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Foreword

We continue to strengthen capacity across company departments in order to meet our overall commitment to deliver improved performance in sustainability. Recent efforts to promote requirements across our operations have included a series of training sessions conducted by Goodhope’s Agronomy Department, with the aim to enhance and widen the implementation of best management practices for sustainable agriculture. In order to meet the overall aim of ensuring the management and maintenance of oil palm plantations in compliance with leading standards in sustainability, training was delivered to employees working at developing plantation sites, and to smallholders and plasma cooperatives. The training covered best management practices for optimum productivity and compliance with Goodhope Sustainability Policy, RSPO Principles and Criteria, and Environmental Health and Safety standards.

To promote the conservation of primate populations in and around oil palm concessions, Goodhope has established a collaboration with the conservation organization Swaraowa Foundation. A three-day workshop and training event was held from 4th-6th September 2018 to promote the implementation of primate monitoring and conservation programs in High Conservation Value (HCV) Areas.

Goodhope continues to monitor the occurrence of hotspots during the ongoing dry season and has been working with relevant government agencies and local communities to extinguish fires that occur within or near our concessions. Fire Occurrence Reports are produced detailing the causes and action taken.

Relating to the ongoing ‘Stop Work Order’ that remains in place for seven of Goodhope’s subsidiaries, we continue to work on meeting remaining requirements, primarily ensuring that the HCV assessments for our concessions in Sintang and Ketapang Regions meet the standards expected by the HCV Resource Network.
To enhance employee understanding and widen the implementation of best management practices for sustainable agriculture, a series of training sessions have been conducted by Goodhope’s Agronomy Department. At the training days, experienced managers from our established plantations shared their expertise to encourage the proper implementation of standard operating procedures across all our operations. The capacity building initiatives included both in-class and practical training with the overall aim to ensure the management and maintenance of oil palm plantations in compliance with leading standards in sustainability.

Training sessions were held for employees from PT Nabire Baru (NB) and PT Sariwana Adi Perkasa (SAP) in Papua from 23rd-27th July; and for employees from PT Agrajaya Baktitama (AJB) PT Sawit Makmur Sejahtera (SMS) and PT Batu Mas Sejahtera (BMS) in Ketapang Region, West Kalimantan, from 14th-16th August. Furthermore, information on the implementation of best management practices for sustainable palm oil standards was shared with smallholders / plasma cooperative members at the Training Center of PT Agro Indomas on 8th September. This capacity building initiative for local communities involved 35 participants including head community representatives, smallholders and plasma cooperative members from Terawan and Lanpasa villages.

The training sessions focused on approaches to reduce the environmental impact of our plantation operations while attaining optimal crop productivity and ensuring safe working conditions. Key topics included Integrated Pest Management, water management and soil conservation techniques.

Training on the topic of Integrated Pest Management covered the processes of ensuring compatible and effective pest and disease management methods to address major sources of pest and disease in oil palm plantations. Emphasis was on the importance of carefully regulating the use of chemical pesticides to minimize the environmental and human health risks that are associated with chemical applications.

Training on the topics of Water Management and Soil Conservation incorporated techniques included approaches for nutrient recycling and reducing dependency on chemical fertilizers.
**Fire Response**

Goodhope continues to monitor hotspots and communicate hotspot locations to concession management teams for ground verification and the implementation of Fire Response Procedures. Have formed fire fighting teams in our concessions, we ensure preparedness for effective response with firefighting facilities and capabilities on standby, and foster close collaboration with relevant government agencies and local communities to extinguish fires that occur within or near our concessions. The occurrence of land fires is reported to local government authorities and relevant organizations as appropriate and Fire Occurrence Reports are produced detailing the causes and action taken.

Photo: On 27th August 2018, Goodhope’s internal Fire Fighting Team worked together with National Disaster Management Agencies and East Kotawaringin District Fire Fighting Teams to extinguish a fire that occurred approximately 100 m outside the concession area boundary of PT Agro Bukit.

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**HCS Assessments: PT Agro Wana Lestari and PT Karya Makmur Sejahtera**

The field assessments for HCS Assessment of PT Agro Wana Lestari (AWL) and PT Karya Makmur Sejahtera (KMS) concessions in Central Kalimantan were completed on 14th August 2018.

The assessment has comprised three field visits:

1. Scoping visit was completed in April 2018;
2. Main assessment, including consultation with communities, participatory mapping and inventory of carbon stock, was conducted from 21st May - 5th June 2018;
3. Third field visit took place from 1st -14th August 2018, and included final consultation of land use plan with communities.

Through the assessment, nine local villages around the area of the concessions have been consulted and participatory mapping has been carried out in a multi-step consultation process to seek input and consent in principle to the proposed conservation plan. A total of 108 inventory plots have been measured to assess carbon stock. Final analyses and report preparation is now underway.
Monitoring Primate Populations in Oil Palm Concessions

From 4th–6th September 2018 Goodhope hosted a workshop and training to promote the conservation of primate populations in and around HCV areas of oil palm concessions. The 3-day event was organized and delivered in collaboration with our conservation partners Swaraowa Foundation. It was attended by 26 participants from 11 palm oil companies (seven Goodhope subsidiaries and four companies from the area surrounding Goodhope’s plantations in Central Kalimantan).

