In a year dominated by the COVID-19 pandemic, we all faced new challenges in 2020. Adapting the way in which we work, measures to help prevent COVID-19 have been adopted across our operations. Furthermore, we have been finding new solutions to ensure that the impacts of COVID-19 do not impede our efforts to uphold standards in sustainability.

In this issue of Sustainability Journey, we report on the following pertinent issues:

1. How we have been facing the challenges of responsible sourcing as we work towards eliminating deforestation and exploitation across supply chains.

2. Risk management approaches adopted by the group as we seek to ensure fulfilment of ethical labor responsibilities.

3. Approaches to protect and fulfill the rights of children living in and around plantations.

4. Efforts to support local communities during the COVID-19 pandemic and endeavors to create long-term positive benefits in our operating areas by investing in infrastructure and livelihoods.

5. Capacity building and planning for forest restoration and rehabilitation.

Ultimately our aim is to continue to improve our sustainability performance and make ever increasing progress towards realizing our Sustainability Vision: 1. Healthy Workforces; 2. Fully Engaged and Traceable Supply Chain; 3. Functioning Environmental Ecosystems; 4. Positive Impacts on Community Welfare.
Facing the Challenges of Responsible Sourcing

Goodhope has been progressively addressing the challenges of eliminating deforestation and exploitation from its supply bases.

Through the processes of engagement, evaluation and intervention, we have been working on extending the implementation of NDPE policy (No Deforestation, No Peat, No Exploitation) across supply chains. Good progress is now being made in order to mobilize action towards supplier compliance for both our upstream and downstream operations.

Goodhope owns five palm oil mills that source partially from third party suppliers. In FY 2019/20, 77.8% of the fresh fruit bunches (FFB) supplied to Goodhope-owned mills was cultivated in company owned plantations; 17.1% was sourced from third party suppliers and 5.1% came from scheme smallholders.

Priorities for our upstream operations are:
1. To know the origin of FFB coming to our palm oil mills.
2. To promote sustainable production among suppliers.

In order to demonstrate full traceability down to the source of FFB, Goodhope has made a good start in engaging with direct suppliers and independent smallholders and mapping the oil palm production areas. A total of 1,279 independent smallholders have been surveyed (4,331 Ha mapped) through engagement processes prior to the restrictions brought about by the COVID-19 pandemic.

This year with the ongoing COVID-19 pandemic, stakeholder engagement activities and other community-related relations have been limited. Nonetheless, over the last few months our Traceability team has been able to resume socialization activities, focusing on independent smallholders and direct suppliers to PT Agro Bukit (Sungai Binti mill) in Central Kalimantan.

Socialization to local companies was conducted to explain the purpose and objectives of data collection and mapping activities. We will continue to make steady progress with our upstream traceability program, expanding our engagement activities when conditions allow.

Our downstream refining and processing facility sources palm kernel and refined palm oil produce a wide range of refined and fractionated oils and fats. As part of responsible sourcing commitments, we continue to work on the following risk management priorities:
1. To collect relevant information on existing and prospective suppliers.
2. To monitor and update the list of third-party suppliers.
3. To identify high-risk suppliers associated with deforestation or exploitation.
4. To address issues of supplier non-compliance and monitor timebound action plans towards achieving compliance.

Through these channels of action, we continue to work towards ensuring that our entire supply chain is operating in line with our sustainability commitments.
Strengthening Labor Risk Management

Goodhope continues to strengthen compliance and risk management systems to prevent, address and remedy human rights impacts as outlined in the UN Guiding Principles (UNGPs). In doing so we seek to ensure ethical conduct and responsible labor practices across operations in compliance with RSPO Principles and Criteria.

Through our policy commitments we set clear expectations for the behavior of employees, contractors and third parties with whom we work. Policies include:

- No discrimination
- Pay and working conditions
- Freedom of association
- No child labor
- No harassment
- No forced or trafficked labor
- Environmental Health and Safety

Regular socialization of policies is coordinated to strengthen the implementation of our commitments as defined in corporate policies and business code of conduct. During the COVID-19 pandemic, we also continue to socialize awareness programs to promote the wearing of masks, physical distancing and good hygiene practices as measures to prevent spread of the disease in line with our COVID-19 health protocol.

