



ANJ SUSTAINABILITY POLICY IMPLEMENTATION GUIDANCE

This guidance is an integrated part of ANJ's Sustainability Policy and is subject to revision to adhere to any changes in the RSPO Principles and Criteria for continuous improvement.

ANJ's commitment to sustainable palm oil production takes into consideration the 17 Sustainable Development Goals adopted by the United Nations General Assembly in 2015. In addition to this, we fully subscribe to the three key elements of Sustainable Development, which aims to satisfy the current environmental, social, and economic needs without sacrificing the sustenance of future generation. The elements being;

1. Long-term economic viability (Prosperity),
2. Human well-being (People), and
3. Stewardship of natural resources and management of the environment (Planet).

These key elements become the foundation pillars of our commitment to sustainability because we care about what we do, and how we impact others and the environment. In view of this, our commitment is extended to all associates and business partners in the oil palm sector. As a member of the Roundtable on Sustainable Palm Oil (RSPO), we aim to fully comply with the RSPO Principles & Criteria and its ancillary requirements. This is a long-term commitment.

The three key elements (Prosperity, People and Planet) are interconnected with one another and become a sustainable system, only if we focus on how we nurture positive interaction among the three aspects and minimize or eliminate the negative interaction among them.

Our end goal is the long-term prosperity of people, whether it is our shareholders, our employees, or communities surrounding our immediate operations. We believe that this prosperity can neither be achieved nor maintained without conserving a healthy environment.

At the core of these three elements is the prosperity of our business. This is because without a viable and profitable business, we would not have the resources to actively take care of the environment which we operate in. Neither would we have the resources to develop and improve the livelihood of people we work with.



GUIDING PRINCIPLES OF THE SUSTAINABILITY POLICY

CORPORATE AND SOCIAL RESPONSIBILITY (CSR)

Our CSR has two dimensions: stewardship and full cognizance of social needs. Our CSR is guided by the key elements of this policy. Our CSR initiatives will consider the actual needs and aspirations of our direct stakeholders, including employees and local communities. Specifically, designed programs will ensure that they are long-lasting, beneficial, uplifting, and target specific.

BEST MANAGEMENT PRACTICE

We implement best management practices in managing our business and our operations, as tried and tested in the industry, and aim to improve these practices whenever possible. This includes all aspects of crop management and production, milling and other operations related to palm oil production. This also extends to the aspects of protecting biodiversity and implementing community development programs. Through regular monitoring and evaluation of all our systems, we apply feedback mechanisms that facilitate learning and adaptation of our management practices.

Our resources are limited, and positive social and environmental impacts are best achieved if implemented within our areas of operation, where we have the human resources and where we can focus to understand local political and social conditions. We cannot have this synergy and best practice unless we have a holistic approach to sustainability that includes our operational, conservation and community development areas in totality.

NO EXPLOITATION

ANJ will not subscribe to any form of exploitation in all its business operations and practices. We are a company that practices fairness and provides equal opportunities. All elements of this policy are guided by our adherence to our commitment to No Exploitation of any kind and form.

AN INCLUSIVE AND COLLABORATIVE APPROACH WITH NO COERCION

We promote collaboration with government agencies, non-governmental organizations, research groups and local communities so that we can work together to resolve the sustainability challenges that we face.

In implementing our sustainability policy, we adopt an inclusive approach by engaging with our employees and third party suppliers. We require all our third party suppliers to agree and fully commit to our Sustainability Policy, to implement and practice the requirement and commitment stated in our Sustainability Policy, and to allow us to

assess their Sustainability practices. We will communicate any changes to our Sustainability Policy or its implementation guidance to all suppliers.

We do not believe in coercion or the outright banning of our third party suppliers if they fall short in complying with our Sustainability Policy. We shall continue to engage with them to take the requisite remedial actions, unless there has been a significant violation that indicates bad intentions or which will endanger our overall business practices or the environment.

RESPECTING HUMAN RIGHTS

Respect for human rights is fundamental to our values. Our Group recognizes, respects and is committed to carrying out its business in accordance with the principles of the United Nations Universal Declaration of Human Rights, as well as protecting human rights in our business operation. In addition, our core values reinforce our commitment to ethical business practices and good corporate governance.

