their respective localities through various sectors. Meanwhile, we are continuously striving to build trust and harmonious relationships with our smallholders.

Scheme Smallholders [G4-DMA ECONOMIC PERFORMANCE]

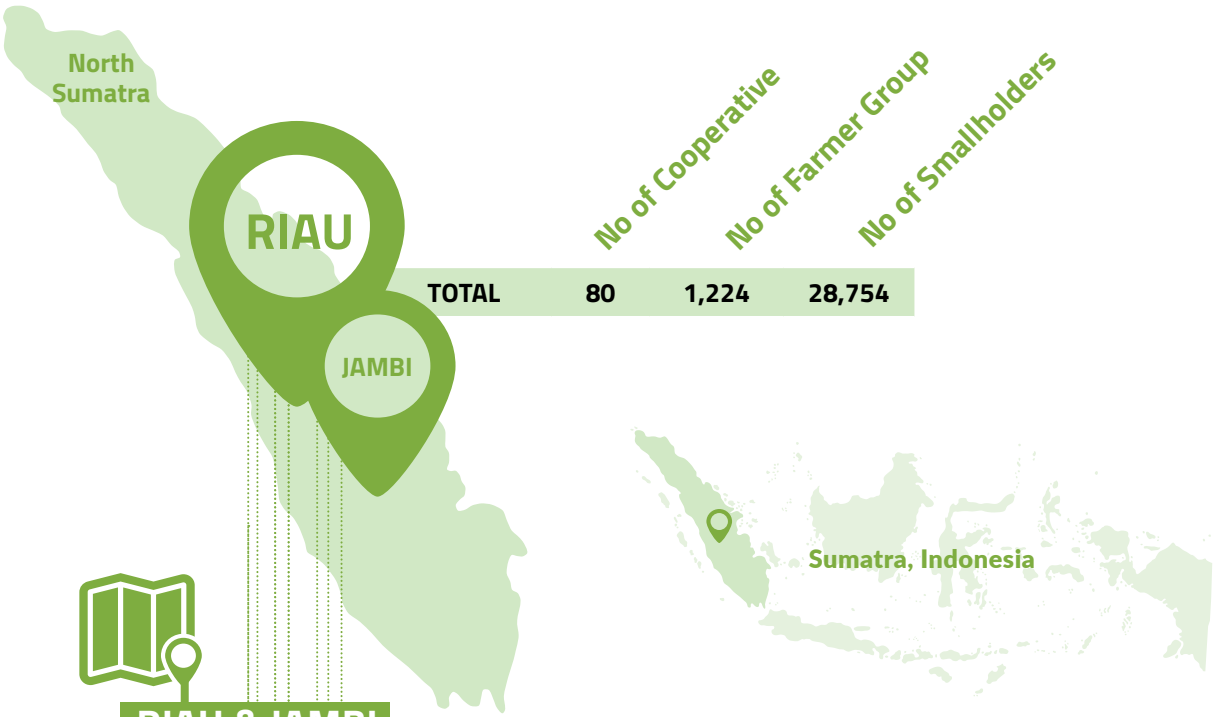
Asian Agri was one of the pioneer participants in the Plasma Transmigration Program (PIR-Trans) in 1987. The program was initiated by the government based on Presidential Instruction No. 1/1986, which aimed to improve economic development through the production of non-oil and gas commodities in Indonesia. Our corporate social responsibility (CSR) program commits to supporting and contributing towards Indonesia's poverty alleviation program. Our goal is not only to produce economic and financial benefits but also to empower our smallholders to achieve our common goal in sustainable palm oil production.

At the beginning of the PIR-Trans program, smallholders were given 2.5 ha of land: 2 ha for oil palm estates and 0.5 ha for food cropping. PT IIS, as the operating holding company of Asian Agri, acts as a catalyst for plasma smallholders to obtain financial assistance. The land title is held by the bank as collateral. The plasma program is financed by credit from banks, with plantation companies assisting in loan repayments. Around 30 percent of a smallholder's total FFB sales is deducted to repay the loan from the bank. Once the land is producing fruit (which usually takes around 3-4 years), management of the 2.5 ha is transferred to the plasma smallholder. Upon the repayment of the loan, the right of ownership to the land is handed over to the smallholder, who therefore acquires full ownership of the land.

Apart from plasma smallholders, we are also working with KKPA[3] (*Kredit Koperasi Primer Anggota*) scheme smallholders. To date, we are partners

3 The difference between KKPA and Plasma smallholders lies in operational management. KKPA smallholders' estates are managed under the partner company, while plasma smallholders' estates are managed by the smallholders themselves through cooperatives.

with around 29,000 smallholders in Riau and Jambi who manage around 60,000 ha of estates. These estates comprise six smallholders' schemes and three smallholders' KKPA in Riau and Jambi. The smallholders are managed by farmer groups, while the farmer groups are managed by cooperatives.



