



PT SOCFIN  INDONESIA  
(SOCFINDO)

# Socfindo Sustainability Report 2020

📷 Socfindo trucks loaded with fresh fruit bunches on their way to the palm oil mill.



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# About this Report

## Reporting Boundaries and Changes in Reporting

This report covers and reports on the sustainability performance of PT Socfin Indonesia (**Socfindo**) which is part of the Socfin Group and has its headquarters in Medan, North Sumatra. It is a subsidiary of the Socfin Group in partnership with the Government of Indonesia who are a minority shareholder. Socfindo is a palm and rubber plantation company based in Indonesia. Socfindo is pleased to announce that this report in addition to covering its palm oil operations, also covers and reports on its rubber operations. This is a significant step forward from its last 2018 report, which covered only its palm oil operations.

## Report Scope and Content

This report has been prepared in accordance with the GRI Standards: Core option, covering the calendar year 2020 (i.e. from 1 January 2020 to 31 December 2020). Historical data is also provided where relevant and available. It is Socfindo's intention to continue reporting on a biennial basis. There have been no significant changes to Socfindo to report since its last 2018 report.

Socfindo has not sought additional third-party assurance for the content of this report. Socfindo considers at this stage that the multiple certifications it holds, which require extensive independent third party audits of its operations across a broad range of sustainability concerns provides adequate assurance to its stakeholders on its sustainability performance. If you have any comments or questions regarding the contents of this report or on Socfindo's sustainability, please contact us on email to "[head\\_office@socfindo.co.id](mailto:head_office@socfindo.co.id)".

# A Message from Principal Director

In line with its commitment to continued transparency, Socfindo is pleased to present its second Sustainability Report, which provides a summary of Socfindo's operations, outlines how it manages sustainability and contains a snapshot of its sustainability performance across a range of parameters selected by Socfindo and its stakeholders as most material to its business at this time.

2020 sees our reporting extended to cover our rubber operations, which means all operations directly under Socfindo's control are now included in its sustainability reporting, an important step forward for transparency.

In addition since 2018, Socfindo has adopted the United Nations Sustainable Development Goals (SDGs), identifying and prioritising a core subset of SDGs to focus on most relevant to its business operations and reflecting the key material concerns highlighted by its stakeholders. Socfindo supports the SDGs and also recognises that as a responsible local and global citizen, it has its role to play.

Another notable achievement has been the creation of Socfindo Conservation and its flagship Medicinal Garden/Toga Project established to assist the preservation of biological and cultural diversity of Indonesia. The project involves collecting and planting medicinal plants, and recording their traditional uses and recipes associated with its use. As well as a physical garden, an online database of plant knowledge has been created as an educational resource for all to share and use. Socfindo through its world class agronomy research, facilities and knowhow is very proud to support this female inspired, managed and led grass roots initiative and is committed to its future evolution and success.

Recent years have been very challenging for the oil palm Industry with low prices, drought and unstable climatic conditions, coupled with an uncertain macro-economic outlook exacerbated by US, China relations. This already turbulent environment was rendered significantly more uncertain in 2020 with the outbreak of COVID-19. This COVID-19 has caused severe disruptions to "life as we know it", causing death and illness to some, as well as creating severe personal and financial hardship with many directly or indirectly affected - many losing the ability to earn a living. In these conditions, food and economic security has moved to the forefront of peoples' minds, especially in developing nations like Indonesia which do not enjoy the same social security as Western developed nations.

COVID-19 has also brought to the forefront issues of food security of which palm oil plays a vital role. Despite there being legitimate issues with the actions of certain palm oil operators, it is a fact that compared to other oil producing crops, oil palm is far superior in terms of its yield, as well as the energy and chemical inputs required to produce it. As the RSPO 2018 principles and criteria are being currently the strictest and most comprehensive commodities sustainability standard, promoting RSPO certified palm products is the way forward to resolve the outstanding issues around palm oil and ensuring future demand for food oil is met in a sustainable manner. It is

disappointing therefore that much criticism of palm oil is leveled at the industry as a whole without recognition that there are many responsible producers of palm products whose sustainability performance deserves merit. At the same time, a significant portion of RSPO certified palm oil continues to be sold as normal palm oil, without a premium which sends the wrong signal to the industry. Shared responsibility across the value chain is a core part of achieving sustainability, and if buyers and consumers are serious about sustainably produced goods then they must be prepared to do their part by sharing the costs of producing products to strict sustainability standards.