TRANSPARENCY

Our commitment to transparency is such that it is embedded in all elements of our Sustainability Policy. We shall promote accountability and transparency through effective reporting and communications.

COMMUNICATION

We promote accountability and transparency through effective and targeted communications which are carried out using various channels and media. We ensure the clarity and accuracy in the information that we convey and when required we will facilitate independent verification of the information.

We ensure the availability of grievance mechanisms for internal and external stakeholders through various channels which are supported by dedicated resources.

KEY ELEMENTS OF SUSTAINABLE DEVELOPMENT

1. Long-Term Economic Viability (Prosperity)

Long-term economic viability refers to the ability and capacity of a company to make reasonable and sustainable profit.

Responsible Business Practice

Responsible Business Practice requires the company to take into consideration ethical, environmental, and social factors in striving for profitability.

- **Compliance with local laws and regulations, and international conventions**

ANJ complies with Indonesian laws and regulations, and relevant International Conventions, which includes respecting the Human Rights and universal Labour Rights, and protection of Biological Diversity.

ANJ follows the Universal Declaration of Human Rights and ILO/UN Guiding Principles of Business and Human Rights to protect and respect human rights and to prevent, address and remedy human rights abuses committed in our business operation. This commitment is described further in our employment policies and processes to ensure that any discrepancies of this commitment are identified and remedied, through various mechanisms, including our grievance mechanism. These policies apply to all of our suppliers.

- **Commitment to Good Corporate Governance**

We are committed to promoting Good Corporate Governance (GCG) in all our business operations and this extends to our business associates and direct stakeholders. Fairness, Transparency, Accountability and Equal Opportunity is the core of our GCG.

- **Subscribe to fair and ethical Code of Conduct**

We will uphold a strict code of ethics in our business practices and decision-making. In doing so, fair treatment in all aspects of our business practice and operations is guaranteed.

- Ethical behavior:* In conducting our business, we adhere to our Code of Conduct (attached). All contracts with our third-party suppliers include specific clauses on anti-bribery and on a full prohibition of child, forced or trafficked labour.
- Fair return and fair treatment:* We provide our third-party suppliers with a fair return from efficient operational practices. We will treat our employees, third party suppliers, community and other stakeholders fairly according to their relevant roles and existing regulations.
- Taxation and payment to Government:* We pay a fair amount of tax that reflects the success of each entity within the Group and that adhere to the Tax Regulations. To

achieve this outcome, we: organize our business affairs on sound commercial principles and in accordance with relevant tax legislation; maintain strong operational internal controls to ensure that timely and accurate tax returns and associated payments are submitted; obtain independent specialist and/or external advice where there are areas of uncertainties; monitor tax regulation development; and, adjust our system of recording to anticipate changes in regulation, so that a timely and accurate tax reporting can be done.

- **Compliance to the requirements of RSPO Principles & Criteria**

We have a proven track-record of compliance with RSPO requirements and we intend to maintain this in perpetuity.

- **Traceability**

We will ensure full traceability of our supply chain and systematically ensure that sustainability requirements are adhered to along this chain.

- a. We ensure detailed land mapping and documentation of the legality of our concessions. We are also developing systems to also include smallholder producers from which we source fresh fruit bunches (FFB) to ensure that there is no illegal planting by these smallholders.
- b. We exclude any illegally developed smallholder oil palm in all new engagements with smallholders. For existing smallholders who cannot prove the legality of their land use, we will assist in clarifying the legal land status by working with the government authorities. If this does not work out, we will cease purchasing from these respective smallholders.
- c. The No Purchasing policy is only used when it will not harm the livelihoods of the related smallholders, or threatens to escalate into conflict, and as long as it is in-line with the applicable regulations.
- d. Our traceability policies also extend to other third party suppliers of FFB.

- **Guaranteed good quality products**

We will guarantee that all necessary standards will be implemented to ensure that all our products derived from palm oil processing are of the highest quality and are in line with international standards.