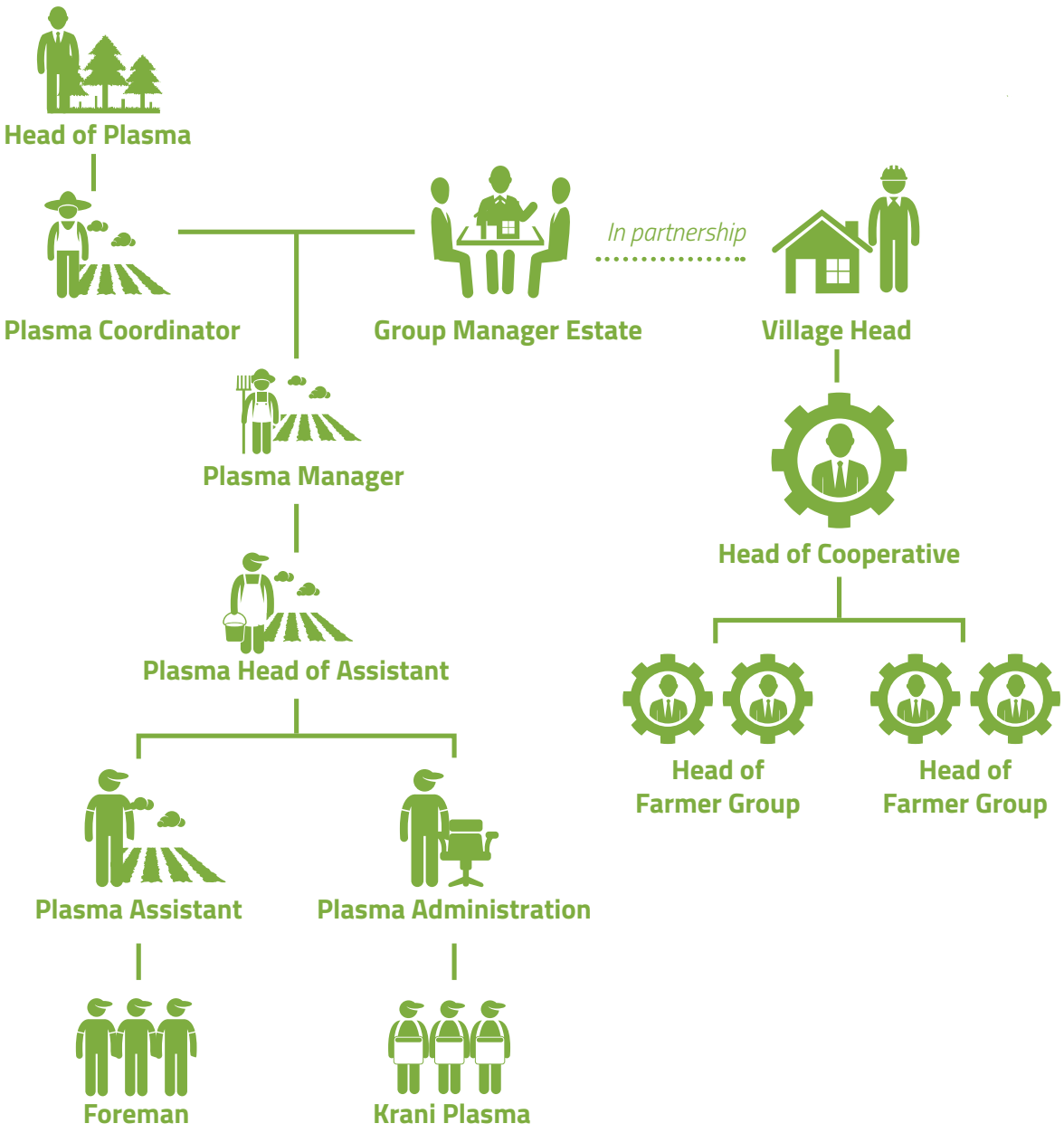
Region	No. of Cooperatives	No. of Farmer Groups	No. of Smallholders
Buatan (Plasma)	12	232	5,464
Buatan (KKPA)	1	0	749
Ukui (Plasma)	15	314	6,768
Peranap (Plasma)	14	113	2,571
Penarikan (KKPA)	1	0	65
Gunung Sahilan (KKPA)	4	71	2,125
Tungkal Ulu (Plasma)	10	210	4,600
Muara Bulian (Plasma)	6	160	3,455
Bungo Tebo (Plasma)	17	124	2,957
Total	**80**	**1.224**	**28.754**

Plasma Smallholders

To ensure the success of our smallholders' program, we have set up a dedicated plasma management team. The smallholders' plasma management team facilitates and provides agriculture knowledge and technical skills in oil palm management, for example in fertilizer application, harvesting techniques and rotation, fruit quality, support in infrastructure and loan provisions. The strong partnership between our smallholders and the plasma management team should ultimately lead to stronger economic growth for smallholders.