Socfindo for its part is committed to continuing to produce sustainable palm products with 100% of its palm products being RSPO Identity Preserved certified and fully traceable to the plantation level. Sustainability and the RSPO principles and criteria 2018 are a core part of its business and embedded in its operations. In terms of its Rubber operations, Socfindo considers the Global Platform for Sustainable Natural Rubber (GPSNR) will be the most robust, comprehensive sustainability standard related to the rubber industry and will fully engage in this standard as soon as the implementation guidance has been completed. As a responsible producer of palm and rubber products, Socfindo looks forward to continuing its sustainability journey and to making continued stepwise improvements in its sustainability performance.

## **Harold O. Williams**

Principal Director

# About Socfindo

## Socfindo at a Glance

PT Socfin Indonesia (**Socfindo**) is a world class oil palm and rubber plantation company with its operations in North Sumatra and Aceh Provinces and its headquarters in Medan, North Sumatra, Indonesia. Socfindo is known for its efficiency and leading agronomic practices. Socfindo's origin can be traced back to the early 1900's, when rubber estates were flourishing in Sumatra to serve the high global demand for natural rubber. Oil palm estates were created soon after, having noticed the high potential of the area to grow oil palm. Socfindo was not however formally established as PT Socfin Indonesia until 1968, and since then it has remained active in rubber and oil palm planting activities in North Sumatra and Aceh Provinces to this day.

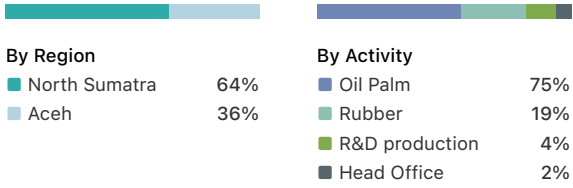
## Socfindo Today

Socfindo is part of the Socfin Group and is a joint venture between the Socfin Group (90% of shares) and the Government of Indonesia (10% of shares).