- **Reporting and disclosure**

We will ensure that regular reporting of our sustainability progress and achievements takes place. As part of the implementation of the transparency and accountability principles to stakeholders, we publish our sustainability performance annually through our Sustainability Reports, for which we follow the Global Reporting Initiative standards. The reporting period of our sustainability report is from 1 January to 31 December.

- **Commitment to continuous improvement**

We are committed to ensuring continuous improvement in all aspects of our operations and business practices. We will, over-time, identify the integrated linkages in our system through adaptive management.

We seek this in our agronomy practices by doing research, fostering innovation, monitoring and evaluation, and using feedback loops to improve our management. We also strive for improvements in our conservation practices that enhance the biodiversity value of protected forests and wetlands. Similarly, we monitor social welfare outcomes for communities surrounding our plantations and adapt our programs for community development accordingly.

2. Human Well-Being (People)

2.A. Social Responsibility Towards Employees

ANJ will ensure the well-being of our employees by adhering to the following social values and practices:

2.A.1. Gender Equality

Gender equality views that all employees and related parties, should receive equal treatment and not be discriminated against based on their gender. ANJ actively promotes the following in our management:

- **Women Empowerment**

We provide a positive work environment to encourage women to actively and confidently participate in our work force and take on leadership roles.

We support the inclusion of women across our operations, including addressing barriers they may face, for example access to information, technology, training, etc. We fully acknowledge the role of women in building strong economies and just societies. We follow Women's Empowerment Principles developed by the UN Women as guidance on how to empower women in the workplace, marketplace and community. To ensure implementation of equal career and training opportunities for women, we will provide a clear guidance in our Human Resources manual.

- **Women healthcare, childcare and reproductive rights**

We recognize the role of women in families and communities, and the importance of providing medical healthcare according to women's special role as mothers in communities. Therefore, we have developed a healthcare and childcare system that supports women in carrying out their function as a worker and their role as family caretaker. The development of a childcare

system that is functional and supportive also contributes to family well-being.

We respect the rights of our employees related to reproduction and reproductive health. Our employees can make decisions concerning reproduction free of discrimination, coercion and violence. Pregnancy testing may only be conducted based on request from the woman, ensuring that she is not pregnant when spraying pesticide..

We provide maternity benefit which includes payment of full wages during three-month maternity leave.

- **Equal Opportunity**

In line with our commitment to GCG, we practice equal opportunity, without gender bias, for employment, fair wages and bonuses, and unbiased promotion without any form of discrimination.

2.A.2. Human Rights

Human Rights refer to our basic rights that should be respected by all and are guided by accepted universal principles and norms as follows:

- **Universal Declaration of Human Rights**

ANJ recognizes the Universal Declaration of Human Rights and the ILO/UN Guiding Principles of Business and Human Rights, which articulates the fundamental human rights and freedom of association, elimination of forced labour, prohibition of child labour for all, including indigenous and tribal people that live within and surrounding our areas of operation. We respect these rights in our operations and business practices. These policies to protect, respect and remedy apply to all of our suppliers.

- **Zero tolerance for any discrimination based on race, religion, nationality, political views, physical conditions, and others**

We aim to create a working environment that is harmonious and non-divisive. Therefore, we do not accept any form of discrimination based on race, religion, nationality, political views, and physical and medical conditions affecting our employees and business associates.

Our recruitment selection, hiring, access to training and promotion are based on skills, capabilities, qualities and medical fitness necessary for the jobs available, and we provide equal opportunities for advancement to all staff and workers without discrimination.

- **Children Rights**

We recognize the United Nation Convention on the Rights of the Child (1990). ANJ will ensure that children in and adjacent to our management sites are

given the right to be with their families with access to housing, adequate nutrition, clean water, electricity, and basic facilities. We will also provide them access to child healthcare, basic education, and protection from abuse and neglect.

Children have the right to study, learn and play to grow up as happy individuals, and therefore under no circumstances shall children be deprived of their childhood, their potential and dignity in a way that is harmful to their physical and mental development. According to Indonesian law, it is mandatory for all children under the age of 15 to go to school. It is the Government of Indonesia's obligation to provide for their education.