To encourage and educate smallholders on various certification systems and

Plasma Smallholders Management Team [G4-34]

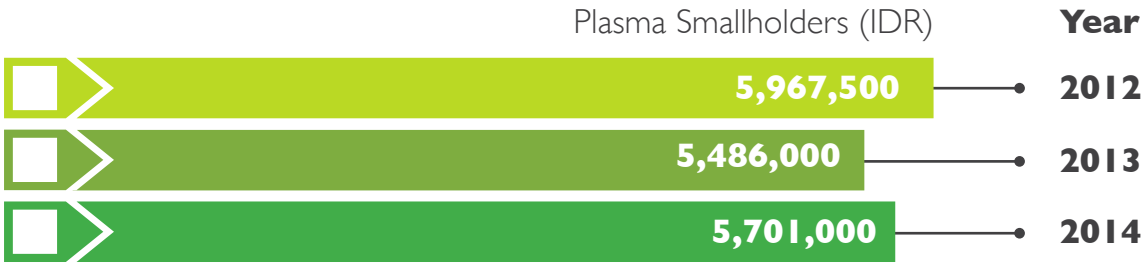


sustainability requirements, the smallholders' management team provides guidance and support for the smallholders through a plasma manager, assistants and foremen for each estate. Regular meetings with cooperatives and farmer groups' representatives are conducted to ensure that the sustainable management of oil palms and industry standards is implemented in the field. The meeting also provides an opportunity for smallholders to share issues and concerns that they have on technical issues or grievances they may have with the company.

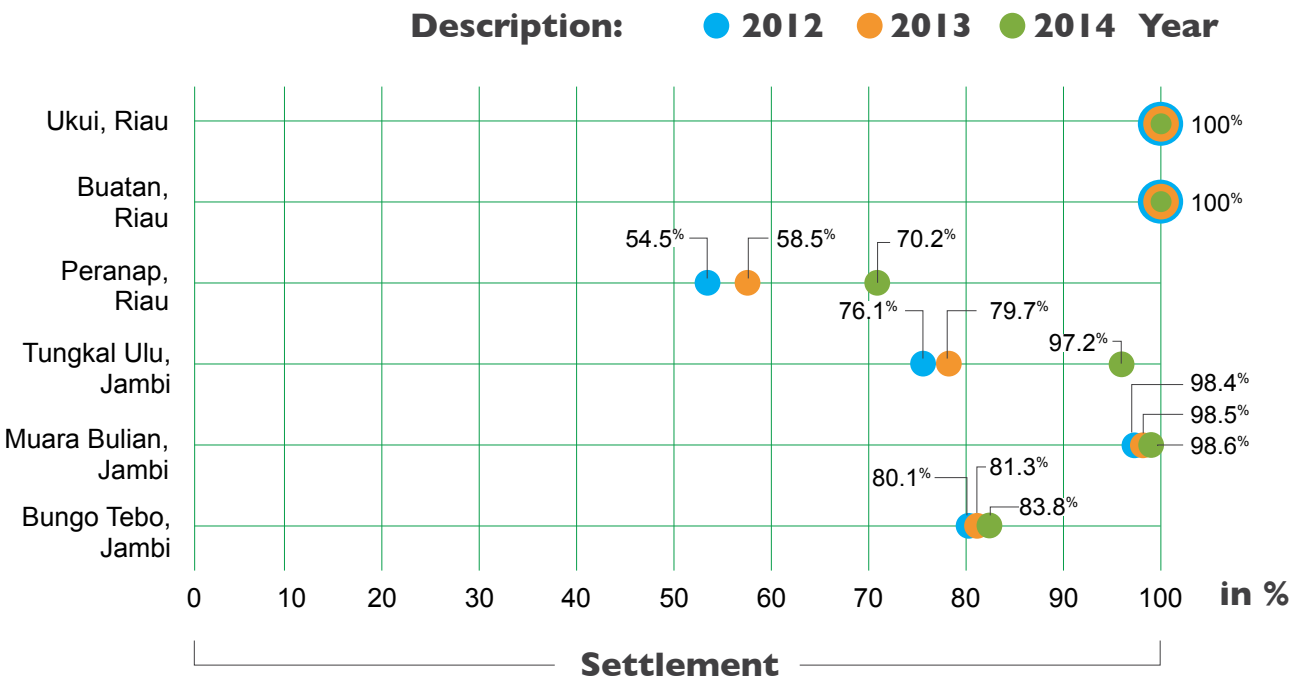
The smallholders' management team liaises with the cooperative to manage smallholders. The cooperative has a role in organizing and coordinating farmer groups, including managing FFB sales and also monitoring the implementation of guidelines from smallholders' management teams.

In 2012-2014, of 99 top cooperatives in Indonesia, 10 received awards from the Indonesian government. Of these 10 cooperatives, four were from Asian Agri's smallholders' scheme. These were KUD Sumber Makmur, KUD Trani Maju, KUD Jaya Makmur and KUD Sumber Bahagia in Ukui and Buatan estates, all in Riau. The cooperatives comprise about 1,700 smallholders and all are RSPO certified.

Plasma Smallholders Gross Income [G4-EC1]



Plasma Smallholders Loan Repayment (%)



Transparency

Trust and a good relationship are the key factors in maintaining a successful plasma program. On this basis, we conduct our business with our scheme smallholders in a highly transparent manner. The FFB price of our smallholders is set through provincial government regulations, while the price mechanism is communicated to smallholders through weekly meetings.