In order to strengthen the implementation of activities intended to prevent and mitigate adverse human rights impacts, Goodhope has started to implement a monthly internal labor assessment. The assessment is designed to ascertain the implementation of set criteria as a form of risk management. Assessment results and associated actions are being monitored and evaluated by HR management team.

The results of the internal labor assessment guide the development and implementation of management plans to ensure full compliance with internationally-recognized standards and strengthen labor risk management.

We have identified five key areas of focus as follows:

- Health and safety provisions at workplaces.
- Elimination of any potentially discriminatory practices in recruitment, employment benefits and promotion.
- Expansion of programs to ensure food security and access to basic facilities and services.
- Decent Living Wage Assessments.
- Improved use of grievance systems.

The Group has developed a Grievance Approach for channeling the employees’ and stakeholders’ grievances in confidence without fear and dealing with concerns and complaints in a manner that is aligned with the UNGPs.

Adopting the principles of the approach, we are seeking to introduce improved procedures for the reporting of internal grievances. Our efforts include the introduction of a dedicated hotline designed specifically for female employees to report any issues of concern. The new system is in the process of being rolled out.

Regular on site briefings are conducted with workers to enhance awareness and to provide workers with updated information on policies and procedures.
Protecting Child Rights

Goodhope is making active efforts to address the vulnerability of children living in and around its plantations by implementing programs to promote, protect and fulfill children’s rights. Focus is on supporting improved access to basic needs—such as food, nutrition, safety, health care and education. In doing so we aim to expand opportunities to enable children to reach their full potential.

Clearly, the measures introduced to prevent and control COVID-19 can lead to negative impacts on children’s welfare and wellbeing. We do not want them to miss out on basic health care, be cut off from education, or left without protection. Hence, we are working hard to help minimize negative consequences, primarily by:

1. Ensuring that children and their families are not cut off from essential health care.
2. Continuing to provide access to education.
3. Implementing measures to ensure children living in and around our plantations remain safe from harm or danger.

In cooperation with local health centers, we support programs to monitor and improve the health of pregnant women, infants and toddlers. We also organize immunization activities in coordination with local health centers throughout our plantations.

In November 2020, PT NB and PT SAP, in cooperation with the Community Health Center at Wami village, conducted free medical checkups and medical services for pregnant women and provide immunization for babies.

Furthermore, efforts to ensure access to sufficient nutrition are supported by investment in long term programs by providing additional nutrients to children under five years old.

We continue to provide teaching primarily by distance learning to prevent and control COVID-19. The remote teaching and learning processes are conducted using online applications.

Where children do not have access to the digital environment or where this access is limited as a result of poor connectivity, nearby public facilities are being utilized to provide teaching for a limited number of students. This initiative is also available to help students who have been identified as not reaching their potential through online study programs.

Furthermore, home visits under COVID-19 health protocols provide a means to allow teachers to monitor the health of children while ensuring that the students are up to date with the education materials in line with the applicable curriculum.

Decisions on the education approaches adopted by the Foundation are made by considering the feedback from parent representatives in a series of meetings supported by the district COVID-19 Task Force. The meetings are designed to jointly find a solution to enable continued teaching and learning activities.
Local communities around the company plantations have high hopes that their lives will be more prosperous with the opportunities that the company brings.

To meet expectations, we implement social and environmental responsibility programs with two main objectives:
1. To maintain and enhance positive impacts such as the provision of employment and business opportunities, improved infrastructure.
2. To mitigate negative impacts e.g. potential for decline in river water quality and groundwater quality caused by company developments.

Periodically, interviews are conducted with local communities to gather feedback related to social, economic and environmental aspects. This allows us to monitor the impacts (both positive and negative) of our programs and presence in the operating areas. The information acquired enables us to:
   i. Determine what programs we need to maintain and enhance in order to bring positive benefits; and
   ii. Drive the development and implementation of action plans to address negative impacts. Adopting this approach we are able to gradually improve conditions over time.