Where local culture allows children to help their parents in the fields or where parents feel that they have the right or obligation to bring their children to accompany them at work, we will provide an induction and explanation session for parents to respect their children's right.

We will also provide facilities, such as crèche, day-care center or nursery, early childhood education, elementary school and middle school to allow children's education in those operation areas where access to the public facility is difficult.

The development of the educational and child care facilities will match with our business development stage, as it is our philosophy that in each area where we operate, our business should generate and use its own resources, especially human resources and financial resources, to adhere to the Sustainable Development Goals, particularly for education.

- **Violence, Harassment, and Sexual Exploitation**

ANJ will not tolerate any form of violence, harassment and sexual exploitation in our management sites and work places. According to ANJ's values, all workers will be treated with dignity and respect, and be free from harassment (including sexual harassment or violence), bullying or assaults. We operate systems that ensure the security of all workers in remote areas of operation.

We establish policies and procedures to prevent violation of human rights as stated above. We also establish procedures to provide remedy of negative impacts of human rights violation incidents (such as: forced labour, abuse, harassment). We communicate these policies to our workers and our external stakeholders and we monitor and take remedial action for any violation incidents.

2.A.3. Labour Rights

- **We do not use child labour, trafficked labour nor forced labour**

ANJ shall uphold the standards of the International Labour Organization (ILO). Our labour rights commitment includes implementing the strict regulation of no child, neither trafficked nor forced labour in all our business operations.

We will follow the ILO Convention 1973 No. 138 on minimum age to work. The criteria for the minimum age to work vary according to culture of the communities and applicable laws and regulations to which we adhere. We will not employ child-labour or under-aged workers.

Work arrangement is conducted on the basis of free agreement, based on mutually agreed written work contracts. Workers' right and obligations are described in their work contract, Company Regulations, Manual and Guidance on Human Resources policies, Integrity Pact and, in the case of labour unions, in the Collective Labour Agreement.

Where and when temporary or migrant workers are employed, we ensure the following:

- a. We adhere to all national and local regulations for employing migrant workers.
- b. We provide transparent information on working terms and conditions and procedures for voluntary resignation before bringing the potential workers to our areas of operation.
- c. We explain company regulations, the Environment, Health and Safety policies and procedures to follow when using Company facilities. Violation of these regulations is subject to sanctions with the highest sanction being termination of work relations, and, if a criminal act has been committed, reporting to the police.
- d. We explain the system of overtime payment and calculation, including the workers' right to refuse prolonged overtime.
- e. We explain Human Resources systems which include performance management system, promotion and career development.
- f. Payment of wages is done on a monthly basis or in shorter regular intervals after deductions required by the Government. Under no circumstances will wages be withheld for no clear reason.

- **Employment conditions and benefits**

We are committed to providing a decent living wage to all our workers and also require all of our suppliers to adhere to this commitment.

We promote fair and equitable benefits by providing medical insurance, retirement plans and annual, sick and maternity leave.

We follow Indonesia's manpower regulations and pay at least the minimum wages as determined by the government in each part of the country, and according to the type of work contract available.

When work is piece-rated, we compute the productivity rate according to a reasonable average productivity using either national or local productivity rates.

We are committed to following the ILO Conventions on normal working hours in the industry to a maximum of eight hours per day and 48 hours per week, with certain defined exceptions. The normal working hours in Indonesia are 40 hours per week. Reasonable working hours will depend on the type of work – mostly from 8 am-5 pm. Some types of work will require different working hours. We ensure that the workers have the right of at least one day rest every 6 days of work.

Overtime is only required when necessary or when there are insufficient workers, but operational duties need to be completed. Overtime needs to be planned, communicated and agreed on a voluntary basis with the workers. Overtime payment for non-staff work will at the minimum fulfil the regulations of the Government of Indonesia, which provide the right of the workers to refuse working overtime and to limit overtime hours.

All workers are covered by the BPJS Kesehatan (National Health Insurance System) and pay into the BPJS Ketenagakerjaan (National Pension System) according to the Indonesian BPJS regulation.

We prioritise Occupational Health and Safety by providing tools and personal protective equipment required for employees to perform their duties.