Sustainable Growth with Smallholders

The years 2012 and 2013 were significant milestones for Asian Agri, as its smallholders received their first RSPO certification. Asian Agri's smallholders also obtained ISCC certification, making it the largest group of ISCC-certified smallholders in Indonesia. We have involved our smallholders in our sustainability journey since 2009, when we participated in a RSPO trial audit of smallholders.

Our smallholders also actively participate in RSPO Smallholders Working Group discussions. This provides them with knowledge on the implementation of sustainability certification as a fundamental part of our Best Practice Management. As a result of the discussions, smallholders start to realize that as consumers and buyers are placing ever greater emphasis on sustainability, and consequently RSPO and ISCC certification will enable them to gain better access to the market.

Asian Agri provides smallholders with specific knowledge and skills regarding RSPO and ISCC principles and criteria by conducting training from our own dedicated management team, supported by our sustainability team. We also collaborate with various parties for sustainability-related topics such as HCV, a fire and haze mitigation plan, cooperative management, etc. Our partners include the Directorate General of Plantations, prominent universities, RSPO's Indonesian Liaison Office (RILO) and prominent NGOs such as WWF Indonesia and Solidaridad. We have a time-bound plan in place to achieve RSPO smallholders' certification by 2016, while our smallholders are already 100 percent ISCC certified.

Conserving HCV within Smallholder Areas

Sustainability is not just about achieving good production and maintaining rigorous documentation procedures. It also involves promoting conservation initiatives within oil palm plantations. High Conservation Value (HCV) areas that have been identified for conservation are communicated to smallholders and the surrounding community. This is done so that HCV areas can be properly conserved.

HCV assessments in Asian Agri are conducted by RSPO-accredited HCV assessors. Based on the HCV identification results, we develop a management and monitoring plan for all identified HCV areas, including those in smallholder areas. Identified areas are communicated to smallholders and sign-boards are erected around the HCV areas. Indentified HCV areas within smallholders' estates include customary protected plant species, for example Kempas trees, animal species, such as Rhinoceros Hornbill and its habitat (HCV 1.2 and HCV 2.3), riparian areas (HCV 4.1), Sialang trees, which are used by local communities (HCV 5), and traditional burial sites (HCV 6).

Independent Smallholders

Sustainability has long been our goal and a necessary standard for all companies to adopt. As such, assurance of sustainable supply chains and traceability throughout those supply chains have also become an important concern of many stakeholders. In this regard, we recognize the important role of independent smallholders in achieving sustainability in the palm oil industry.

Today, around 25 percent of our production comes from independent smallholders. Through our corporate social responsibility (CSR) program, we are engaging with independent smallholders by providing:

1. Facilitation of cooperative formation
2. Capacity building through training and support in agronomy Best Management Practices, thereby enabling them to produce sustainable palm oil
3. Direct access to market and market information
4. Financial support for fertilizer and infrastructure

The CSR team collects data on the independent smallholders in order to ensure that their fruit is legal and comes from verifiable sources. We hope the assistance that we provided will translate to sustainability practices, thereby improving productivity, which leads to higher income. They will have better living livelihood and create an awareness and understanding sustainability culture within their operations.

The CSR team collects data on the independent smallholders in order to ensure that their fruit is legal and comes from verifiable sources.

RSPO Certified Independent Smallholders (Amanah Association)

DESCRIPTION:

AREA (HA) | TOTAL FARMER GROUP

1

BERSATU MAJU

53 | 25

2

JADI MULYA

123 | 56

3

USAHA TANI

83 | 39

4

SUMBER REJEKI

89 | 37

5

REJEKI MULYA

84 | 36

6

BINA EKA

89 | 40

7

SETIA MANDIRI

63 | 31

8

KARYA MANDIRI

63 | 31

9

USAHA MANDIRI

62 | 28

10

RISKI ABADI

62 | 29

TOTAL

763 | 349

Amanah Palm Oil Independent Smallholders Association was the first independent smallholder group in Ukui, Riau, to receive RSPO certification in Indonesia in July 2013. We have been working closely with the group since 2006. Asian Agri believes that the right approach to sustainability for independent smallholders begins by introducing them to the best agricultural practices, including the latest techniques in harvesting, fertilizer application and integrated pest management, and showing them the benefits of applying these practices. Following such practices can bring about a win-win solution for both parties. Smallholders develop higher standards and better processes in their agricultural operations, resulting in higher yields. Meanwhile, Asian Agri benefits by receiving higher quality FFB and assurance of sustainable production from smallholders.

In 2012, the RSPO certification process was conducted with the support of prominent NGOs and retailers. Amanah Association has demonstrated positive results. According to an RSPO news release, "an analysis implemented on this group's certification clearly outlined a few distinctions before and after certification in management practices, yield and production output, decreased use of herbicide and chemicals".

We hope that this success story will become a model to follow for other independent smallholders in Ukui and across our areas of operation, so that all smallholders can share a common goal in producing sustainable palm oil with us.