The training kicked off at the Training Center of PT Agro Indomas (AICK), with the first day comprising several presentations followed by opportunities for discussion:

• Djaka Riksanto, RSPO Technical Manager – Indonesia, presented information on the RSPO principles and criteria relating to rare, threatened and endangered species.

• Ambang Wijaya, from PT SMART (Sinarmas Group) delivered a presentation on the Group’s partnership for Orangutan Conservation Program and approaches to optimize ecosystem services in High Conservation Value (HCV) Areas in Sinarmas Group oil palm plantations.

• The Community Head of the Bukit Santuai District, East Kotawaringin, Central Kalimantan, provided information on the Bukit Santuai HCV Area, which has been established as a Cultural Conservation Area co-managed by local communities and Goodhope.

• Arif Setiawan, Primatologist from Swaraowa Foundation, presented material on primate monitoring techniques.

Practical elements of the training were conducted at PT Agro Wana Lestari on 5th September and focused on the method of triangulation as an established primate monitoring technique to estimate gibbon populations.

On the final day of the training and workshop, participants reconvened at PT AICK Training Center for knowledge-sharing and evaluation sessions. Each group delivered their outcomes of the practical exercise and all participants conveyed their experience in implementing HCV area management in their respective companies. Conclusions formed from the evaluation of activities were provided by Arif Setiawan of Swaraowa Foundation.

This training was a launching event with the overall aims to:

1. Promote the development of conservation management teams with the knowledge and skills needed to conduct monitoring and primate conservation program in HCV Areas.
2. Encourage palm oil growers to take more action for implementing primate conservation programs in their concessions.
3. Set up multi-stakeholder networking to take a collaborative action for primate conservation in oil palm concessions.
Compliance and Certification Audits

Regular assessments are conducted to evaluate our performance and compliance with various regulations, including national environmental regulations, RSPO Principles and Criteria and our Sustainability Policy. Recently completed assessments include:

1. Environmental Compliance Assessment by Environmental Services ‘Dinas Lingkungan Hidup’ (DLH)
2. RSPO Certification Audit of PT AICK and PT Rim Capital
3. Sustainability Assessment by Environmental Resources Management (ERM) Consultants

Environmental compliance assessments by DLH Palangka Raya, Central Kalimantan, are completed on a regular basis to ensure implementation of environmental management and monitoring plans at our sites in Central Kalimantan.

RSPO Audit of PT AICK and PT Rim Capital was conducted by the Certification Body TUV Rheinland, with field visit from 6th-11th August 2018. The audit included compliance assessment for Identity Preserved (IP) Supply Chain System for Sungai Purun Mill. As the first of our mills to attempt to implement a switch from Mass Balance to IP Supply Chain System, we are working on closing gaps to enable IP certification of Sungai Purun Mill. In order to do so we continue to communicate and promote RSPO Principles and Criteria and Supply Chain Certification requirements across our operations.

From 2nd -7th August 2018, consultants from ERM visited our concession PT Agro Wana Lestari as the second field assessment for regular auditing of sustainability performance. The audit assessed compliance against our Sustainability Policy and the report is due to be completed in October 2018.
Towards Compliance with RSPO New Planting Procedures 2015

For all subsidiaries pending approval of proposed new plantings, we continue to make progress towards ensuring that all relevant assessments (including High Conservation Value (HCV) assessments, Land Use Change Analysis (LUCA), Social Impact Assessment (SIA) and Greenhouse Gas (GHG) assessments) are completed in compliance with RSPO New Planting Procedures (NPP 2015).

### Nabire - Papua
- PT Nabire Baru (NB)
- PT Sariwana Adi Perkasa (SAP)

- HCV Report for NB was submitted to HCVRN on 31st October 2017 and has been declared satisfactory having passed the Quality Panel Review process on 10th July 2018.
- HCV Report for SAP was submitted to HCVRN on 6th November 2017 and has been declared satisfactory having passed the Quality Panel Review process on 6th June 2018.
- Full LUCA Report for NB and SAP was first submitted to RSPO on 31st July 2017. The report remains under the status of review.
- HCS assessment report for PT NB and PT SAP has been completed and has undergone peer review in accordance with the HCS Approach.
- GHG assessments have been completed by Ata-Marie.
- SIA has been completed by Ekologika.
- A second Legal Review has been conducted by an Environmental Law Firm.
- Dispute Resolution Agreement has been signed and agreed by representatives from the company and local communities and notarized by Nabire Regency government officials on 9th August 2018.

### Ketapang - West Kalimantan
- PT Agrajaya Baktitama (AJB)
- PT Batu Mas Sejahtera (BMS)
- PT Sawit Makmur Sejahtera (SMS)

- HCV Report for PT AJB, PT BMS and PT SMS was submitted to HCVRN on 31st October 2017 and is currently undergoing review. We continue our engagement with the assessors to ensure that appropriate actions are taken according to the outcomes of reviews.
- RSPO will initiate the review of LUCA reports for PT AJB, PT BMS and PT SMS.
- The HCS Assessment Report for PT AJB, PT BMS and PT SMS has been completed by Ata-Marie and submitted to the HCS Approach Secretariat to organize peer reviews.
- GHG assessments shall be completed by Ata-Marie.
- SIA has been conducted by Re.Mark Asia.