Housing and healthcare facilities for workers in remote areas are provided, if there are no nearby available housing or healthcare facilities or if provision of such facilities will result in increased operational efficiency.

Standards of sanitation facilities and water supplies will abide by Indonesian laws and regulations and the ILO Guidance on Workers' Housing Recommendation No. 115. The provision of housing and other facilities are developed in line with the financial capacity and development stage of the plantation, with the target that proper housing for all workers should be completed at the latest five years after the initial planting. All our health facilities include healthcare clinics staffed by qualified doctors, paramedics and nurses, and with complete stocks of basic medication.

We make efforts to improve workers' access to adequate, sufficient and affordable food, which as far as possible also facilitates economic

development in the surrounding communities based on the provision of healthy food sources for the workers.

We provide places of worship in all our areas of operation, focusing on the locally predominant religions.

Workers have the freedom of association. Collective bargaining negotiation is entered into with recognized representative agents.

2.A.4. Safety and Security

Safety and Security aims to provide a safe and secure environment to enable employees to work without risk of injury and illness.

- **Occupational Safety and Health (OSH)**

We do not compromise health and safety standards in any of our operations and we provide safe environments to work in for all our employees. Adequate guidance and training is a priority.

Occupational safety and health policies are part of our corporate policies, which are updated periodically and widely communicated. We continuously foster a safety culture with zero incident targets. Employees are provided with regular safety training and accidents are reported and regularly reviewed.

We provide tools and personal protective equipment required for employees to perform their duties. Work involving pesticide spraying and handling can only be done by healthy workers older than 18 years, not being pregnant and having undergone the required training on pesticides use and who are provided with appropriate personal protective equipment for the job.

We operate a security system to ensure the safety of workers, including the structural integrity and fire safety of work sites. This system is subject to regular review and assessment and continuous improvement, based on the changing risk profile of the workplace.

2.A.5. Positive Engagement

ANJ is an open and transparent organization, we provide the platforms that supports and provide the following:

- **Socialization of the values and policies that we uphold**

All new employees will go through an induction training for our ANJ Values socialization. The induction will also include an explanation of our Human Resource policies.

Clear policies, procedures and training of workers and managers are in place to ensure the freedom of association in day-to-day operations.

Workers will obtain training on their rights and obligations that they have as members of the union.

- **Functional Grievance Mechanism**

Complaints or grievances can be processed through four channels: senior management (Human Resources Officer, Manager, or Director), our Whistle Blowing System (*Berani Bicara*), LKS Bipartit and our Value Champion System. The procedures for complaints are regulated separately. All four systems and procedures are widely communicated and socialized and guarantee confidentiality of any complaint (if so desired) and prohibit retaliation.

- **Unbiased Conflict Resolution**

Conflict resolution is done in the framework of our ANJ Value of Respect for People through the four channels of grievance mechanism. The law of Indonesia provides another channel for dispute resolution through the *Disnaker* Dispute Resolution.

- **Continuous engagement with both internal and external stakeholders**

Social dialogue on all aspects of work is established with workers, whether they are part of labour unions or not, through the *LKS Bipartit* (Bipartite Cooperation Institutes).

2.B. Local Communities Engagement

ANJ is concerned about the well-being of all associated local communities and direct stakeholders. ANJ respects local communities and their rights to land and livelihoods and their other rights as described in the UN Declaration on the Rights of Indigenous People and Indigenous and Tribal Peoples Convention 1989 No.169. The respect of the Rights of Indigenous and Tribal Peoples is also applicable to all our suppliers. As such, we are committed to fully comply with the requirements of the RSPO standard and procedures relating to community engagement. In doing so, we will ensure that the following is the foundation of our local community engagement efforts:

- **Free, Prior and Informed Consent (FPIC)**

We respect the existence of legal and customary land rights. All issues related to land utilization and participation in conservation and development efforts are consulted through a free, prior and informed (FPIC) dialogue with the community

We ensure that our FPIC process includes appropriate representation of the indigenous and community groups, including women, the elderly and the youth.