Apart from the ongoing economic program with both scheme and independent smallholders, we also conduct integrated oil palm and cow husbandry programs. These programs commenced in 2008 in Riau and Jambi, where our plasma smallholders are located. There are two methods of payment in this program. One is through KUD, where the cooperative purchases the cow and the smallholders are given two years to repay the purchase price at zero interest. The repayment funds from smallholders are then used to buy another cow for another smallholder.

The other method is through bank loans via the KKPE (Loan for Food Security and Energy). Asian Agri is chosen as a moderator and organizer to manage the program and to purchase cows for smallholders. The smallholders then repay the loan monthly over three years.

By 2014, 178 smallholders in Riau and 325 smallholders in Jambi had benefitted from these methods. Moreover, these programs utilize the oil palm by-product for cattle feed, while cattle manure is used as a substitute for fertilizer, thereby integrating oil palm and cow husbandry.

With the use of technology, smallholders are able to utilize the manure as a source of biogas for their daily needs. This initiative is expected to provide farmers with additional income during replanting. Other than cow husbandry, Asian Agri also provides alternative livestock also suitable for smallholders, such as ducks, goats and lambs.

We have also provided electricity and roads in the Tanjung Selamat estate in North Sumatra and the surrounding villages. The electricity installation program started in 2013 and was completed in 2014 at Aek Nauli village, Tanjung Selamat.

The program covered an area spanning 1.5 km, with electricity provided to about 68 families. Having electricity plays an important role in allowing communities to improve their welfare by supporting income-generating activities and contributing to economic improvements. Meanwhile, roads open up access to villages and improve the local economy by facilitating trade, improving people's livelihoods and giving them better access to services.

Educational Improvement

In 2010, Asian Agri and the Tanoto Foundation launched the Pelita Pendidikan program to raise the quality of education. The program was designed to empower teachers, strengthen educational institutions and improve facilities, quality of teaching and learning environments. This program targets elementary schools located in and around Asian Agri operations in Sumatra, and includes school renovations and amenities such as school buses, computers, playgrounds, access to clean water, and proper sanitation facilities.

Education starts from a desire to read. Therefore, this program aims to cultivate children's desire to read by raising their awareness and improving

their knowledge of the school community. We have built a school library and have continually improved the quality of the library, while establishing collaboration between schools and local libraries.

Infrastructure should be strengthened by improving the quality of teachers, as they are the main agents in delivering education. We are trying to change the current teaching paradigm by providing training for teachers and educational institutions.

Infrastructure will only be successful if it is supported by good quality facilities. Therefore, we also provide schools with chairs and desks in order to support learning activities. We feel that students learn better in a comfortable environment.

Health Improvement

Asian Agri provides access to clean water and has built several health polyclinics in different villages. Through its Asian Agri Peduli program, Asian Agri was actively involved in emergency responses to several natural disasters, such as the earthquakes in West Sumatra and Mentawai. Asian Agri has also participated in relief efforts when natural disasters have struck in our operation areas and the surrounding communities.

We have also built several facilities such as deep wells for the clean water provision program, and sanitation facilities for schools and the surrounding communities. The latest deep well facilities were built in 2014, benefitting communities in Buatan and Ukui.

Social and Cultural Engagement

Several religious-themed events have been held to promote and maintain harmony between Asian Agri and surrounding communities. Visits during holy celebrations and revamping places of worship are one of Asian Agri programs to respect cultural diversity among our communities. We also sponsor cultural and sporting events.

In our Group's CSR program for smallholders, we provide financial and technical assistance to beneficiaries in various communities, allowing them to develop alternative sources of income through cattle husbandry and fish farming.

General Standard Disclosures [G4-32]

	DISCLOSURE	PAGE(S)
Strategy and Analysis		
G4-1	A statement from the most senior decision-maker of the organization	1
Organizational Profile		
G4-3	Name of the organization	14-16
G4-4	Primary brands, products, and services	14-16
G4-5	Headquarters' location	14-16
G4-6	Operational countries	14-16
G4-7	Nature of ownership and legal form	14-16
G4-8	The markets served	14-16
G4-9	Scale of the organization	14-16
G4-10	Workforce data	69-70
G4-11	Percentage of total employees covered by collective bargaining agreements	69-70
G4-12	The organization's supply chain	54-56
G4-13	The significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	14-16,22
G4-14	Information on whether and how the precautionary approach or principle is addressed by the organization	34, 38, 50-59
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	34
G4-16	Memberships of associations and national or international advocacy	23
Identified Material Aspects and Boundaries		
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	V
G4-18	The process for defining the report content and the Aspect Boundaries	9-10
G4-19	Material Aspects identified in the process for defining report content	9-10
G4-20	Aspect Boundaries within the organization	12-13
G4-21	Aspect Boundaries outside the organization	12-13
G4-22	Restatement of information provided in the previous reports	N/A
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	N/A
Stakeholder Engagement		
G4-24	Stakeholder groups engaged by the organization	18-19
G4-25	The basis for identification and selection of stakeholders with whom to engage	18-19
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	18-19
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	18-19
Report Profile		
G4-28	Reporting period	v
G4-29	Date of most recent previous report (if any)	N/A
G4-30	Reporting cycle	v
G4-31	Contact point	Back Cover
G4-32	GRI content index	94-96