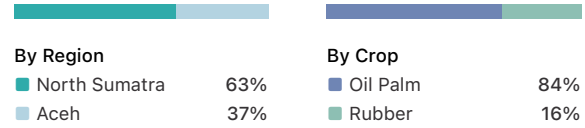
9,369

Total Employees



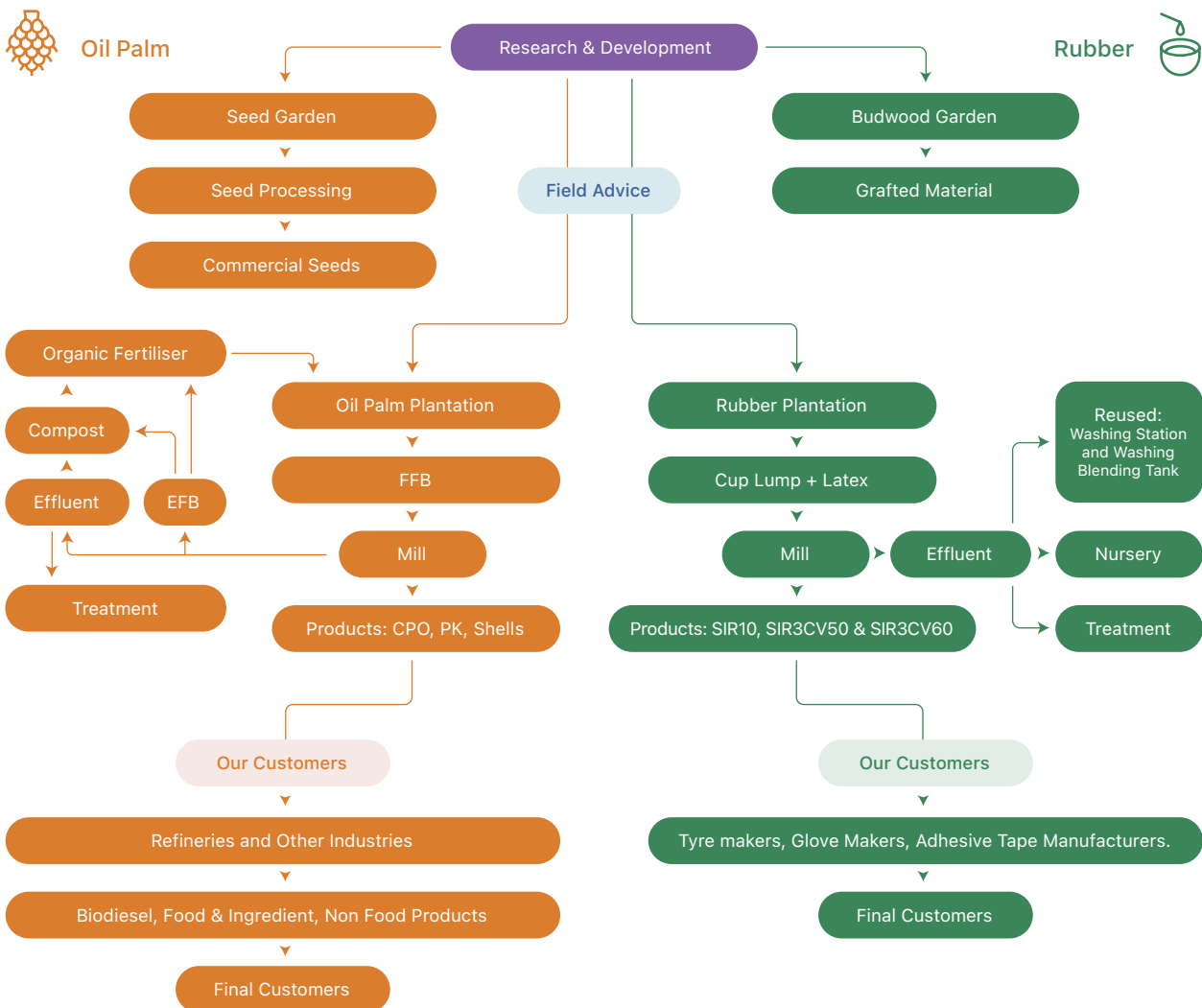
45,964 Ha

Total Planted Area



## The Rubber and Oil Palm Process

This report assesses the sustainability performance of PT Socfin Indonesia (Socfindo) which is part of the Socfin Group and has its headquarters in Medan, North Sumatra. It is a subsidiary of the Socfin Group in partnership with the government of Indonesia who are a minority shareholder. Socfindo is a palm and rubber plantation company based in Indonesia. Socfindo is pleased to announce that this report in addition to covering its palm oil operations, also covers its rubber operations. This is a significant step forward from its last 2018 report, which covered only its palm oil operations.





# Products

Socfindo has the following products and services related to its business.



## Crude Palm Oil and Palm Kernel

Socfindo is an upstream plantation company with its major products in its oil palm business being crude palm oil (CPO) and palm kernel, which are sold to downstream companies who will further process and refine these ingredients into end products.



## Natural Rubber

Socfindo also operates rubber plantation, producing natural rubber certified by the Indonesian National standard (SNI). Indonesia has its own classification of natural rubber, which varies according to its quality parameters. The three grades that Socfindo produce are SIR3CV50, SIR3CV60, coming from latex and SIR10, which is produced from coagulum. Our natural rubber is sold to downstream companies who use natural rubber in their manufacturing process especially for tire making, glove making and adhesive tape making.



## Oil Palm Seeds

Socfindo, together with its research partner Cirad-PalmElit, has a long standing, established reputation for producing oil palm seeds of the highest quality, and it has been legally appointed as a source and producer of oil palm seeds in Indonesia since 1984. Socfindo has the fourth largest market share in terms of seeds sold in Indonesia and are the largest producer of Ganoderma tolerant seeds. Currently Socfindo produces the following seed varieties for sale:

- **DxP Socfindo (L):** Lame variety.
- **DxP Socfindo (Y):** Yangambi variety.
- **DxP Socfindo MT Gano:** variety moderate tolerant to Ganoderma disease.