Written consent based on legal contract is used as a proof of consent. Such contracts should be signed-off by the community leaders and, where appropriate, legalized and recognized by the legal Government Authority.

- **Respect local communities' land tenure rights, customary rights, and culture**

Prior to commencing our operations, we conduct social impact assessments in all our areas, which include assessments of local customs, culture, and systems of leadership and decision-making in a community.

In areas where local customs and culture may conflict with the objectives of responsible development that we promote, we will identify potential solutions which will accommodate community expectations while not breaching the responsible development principles.

In places where our goals cannot easily be reconciled with those of nearby communities, we establish enclave areas that are necessary for community livelihoods, cultural or religiously important areas, or areas important for local food production or water security.

- **Maintain continuous engagement with local communities**

We ensure that we communicate and socialize our commitments, views as well as programs, projects and activities that we are going to put in place and that we have put in place.

We ensure our communications to stakeholders are based on facts that are accurate and relevant, easy to access and which provide mechanisms for feedback.

Communication is conducted by functions that gather, analyze and send messages to stakeholders through various channels and media.

- **Ensure local community involvement and development**

- a. *Employment priority for nearby communities*

We are committed to prioritizing employment in our areas of operation for nearby rural communities, as this enhances their livelihoods, increases their involvement in protecting and enhancing the values of our conservation areas and the sustainability of our business.

This employment prioritization for communities should not compromise the fulfillment of required competency for particular positions, nor our non-discrimination policy.

In each area, we aim to have at least 30% of our workers coming from the local community. Training and development will be provided according to our capacity to ensure that the minimum local workers composition can be achieved.

In communities where local custom, cultures, and other needs preclude full-time employment, we will provide the possibility to work as casual, temporary or day labourers for a limited time.

b. Inclusion of smallholders into the supply chain

We adhere to and support the Government *Plasma* program and we develop other community programs and support community businesses that, in turn, support our operations and elevate the quality of life of communities in our areas of operation.

The fair inclusion of smallholders into our supply chain consists of:

- o Operating and managing *Plasma* programs;
- o Promoting the formation of cooperatives for other economic activities; and
- o Buying fresh-fruit bunches from smallholders at a fair price (the minimum price published by the responsible Government agency).

c. Community involvement and development

We commit to improve local communities' livelihood by improving their economic and social well-being, and developing their capacity.

We enhance community involvement and development initiatives to improve the quality of life of the community, especially in food security, health and education sectors.

We are committed to promoting a sustainable livelihood approach, which includes financing of community investment through local businesses to foster local economic growth alongside our value chain.

We will work together with relevant and competent partners to quantify, monitor and measure the impacts of our community involvement and development programs, allowing us to adapt our community development approaches as needed.

• **Facilitate grievance and conflict resolution, including land conflict resolution**

We ensure that a mechanism is in place for communities and other stakeholders to channel their grievances.

Our grievance mechanism adheres to proportionality, cultural appropriateness, accessibility, transparency and accountability, and appropriate protection (anonymity).

The existing grievance mechanisms (grievances channeled through Community Involvement and Development, our Whistle Blowing System “*Berani Bicara*”, *LKS Bipartit* and Value Champion System) are widely communicated and socialized.

- **Socialization, education and awareness-raising**

We conduct regular awareness-raising and socialization of our program of Community Involvement and Development, especially programs to change behaviour for better education, hygiene and values necessary to improve the community.

We use our areas of operation to educate the public about plantation business and its associated social and environmental management objectives through field studies and facilitating visits to our area.

3. Stewardship of Natural Resources and Management of the Environment (Planet)

3.A. Protection of the Environment and its Management

ANJ's sustainable development approach considers the social, environmental, and economic needs. We take an integrated approach to protect biodiversity (flora, fauna and their habitat) in our area of operation, including area within our land title boundaries (planted area, HCV area and area for other business use) and area surrounding our land title boundaries on which we have control or meaningful influence (especially the conservation of HCV area outside our land title boundaries under our control). Our stewardship efforts will encompass the following:

- Commitment to implement best practices/global standards of Environmental Management System (EMS), which include requirements of board level responsibility, identification of impact to the environment, compliance with regulations, commitment to environmental targets and objectives, internal and external communication, monitoring and measurement of environmental performance, and the mechanism of internal audit.
- **Responsible development of new areas incorporating an integrated landscape approach**

To maintain tropical biodiversity values, including the presence of wide-ranging species, scientific research has indicated that large, contiguous forest landscapes are needed. The scale of such landscapes is much larger than our plantations and our conservation areas alone are insufficient to maintain these landscape-level conservation values. We therefore recognize that our conservation efforts require collaboration with multi-stakeholder partners across larger landscapes and their conservation areas.