DISCLOSURE		PAGE(S)
G4-33	External assurance	96-99
Governance		
G4-34	Organization's governance structure	34-35, 82
Ethics and Integrity		
G4-56	Organization's values, principles, standards, and norms of behaviours	20-21

Specific Standard Disclosures

MATERIAL ASPECTS	DMA & ASPECT INDICATORS		PAGE(S)
	G4-DMA	Disclosures on management approach	28-29, 40-42, 46-49, 60-61, 67, 69-70, 75-77
Environmental			
Water	G4-EN8	Total water withdrawal by source	67
Biodiversity	G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	46-49
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	40-42
Effluents and waste	G4-EN22	Total water discharge by quality and destination	60-61
Economic			
Economic Performance	G4-EC1	-	-
Social (Labor Practices and Decent Work)			
Occupational health and safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender	75-77
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority grioup membership, and any other indicators od diversity	69-70

SGS Indonesia Assurance Statement [G4-33]

SGS

ASSURANCE STATEMENT

SGS INDONESIA REPORT ON SUSTAINABILITY ACTIVITIES IN THE PT INTI INDOSAWIT SUBUR SUSTAINABILITY REPORT 2013-2014

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

PT SGS Indonesia was commissioned by PT Inti Indosawit Subur to conduct independent assurance of the PT Inti Indosawit Subur Sustainability Report 2013-2014. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, statement, graphs and data in accompanying tables, contained in the Report.

The information in the Sustainability Report of PT Inti Indosawit Subur and its presentation are the responsibility of the directors or governing body and the management of PT Inti Indosawit Subur. PT SGS Indonesia has not been involved in the preparation of any of the material included in the PT Inti Indosawit Subur Sustainability Report 2013- 2014.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all PT Inti Indosawit Subur stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines, G4 (2013), the AA1000 Assurance Standard (2008).These protocols allow for different options for assurance depending on the reporting history and capabilities of the Reporting Organization.

The Report has been assured at a moderate level of scrutiny using our protocols for:

- Evaluation of the veracity of Report content;
- A Type 2 evaluation of Report content and supporting management systems against the AA1000 Accountability Principles (2008) using the AA1000 Assurance Standard (2008). The specified data included the environmental and social performance of PT Inti Indosawit Subur.
- Report evaluation against the Global Reporting Initiative Sustainability Reporting Guidelines G4 (2013).

The assurance comprised a combination of pre-assurance research, interviews with relevant accountable managers and employees at the Head Office of PT Inti Indosawit Subur in Jakarta, and sampling visits to 5 out of 27 estates, 5 out of 20 mills, 1 out of 3 KCPs (Kernel Crushing Plant), 2 out of 6 plasma and 1 out of 3 KKPAs (Kredit Koperasi Primer Anggota).

Financial data drawn directly from independently audited financial accounts have not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability Report assurance. PT SGS Indonesia affirm our independence from PT Inti Indosawit Subur being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with International Register of Certificated Auditors (IRCA), Environmental Management System (EMS) Lead Auditor, Quality Management System (QMS) Lead Auditor, Occupational Health and Safety Assessment Series (OHSAS) Lead Auditor, Round Table on Sustainable Palm Oil (RSPO) Auditor, International Sustainability and Carbon Certification (ISCC) Auditor. Some members of the assurance team have completed the IRCA Corporate Responsibility Training Programme and have experience of auditing in Palm Oil Estate and Crude Palm Oil Plant and are internationally renowned for their expertise in sustainability.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within The PT Inti Indosawit Subur Sustainability Report 2013-2014 is accurate, reliable and provides a fair and balanced representation of PT Inti Indosawit Subur's sustainability activities in 2013-2014.

The assurance team is of the opinion that the Report can be used by the PT Inti Indosawit Subur's Stakeholders We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Materiality

PT Inti Indosawit Subur has identified stakeholders and issues that are material to each group of stakeholders and the Report addresses these at the appropriate level to reflect their importance and priority to these stakeholders. PT Inti Indosawit Subur determine materiality aspects based on discussion involving multi stakeholders such as NGO, Buyers, Smallholders, Local communities, suppliers, Employees and Governments.

Stakeholder Inclusiveness

PT Inti Indosawit Subur has made a commitment to be accountable to those on whom it has an impact or who have an impact on it as stated in policies such as Environment Policies, High Carbon Stock Conservation, Green House Gases Monitoring and Mitigation, and Zero Burning Policy. Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Responsiveness

PT Inti Indosawit Subur has responded to stakeholder's issues that may affect its sustainability performance and is addressed through decisions, actions and performance, as well as communication with stakeholders. Nevertheless, the organization could benefit from providing a more detailed report of the response during the engagement process. Example: Engagement with NGOs, Engagement with Local Community.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES G4 2013 CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion, the PT Inti Indosawit Subur Sustainability Report 2013-2014 is presented in accordance with and fulfills the content and quality criteria for GRI G4.