Among the most positive ways that the company can contribute is by strengthening basic infrastructure. We support improved access to basic facilities and services for local communities, including contributing to clean water projects and improving road infrastructure to facilitate better mobility between neighbouring districts or villages.

Our social projects are undertaken in cooperation with local authorities and community. For example, PT Sumber Hasil Prima (SHP) and PT Sinar Sawit Andalan (SSA) operating in Sintang region, West Kalimantan, have been supporting the development of public facilities and infrastructure in the region coordinated by the Serawai sub-district.

PT SHP and PT SSA were honored to receive several awards in recognition of support to local development. The companies were awarded for achievement in contributions to Infrastructure Support, Economic Empowerment, Health and Social Culture by the Regent of Sintang, West Kalimantan at the Annual CSR award event in November 2020.

Throughout the COVID-19 pandemic, we continue to support government programs in all operating regions to help reduce the burden of the disease. In coordination with local governments, Goodhope is actively involved in contributing to the protection of local communities – especially the most vulnerable, such as the poor and the elderly. Programs include providing necessary protective equipment such as masks and sanitizers; supporting the extra provision of basic foods; contributing to medical services and COVID-19 testing; as well as continued improvement of public facilities and infrastructure.
On November 7th 2020, PT Agro Indomas Central Kalimantan (AICK) was awarded for its contribution to the establishment of a souvenir shop in the Seruyan Raya Central Market. The Village-owned enterprise (Badan usaha milik desa, or ‘Bumdes’) is now selling agricultural products, handicrafts and other products from the local villages. An opening ceremony was held on 7th November 2020.

Among the local products being sold is Kelulut Honey from Lanpasa Village. This type of honey is produced by stingless bees from *Trigona* species and has strong antioxidant activities. Its production by Lanpasa Village has been made possible by a collaboration between Goodhope, Swaraowa and Environmental Leadership and Training Initiative (ELTI), and stakeholder engagement activities by PT AICK CSR team.

An initial training program conducted in November 2019 provided the necessary information to enable local communities to begin to adopt meliponiculture techniques.

Since then, PT AICK CSR team has been influential in encouraging and supporting community interest in the opportunity. The team has been working with community members from villages located in and around the plantation to promote the opportunity as an alternative livelihood approach and to build capacity to facilitate implementation of the opportunity.

By November 2020, many residents in Lanpasa and Terawan villages, neighbouring PT AICK, had already started producing their own bee colonies. In Lanpasa, 15 village members have formed a Stingless Bee Group and are cultivating *Heterotrigona itama*. The members of the group own between 10-50 bee colonies each. A number of those individuals have also started gathering honey from their colonies.

Through engagement with PT AICK CSR team, the local governments of Seruyan Raya Subdistrict and Seruyan District have been very supportive of the development of the opportunity. The governments’ goal is to develop Kelulut Honey as a specialty product of Lanpasa and Terawan villages, and the region more generally. To support the adoption of meliponiculture across the region, we will soon be promoting the program in Banua Usang village, which neighbours PT RIM Capital.

Honey production is recognized as a good economic opportunity for people living in forest areas. Like other non-timber forest products, honey production can help local community members gain extra income without destructive approaches that lead to forest loss.

Meliponiculture is particularly pertinent in Kalimantan due to the high prevalence of stingless bees. In other areas where we work, we are seeking to identify and promote other suitable opportunities to support community livelihoods.
Identifying Opportunities for Supporting Livelihoods in Nabire Regency, Papua

Over the past four years, Goodhope has been working towards addressing social and environmental impacts caused by the company’s operations in Papua and enhancing relations with the local indigenous communities. As part of our commitment, a full remediation and compensation plan is under review and development.

Furthermore, the company commits to engage with stakeholders and to determine the most practical, economical and sustainable approaches to maintain an area of more than 9,000 hectares of conservation set-asides (HCV/HCS forest) within the concessions of PT Nabire Baru (NB) and PT Sariwana Adi Perkasa (SAP).

It is envisaged that the key to the success of conservation efforts will be the implementation of carefully designed programs that support local livelihoods.