In all our areas of operation, we will seek, as much as our capacity allows, to participate in landscape-level conservation management that goes beyond the boundaries of our plantation and involves collaboration with government agencies, non-governmental organizations and other stakeholders.

Within our concessions, we will designate conservation area status on area which are independently identified as High Conservation Values (HCV) and High Carbon Stock (HCS) area by independent assessor. We are committed to only use independent assessors who are registered in the Assessor Licensing Scheme (ALS) and reviewed by High Conservation Value Resource Network (HCVRN). The designated conservation area includes committed area to protect and conserve natural ecosystem, which in the case of our operations, consists of peat ecosystems, riparian zones and hilly areas with a slope grade higher than 40%. This commitment is in accordance with RSPO requirement. As we plan to have 100% RSPO certified FFB source, this commitment to only use independent assessor as registered in the Assessor Licensing Scheme also applies to all of our suppliers.

To maintain the financial viability of our plantation operations and to generate a fair return to our shareholders, we can effectively manage a maximum 1 hectare of conservation area (including forest) for every 2 hectares of planted land. For identified HCV and HCS areas that exceed our financial and management capacity, we will collaborate with government agencies, non-governmental organizations and other stakeholders to keep the conservation areas intact.

We believe that local authorities and local communities play a crucial role in maintaining the conservation values in our areas of operation, either as co-managers and users of conservation areas, or as potential sources of threat, such as fires, hunting and illegal logging. The improvement of community welfare, concomitant strong, and collaborative community relationships are therefore integral to our conservation efforts.

We involve related communities in our conservation efforts, including employment in forest fire prevention and firefighting, forest patrolling, responsible harvesting of non-timber forest products and involvement in research and efforts to enhance biodiversity values.

As a medium-sized agriculture business, we have limited capacity for conducting scientific research on biodiversity values and management in our areas. Therefore, we collaborate with local and national institutions, scientists and researchers to document biodiversity in our concessions, to protect and conserve the forest ecosystems and ensure continuous improvement in agricultural practices that guarantee optimum yields with minimum environmental and social impacts.

- **Total protection and conservation of independently identified HCV-HCS areas and primary forest**

We will not develop primary forest and its conservation is a priority. Our conservation approach will be documented in a separate biodiversity strategy and in the conservation management plans for individual operations. These plans will identify where we will implement conservation management and with specific objectives (including expected ecological benefits, such as maintenance of hydrological flows or flood prevention for our operations); our management approach; an analysis of the perceived threats to conservation; a risk analysis and threat mitigation efforts; a road-map and time line of actions to achieve the conservation objectives with related budgets; the required human resources; and the identification of required partnerships.

We are committed to protecting biodiversity (flora and fauna and their habitat) within and surrounding our operation area.

We strictly prohibit harvesting, poaching and hunting of protected flora and fauna and all endangered, threatened and rare species within our operation area, and we implement sanction to parties violating this rule.

We are committed to only allowing sustainable hunting of species that are not protected or not classified as endangered, threatened and rare species, to respect the rights of indigenous and tribal people to continue their hunting tradition for subsistence purposes. We cooperate with the community to ensure that hunting is only aimed for species that is not endangered, threatened or rare, and that there will be no population decline. We ensure that the indigenous and tribal people start to understand that the decline of species population will threaten their ability to continue their hunting tradition and, therefore, at their own free will, they will only do sustainable hunting activities.