For more details on Socfindo's seed business, please visit <https://www.socfindo.co.id/products#a1>.



## Agronomic Consultancy Services & Laboratory Analysis

Socfindo's business over the last hundred years has been centered on the creation and management of palm oil and rubber plantations, and the milling of its associated products. Socfindo has always invested significant resources into research and improvement in its agronomic practices, and has a long history of cooperation in relation to research, development and agronomy science. Today Socfindo provides agronomical consultancy services as well as analytical and laboratory services from its own laboratories which include:

- Fertiliser analysis and recommendation.
- Compost analysis.
- Soil analysis.
- Leaf analysis.
- Rachis analysis.
- Waste & water analysis.
- Latex Diagnosis.

For more details on Socfindo's Agronomy Consultancy & Analytical and Laboratory Analysis business, please visit <https://www.socfindo.co.id/services/analytical-laboratory>.



📷 Socfindo's SSPL team at work, taking soil samples for future analysis.

📷 One of Socfindo's assistants advising a member of the cover crop planting team.



# Our Approach to Sustainability

## Vision and Values

**“One can do nothing with nothing, but one can do plenty with little.”**

— Adrien Hallet (1867-1925)

### Socfindo First Steps

The origin of Socfindo is credited to a Belgian agronomy engineer by the name of Adrien Hallet (1867-1925). Hallet first distinguished himself as a successful planter in Congo, Africa; then in 1905 moved to Sumatra, Indonesia, where he devoted himself to opening new plantations concentrating initially on rubber exclusively.

Hallet had a keen scientific mind - he observed the vigour of the ornamental palms planted close to the tobacco fields on the east coast of Sumatra. In particular, he noticed the productivity and the oil content of their fruits compared to those he had been pressing in the Congo as an oil palm mill manager. Hallet observed the effect of the improved local conditions on oil palm yield and productivity, and realising the potential he collected seeds, began planting and before long the first commercial oil palm plantation on the Deli region of Sumatra was born. The vision of Hallet was not only to predict the potential of oil palms in Asia, but to do so in 1911 at a time when the rubber plantation was booming and seemed to be the obvious crop of choice.

Hallet's pioneering spirit was envisioned in the group through his motto which we still hold by today:

**“One can do nothing with nothing, but one can do plenty with little.”**

### Socfindo Today

**Our vision is to remain an efficient, world class oil palm and rubber plantation company.**

Socfindo today is both one of the oldest and leading palm and rubber plantation companies in Indonesia. Based in North Sumatra, it is proud to be an involved and contributing member of the North Sumatra community. Socfindo has been at the forefront of palm agronomy research and practices, delivering high yields and productive gains on the same soils for over 100 years. Being first and foremost a plantation company, Socfindo makes the agronomic decisions and investment to allow the plantation to thrive focusing on long term productive gains. A disciplined approach which focuses on continuous productivity of land and reducing waste is at the heart of Socfindo's success. These two core aspects of sustainability have been ingrained practices in Socfindo since its founding in 1911, long before the concepts of sustainability had been formally conceptualised.



📷 Manager's bungalow at Tanah Besih Estate, dating from 1917.

**An ingrained culture of discipline, responsibility and accountability.**

**Proactively managing risk is an important part of our business.**

Socfindo achieves its vision by having an ingrained culture of continuous improvement, consistently delivering:

- **A high quality product.**
- **Optimum productive yield.**
- **Industry leading palm seeds, palm agronomy research & development.**
- **Maximum value for shareholders and benefit to all its stakeholders.**

## Values

Socfindo has been able to achieve and deliver on its vision over the last 100 years through its **core values**:

- ✔ **The best long term agronomical practices.**
- ✔ **Constant, disciplined approach focusing on:**
  - **Improving agronomic practices and optimising yield; and**
  - **Remaining lean, eliminating waste and making wise and efficient use of resources.**
- ✔ **Mindful Management, building long term relationships based on trust, mutual respect and accountability.**
- ✔ **Investing in its people, their families and communities, creating a decent, healthy and harmonious workplace that rewards performance.**

Socfindo implements these values and vision throughout its organisation by having clear reporting structures, policies, guidelines and standard operating procedures and these being consistently implemented throughout the company through a combination of formal and informal processes and training. In addition, Socfindo has an ingrained culture of discipline, responsibility and accountability, which is at the core of Socfindo's longevity and continued success.