Principles

In our opinion the content and quality of the Report adheres to the ten GRI Report Content Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness, and to the six GRI Report Quality Principles of Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability.

General Standard Disclosures

All the standard disclosures required for reporting in accordance with the core option for GRI G4 are included or referenced in the Report.

Specific Standard Disclosures

Disclosure Management Approach (DMA) for each materiality aspects and at least one indicator have been disclosed in the Report in accordance with the core option for GRI G4.

Recommendations

The following opportunities have been identified for future reporting cycles to support continued improvement in PT Inti Indosawit Subur 's sustainability Report.

1. Principle to define report content in terms of completeness should be improved by disclosing performance on economic aspect and social aspect such as direct value generated and distributed.
2. Principle to define report quality in terms of Balance principle and Clarity principle should be improved. For Balance principle by presenting data of PROPER ranking (Environmental Corporate Performance Rating Program) for some Mills under PT Inti Indosawit Subur, and for Clarity principle by presenting the data from each mill and estate in Sustainability Report instead of presenting data in Total.
3. Legal entity of each Mills should be disclosed in detail in accordance with standard disclosure.
4. To ensure traceability performance of Mill and Estates parameter Oil extraction Rate and Kernel Extraction Rate should be disclosed instead of CPO production.
5. Guidelines or procedure to determine materiality aspect should be documented. It is also recommended to involve more stakeholders in determine materiality aspects. Focus Group Discussion among stakeholders both internal and external could be considered as the method.
6. Disclosure Management Approach (DMA) for each materiality aspect did not always cover DMAb and DMAc, for example: setting of target and goal for each material aspect, evaluation of the performance against the target and necessary adjustment of management approach.
7. Assignment of Person in Charge that is responsible for each data reported at each Mill and Estates could be considered to ensure accuracy and reliability of data in Sustainability Report.
8. It is strongly recommended to improve awareness and commitment to implement Occupational Health and Safety as part of the commitment to comply with national regulation.

9. Process of defining the content of the Report should be documented in order for it to be replicable, and used consistently for each reporting period. Changes to the assessment approach, and their implications, are expected to be documented.
10. The process of determining materiality should be improved. Consultation with relevant internal and external stakeholders should be documented and reported.
11. Tax explanation should be presented as materiality. Brief explanation is necessary to clarify the issue.
12. It is recommended to establish a procedure or guidance for stakeholder engagements processes.

Signed:
For and on behalf of SGS Indonesia

Guy Escarfail
Managing Director
Jakarta, Indonesia
February 2016.

WWW.SGS.COM

AA1000
Licensed Assurance Provider
000-8

Abbreviations and Acronyms

A

AA	Asian Agri
AALI	Asian Agri Learning Institute
APM	Agronomy Policy Manual

B

BMP	Best Management Practice
BOD	Biochemical Oxygen Demand

C

CPO	Crude Palm Oil
CSPO	Certified Sustainable Palm Oil
CSR	Corporate Social Responsibility

E

EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment / AMDAL (Analisa Mengenai Dampak Lingkungan)
EU	European Union

F

FFB	Fresh Fruit Bunches
FPIC	Free, Prior and Informed Consent

G

GHG	Greenhouse Gas
GPS	Global Positioning System
GRI	Global Reporting Initiative

H

HCS	High Carbon Stock
HCV	High Conservation Value
HCV-RIWG	HCV Indonesian Working Group

I

ICRAF	World Agroforestry Center
IOPRI	Indonesia Oil Palm Research Institute

IPB	Institut Pertanian Bogor / Bogor Agriculture Institute
IPM	Integrated Pest Management
ISCC	International Sustainability and Carbon Certification
ISO	International Organization for Standardization
ISPO	Indonesia Sustainable Palm Oil

J

Jamsostek	Jaminan Sosial Tenaga Kerja / Social Security System

K

KCP	Kernel Crushing Plant
KKPA	Kredit Koperasi Primer untuk Anggota
KMSI	Komisi Minyak Sawit Indonesia / Indonesian Palm Oil Commission
KUD	Koperasi Unit Desa / Village Unit Cooperative

N

N/A	Not Available
NGO	Non Governmental Organization

O

OPGP	Oil Palm Genome Project
OPRS	Oil Palm Research Station

P

P&C	Principles and Criteria
P2K3	Panitia Pembina Keselamatan dan Kesehatan Kerja / Occupational Health and Safety Committee
PIR-Trans	Plasma Transmigration Program
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PROPER	Programme for Pollution Control, Evaluation and Rating

R

R&D	Research and Development
RILO	RSPO Indonesian Liaison Office
RKL	Rencana Pengelolaan Lingkungan Hidup / Environmental Management Plan
RPL	Rencana Pemantauan Lingkungan Hidup / Environmental Monitoring Plan

RSPO	Roundtable of Sustainable Palm Oil

S

SOP	Standard Operating Procedure

T

TC	Technical Committee
THR	Tunjangan Hari Raya / holiday allowance

U

UGM	Universitas Gadjah Mada / Gadjah Mada University
UMP	Upah Minimum Provinsi / Regional Minimum Wage

W

WEPAL	Wageningen Evaluating Programs for Analytical Laboratories
WWF	World Wildlife Fund

Glossary

A

AMDAL / Environmental Impact Assessment (EIA)	The assessment by which the anticipated impacts on the environment of a proposed development or project are measured. If the likely impacts are unacceptable, design measures or other relevant mitigation measures can be taken to reduce or avoid these effects.