### Sintang - West Kalimantan
- PT Sinar Sawit Andalan (SSA)
- PT Sumber Hasil Prima (SHP)

- HCV Report for PT SSA and PT SHP was submitted to HCVRN on 28th December 2017 and is currently undergoing review. We continue our engagement with the assessors to ensure that appropriate actions are taken according to the outcomes of reviews.
- RSPO will initiate the review of LUCA reports for PT SSA and PT SHP.
- The HCS Assessment Report for PT SSA and PT SHP is expected to be finalized by Aksenta and submitted to the HCS Approach Secretariat to organize peer reviews.
- GHG assessments shall be completed by Aksenta.
- SIA has been completed by Re.Mark Asia.
Upcoming Activities

FFB Traceability System and Responsible Sourcing

Goodhope will finalize agreements for the appointment of technical assistance from Daemeter consultants to support the creation of fully traceable and transparent FFB supply chains from plantations to mills. It is envisaged that consultants from Daemeter will work in collaboration with Goodhope staff at two sites in Kalimantan.

The proposed workplan includes:
1. Determining Goodhope’s FFB traceability system needs and preferences.
2. Development of robust responsible sourcing procedures for FFB.
3. Testing of the FFB supply chain traceability management systems and procedures.
4. Smallholder mapping and assessment of smallholders needs and sustainability risks.
5. Design of suitable smallholder programs addressing priority needs and sustainability risks, including consultations with smallholders and local stakeholders.
6. Initial smallholder capacity building programs.
7. Training of Goodhope staff to facilitate the implementation of the program at other sites.

HCS Assessment for PT Agro Wana Lestari and Karya Makmur Sejahtera

Ata-Marie will work on producing the HCS assessment report for PT Agro Wana Lestari and Karya Makmur Sejahtera following completion of the third site visit.

Towards Compliance with RSPO New Planting Procedures 2015

We continue our engagement with HCV assessors regarding the Quality Panel Review process for HCV assessments, while the HCS assessment reports for Ketapang region and Sintang region are expected to be completed and submitted to the HCSA Secretariat to organize peer reviews. RSPO will coordinate further progress towards the completion of LUCA reviews and regarding the next steps to enable lifting of the precautionary measures (Stop Work Order).

Yerisiam Community Participation and Empowerment Agreement

In accordance with the obligations of the Dispute Settlement Agreement, Goodhope will further deliberate with the Yerisiam Community to negotiate additional matters that are not sufficiently regulated in the signed agreement. The parties agree to prepare a Memorandum of Understanding for community empowerment and increased community involvement in operations of the company. This agreement on the Yerisiam Community Participation and Empowerment will be negotiated and agreed and signed in October 2018.

Resolution of complaint against PT Nabire Baru

We continue our communication with relevant stakeholders regarding the resolution of complaints against PT Nabire Baru and closing of the complaint (RSPO Case Tracker: PT Nabire Baru, April 2016).

Assessment of Sustainability Performance

2nd report on Goodhope’s sustainability performance by Environmental Resources Management (ERM) is due in October.
Acknowledgements

We greatly appreciate the ongoing support from Consultants and Partner Organizations for contributions towards achieving our sustainability targets.

- **Aidenvironment**: Landscape conservation and land-use project in Ketapang Region, West Kalimantan.
- **Al-Azhar Foundation**: Community development program at PT Agro Indomas and PT Rim Capital.
- **Ata-Marie**: HCS assessments for Goodhope subsidiaries in Papua; Ketapang Region; and for PT Agro Wana Lestari in Central Kalimantan.
- **Conflict Resolution Unit (CRU) of the Indonesian Business Council for Sustainable Development (IBCSD)**: Facilitation of conflict resolution under Dispute Settlement Facility of the RSPO.
- **Daemeter**: Collaboration to support Sustainability Policy implementation with particular focus on the creation of fully traceable and transparent FFB supply chains from plantations to mills.
- **Environmental Leadership Training Initiative (ELTI)**: Capacity building for forest restoration and rehabilitation programs.
- **Ekologika**: Completion of HCV assessments and Social Impact Assessments for Goodhope subsidiaries in Papua.
- **Environmental Resources Management (ERM)**: Assessment of sustainability performance.
- **Perbanas Institute**: Research and capacity building to enhance the sustainability and reach of CSR programs.
- **Pusat Informasi Lingkungan Indonesia (PILI)**: Proposal for capacity building and monitoring programs to support biodiversity conservation.
- **Re.Mark Asia**: HCV assessments and Social Impact Assessments for Goodhope subsidiaries in Ketapang and Sintang Regions.
- **Swaraowa**: Support for primate monitoring and cultural-based conservation project promoting sustainable livelihoods.
- **UNICEF and Lingkar Komunitas Sawit (LINKS)**: Collaborative project addressing issues affecting children in the Palm Oil sector.

We look forward to continued communications and collaboration.

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