## Risk Management and the Precautionary Principle

Socfindo adopts the precautionary principle as a general risk management principle, for both significant environmental and social risks. This means in the face of significant or material adverse consequences, lack of conclusive evidence or certainty is not a reason for inaction or for taking reasonable measures to avoid such potential consequences when there is a reasonable alternative path forward which can avoid such negative outcomes. Proactively managing risk is an important part of Socfindo's business.

# Sustainability Governance

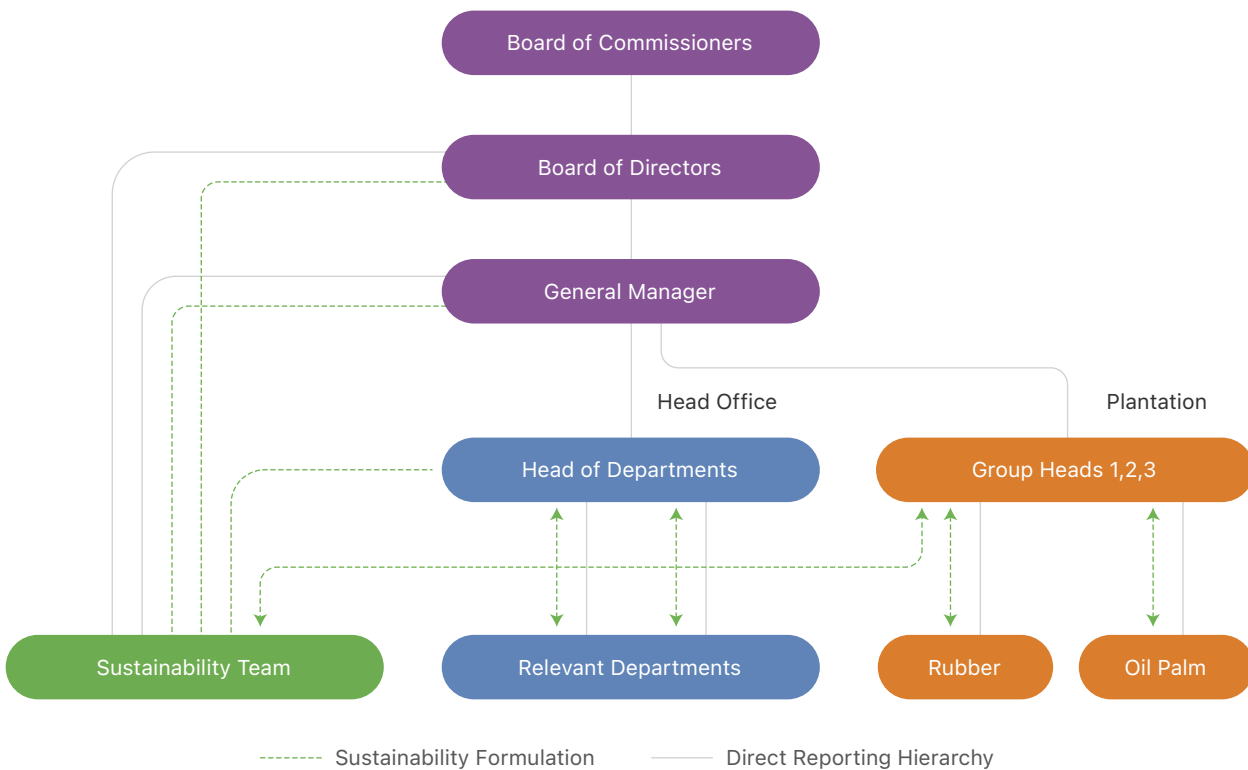
## Decision Making Within Socfindo

The Board of Commissioners is the highest decision making authority in Socfindo accountable to its shareholders. The Board of Commissioners delegate decision-making authority to the Board of Directors who are ultimately responsible for approving economic, environmental and social strategy and decision making within the company, reporting to the Board of Commissioners.