B

Biogas	Gas produced by the anaerobic digestion or fermentation of organic matter, such as manure, sewage sludge, municipal solid waste, biodegradable waste or any other biodegradable feedstock. Biogas produces methane and carbon dioxide and can be used as fuel.
BOD	A measure of the dissolved oxygen needed by microorganisms during the oxidation of reduced substance in waters and wastes.

D

Deforestation	Deforestation is conversion of forest to another land use or long-term reduction of the tree canopy cover. This includes conversion of natural forest to tree plantations, agriculture, pasture water reservoirs and urban areas but excludes timber production areas managed to ensure the forest regenerates after logging.

G

Gassifiers	A tool to make gasification, which is a process that converts fossil fuels into a gas mixture.
Greenhouse Gas (GHG) Emissions	Gas in an atmosphere that absorbs and emits radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary GHG emitted from palm oil mill are carbon dioxide, methane and nitrous oxide.

H

High Carbon Stock (HCS)	HCS forests are those identified through the HCS Approach as forested areas to be prioritized for protection from conversion. HCS are divided into 6 classifications which is Open Land (OL), Scrub (S), Young Generating Forest (YRF), Low Density Forest (LDF), Medium Density Forest (MDF), High Density Forest (HDF).
High Conservation Values (HCV)	High Conservation Values (HCVs) are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level. (Source: HCV Resource Network.)

I

Indonesia Sustainable Palm Oil (ISPO)	A policy adopted from Circular Letter No.092/ TU.200/E-ISPO/9/2012 by the Ministry of Agriculture on behalf of the Government of Indonesia with the aim to improve the competitiveness of the Indonesian palm oil on the global market and contribute to the objective set by the President of the Republic of Indonesia to reduce greenhouse gases emissions and draw attention to environmental issues.
Integrated Pest Management (IPM)	An ecosystem-based strategy that focuses on long-term prevention of pest damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties.
International Sustainability and Carbon Certification (ISCC)	The first international certification system that can be used to prove sustainability and greenhouse gas savings for all kinds of biomass and bio-energy based on EU Renewable Energy Directive's (RED) requirements.. The ISCC seal proves that biomass was produced in an environmentally friendly way. ISCC also covers social sustainability principles and thus provides more security for companies.

K

Kernel Crushing Plants (KCP)	A plant that processed the kernels into crude palm kernel oil (CPKO).

N

Non Governmental Organization (NGO)	An organization that is neither a part of a government nor a conventional for-profit business.

P

PIR – Trans Program	A plantation development program that involves large plantation as nucleus to assist and guide surrounding smallholder in a scheme that is mutually beneficial, intact and sustainably linked to the transmigration program.
PROPER	One of the initiatives by Indonesian government to promote industrial compliance with pollution control regulations, to facilitate and enforce the adoption of practices contributing to "clean technology," and to ensure a better environmental management system.

R

Roundtable on Sustainable Palm Oil (RSPO)	An organization that unites stakeholders from 7 sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks / investors and environmental and social non-governmental organizations (NGOs) to develop and implement global standards for sustainable palm oil. RSPO is a global, multi-stakeholder initiative on sustainable palm oil.

S

Sustainability	A balancing act where business decisions take into account the impact they may have on the triple bottom line aspect of sustainability which are social, environment and economic.

Stakeholder	Refers to any group, individual, member or system that affects or can be affected by company's actions.

T

Traceability	A process for tracing palm oil through out the supply chain from source of FFB origin.

Z

Zero-burn	The Zero Burning Technique is a method of land clearing whereby the tee stand, either logged over secondary forests or an old area of plantation tree crops such as oil palm are cut, shredded, stacked and left on site to decompose naturally.

Appendix

1. **Injury Rate (IR)**
   The number of work-related injuries for every 100 workers during the year (exclude first-aid level).

2. **Lost Day Rate (LDR)**
   The number of working days lost due to work-related accidents within 1,000,000 man hours yearly.

3. **Absentee Rate**
   The average number of working days lost due to work-related accidents during a year.

4. **Work Incident Based on Category**
   Occupational accidents are based on the categories below:

First Aid	: Minor accidents that can be dealt with by using medicines in a P3K box
Medical Aid	: Minor accidents that require medical attention by paramedics and where the worker can return to his/her duties again within 2 days
Permanent Disable	: Serious accidents that cause the victim to suffer permanent body defects
Fatality	: Serious accidents that cause the victim to suffer total paralysis or death

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