To assist in developing suitable programs, we work with Ata-Marie Consulting and IDH Sustainable Trade Initiative under the Production Protection Inclusion (PPI) approach. In the initial stages of this new project partnership, we seek to identify sustainable income generating opportunities as an integral part of landscape conservation, partnership and sustainable development in Nabire.

A recent scoping study conducted in December 2020 by Ata-Marie Consulting gathered information on the commodities that already exist around the region. The study included a visit to Mimiki District to see traditional Sago processing activities in this area, and a visit to Warbak village to see the center for Coconut production.

The visit involved engagement with local government authorities as well as several indigenous communities around PT NB and PT SAP. A meeting with the local Forestry Agency provided a means to collect information on the potential of non-timber forest products that could be utilized in a sustainable manner to generate income for the local communities.

Given the substantial potential for ecotourism in the area, meetings were held with Government Agencies in Tourism to discuss opportunities for ecotourism that can be developed by the local communities. Visits to several potential ecotourism areas enabled the gathering of insight into the opportunities that can be supported and applied as a means of gaining income through ecotourism.

We will continue to engage with local stakeholders to develop programs to alternative means of generating income without dependency on oil palm and illegal logging. It is expected that the local resource-based development and alternative cultivation programs will support community-based sustainable forest management by helping to reduce the direct pressures on the forest and biodiversity.

The company will seek to negotiate a participatory Community Conservation Agreement developed together with local communities with the aim to deliver long term benefits to the communities by the protection of natural ecosystems and provision of sustainable income-generating opportunities.
Successful forest restoration and rehabilitation hinges on the production of good-quality seedlings that thrive once planted and grow into healthy trees.

With this in mind, Goodhope has collaborated with Environmental Leadership and Training Initiative (ELTI) to deliver an online training program on establishing and managing a nursery and forest seedling propagation techniques. The training included best practice guidelines on:

- Propagating seeds
- Developing a nursery facility
- Improving the growing media for seedlings
- Seedling propagation with generative techniques
- Seedling propagation with vegetative techniques
- Organic fertilizer production

A reference book, entitled “Nursery Establishment and Forest Seedling Propagation” was produced and made available to all participants.

A total of 53 participants attended the online training, including representatives from palm oil companies, government institutions (e.g. Balitek KSDA), community groups (including those from Central Kalimantan and Papua), and NGOs / environmental consultants, Pusat Informasi Lingkungan Indonesia (PILI)-Green Network, Remark Asia and Tropenbos Indonesia.

The information gained from the training will be applied for the implementation of social and environmental remediation plans.

Such remediation plans are being developed and implemented as a means to mitigate negative social and environmental impacts caused by the company’s operations. We commit to progressively restore the ecological functions of degraded habitats within our concessions when and where it is necessary and viable to do so.

As part of our commitment, we have been working with PILI-Green Network and Ata-Marie Consulting in order to develop an integrated remediation and conservation plan in and around PT NB and PT SAP in Nabire Regency, Papua.

Recent engagement activities in December 2020 included meetings in Sima village and Wanggar Village with Indigenous Peoples (Waoha Tribe, Sarakwari Tribe, Koroba Tribe, Akaba Tribe, Wate Asiaina Tribe) to update the communities on the progress of the proposed remediation and conservation plan and to gather community feedback.

An internal presentation to the management of PT NB and PT SAP provided updated information to the company implementation teams. Meetings also continued with local Government Agencies to establish backing for the planned program.

We will continue to engage with stakeholders regarding the planning of the remediation and conservation program.
**Goodhope Asia Holdings Ltd.**
No. 1, Kim Seng Promenade
#15-04 Great World City
East Tower
Singapore 237994
Tel: +65 66900120
Email: reachus@goodhope.co

**PT Agro Harapan Lestari**
Upstream Management Company
Menara Global Building
5th Floor
Jl. Jend. Gatot Subroto Kav. 27
Jakarta, 12950
Indonesia
Tel: +62 2152892260
Email: reachus@goodhope.co

**Premium Oils & Fats Sdn Bhd**
Downstream Management Company
Suite 6.03, Level 6
Wisma UOA Damansara II
6 Changkat Semantan
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel: +60 320826200
Email: premiumenquiry@goodhope.co

www.goodhopeholdings.com