## Socfin Group Responsible Management Policy

Socfindo is part of the Socfin Group and as such its sustainability strategy, policy and decision making adheres to the Group’s Responsible Management Policy of 28 March 2017 (RMP). A copy of the RMP policy is available here: <https://www.socfindo.co.id/documents/eng/Umbrella-Policy.pdf>. The RMP outlines and sets out the Group’s commitments to Best Management Principles, as well as outlining the Group’s core guidelines and commitments across both environmental and social matters. The RMP provides a framework and roadmap for sustainability decision making within Socfindo. Socfindo in turn implements the RMP through its specific sustainability policies which address specific environmental and social matters. A copy of Socfindo’s specific sustainability policies are available here: <https://www.socfindo.co.id/sustainability#a3>.

Organisational Diagram Showing Sustainability Decision Making within Socfindo



## Sustainability Decision Making

**The close connection and trust between the Head Office and in the field is a key to our success.**

Socfindo as a plantation company maintains close connection and communication between its Head Office in Medan and its palm and rubber plantations in North Sumatra and Aceh. Senior Management, including the Principal Director and General Manager, have hands on plantation experience and background and many Head Office staff positions are filled from able people in Plantations which is the preference within Socfindo where possible, as it provides an upward career pathway for those in the field, and ensures Head Office obtains the benefit of those with in field experience. This is the reason for Socfindo's close connection between its plantations and Head Office which acts in an enabling and supporting function for those in the field.

The close connection and trust between those in Head Office and in the field is a key to Socfindo's continued success and also crucial in successfully implementing sustainability within Socfindo. Due to the close relationship and connectivity between Head Office and the Plantation sustainability strategy, policy and planning can be initiated either from top down or from bottom up initiatives in Socfindo depending on the issue and where it arises.

Formally, initiation of sustainability, strategy, policy, planning formulation is tasked with the sustainability team guided by Senior Management in line with the Group's RMP. The initial impetus may come down from a directive from the General Manager and Principal Director or it may come from a Plantation Head responding to an issue in the field or from within the sustainability team itself.

The sustainability team is able to interact directly with the relevant people in the Plantation and Head Office departments in order to obtain input and feedback. The scale, nature and formality of the feedback process will vary depending on the issue and who is affected, and as required can involve consulting relevant stakeholders which would be done through the Plantations.

Once the required input and feedback has been obtained, the relevant strategy, policy or plan is then drafted by the sustainability team and validated and authorised by the General Manager and Board of Directors.