- **No land clearing for oil palm in independently identified HCV and HCS areas following RSPO protocols. Development of identified HCS areas pertaining to legacy cases will strictly follow RSPO's requirements and protocols**

We are committed to conducting an Environmental Impact Assessment, in addition to the HCV and HCS assessments prior to commencing new developments. All assessments will be conducted by licensed assessors who are accredited by RSPO. As we are in the process of certifying our scheme smallholders and other suppliers, they are also committed to use only the licensed assessor as accredited by RSPO.

- **No future development in peat areas of any depth and conservation of peatland**

To ensure the protection of peatland and its ecosystem, we will not conduct new development on peatland.

- **Commitment to reducing Greenhouse Gases (GHG) emissions**

We will promote activities to reduce greenhouse gases emissions, including introduction and construction of methane gas power plants (Renewable energy), forest protection, educate communities on Reduce, Reuse and Recycle and rehabilitate fragmented forest areas.

- **Zero Land Burning**

We implement a zero burning policy in all our operations, and we work closely with communities around our plantations to prevent fires outside our plantations from entering into our planted areas. We closely monitor fire and smoke in our plantations from fire towers and through fire patrols, as well as monitoring remotely fire occurrences around our plantations through hotspot detection.

- **Precaution when developing on fragile soils, slopes and water ways (including river basins)**

We ensure that fragile soil, slopes and riparian zones within our area of operation are carefully maintained to protect natural waterways and ecosystem. There will also be no land clearing in riparian zones and other conservation areas. We monitor soil fertility and avoid soil erosion of topsoil loss through best management practices. We also monitor and maintain water quality as required by regulation.

3.B. Stewardship of Developed Areas

We are committed to industry best practices, incorporating all environmental stewardship requirements. Best Practices are good operating procedures that allows management standards to be set. These procedures apply to the following:

- **Implementation of Integrated Pest Management (IMP)**

We minimize the use of pesticides and promote integrated pest management, planting of beneficial plants to attract natural biological predators.

- **Water management in existing developed wetlands and peat areas**

Intact peat areas within our concessions will be conserved, especially to maintain its hydrology function. In planted peat areas, we manage planted peat areas in accordance with the best management practices available.

- **Waste management by implementing 3R method: Reduce, Reuse, and Recycle (composting)**

We manage our waste responsibly, by implementing a zero-waste policy in all our business operations. Our waste management will include the main 3Rs: Reduce, Reuse, and Recycle. This is to minimize environmental impacts.

- **Minimize the use of chemicals, pesticides and fertilizers, and no use of paraquat**

We minimize and limit the use of chemicals, pesticides and fertilizers. We also use biological pest control in the form of beneficial plants, and organic compost from empty fruit bunches as fertilizers. We do not use paraquat and pesticides that are included in the World Health Organization Class 1A or 1B list or that are listed by the Stockholm or Rotterdam Conventions. All handling of pesticides and fertilizers will adhere to our Best Management Practices.

- **Reduction of pollution**

As one of the first Independent Power Producers (IPP) in Indonesia that operates a biogas power plant in Belitung, we have taken and will continue to take steps to minimize the emissions of greenhouse gases by capturing methane gas from Palm Oil Mill Effluents (POME) and turning it into electricity or power

- **Increase energy efficiency**

The source of energy required for FFB processing in each of our plantations originates from our own power generation driven by our in-house biomass.

- **Going beyond industry best practices in the production of sustainable palm oil**

Our adaptive management approach will help us identify practices and technology to promote improve production of sustainable palm oil. This is a continuous improvement effort, supported by research. In term of



conservation, we will move away from benign neglect to active management of identified areas.

- **Sustainable procurement policy**

Every supplier that provides fresh-fruit bunch or other goods and services to us is required to sign-off a statement that they agree to adhere to our Sustainability Policy. Suppliers with high commitment to reduce environmental impact and show good environmental performance (as proven by their environmental certification, ESG rating or publicly available report on environmental impact performance) will become our preferred suppliers.



This Sustainability Policy Implementation Guidance is effective as of 31 October 2019 and revised for further deliberation and understanding on 8 September 2021.

Jakarta, 8 September 2021

Board of Directors of

PT Austindo Nusantara Jaya Tbk and Its Subsidiaries

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