## Implementation

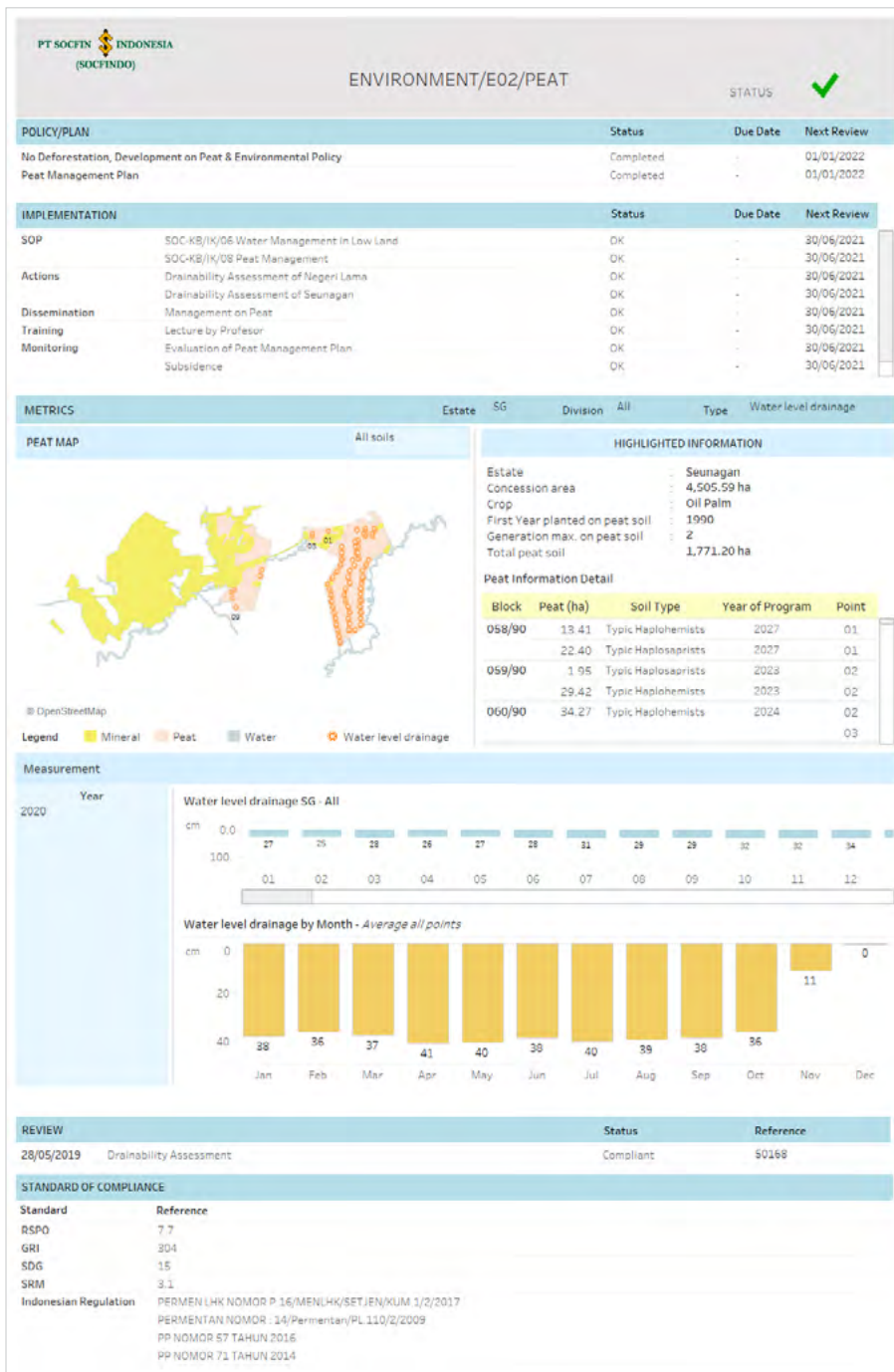
Once approved and formalised it will be the sustainability team's responsibility for implementation, socialisation, monitoring and review again coordinating directly with the Plantations and relevant departments with support from the Group Plantation Heads, Department Heads and Senior Management.

Sustainability cannot be successfully implemented unless there is understanding and a realistic assessment of the real issues and challenges in the field, provision of the necessary support to the plantations in implementation and a raising of awareness throughout the organisation of the importance of sustainability issues and their impact on the business and on its continued success. Implementing sustainability is a step wise long term ongoing process and requires close communication and mutual respect between those externally facing in Head Office and those on the ground dealing with the realities of the Plantation.

## Sustainability Dashboards

The sustainability department has designed a full suite of 20 Business Intelligence dashboards, that assist the staff in the estates and in Head Office to monitor a range of parameters that are considered material to Socfindo and its stakeholders. Each dashboard allows the data to be updated automatically and also provides a convenient dedicated area to store socialisation documents. This newly created facility has contributed to a better comprehension by the operational team, of the wide array of parameters that are required to be reported for sustainability purposes.

The dashboards are fully integrated into our main database and are able to access present data making it readable and accessible for decision makers. Below is one of the dashboards that has been designed by the sustainability team.



One of the sustainability dashboards used to monitor environmental and social parameters, in this case peat management.



# Materiality

## Stakeholder Engagement

Socfindo's Stakeholders are defined as those groups which are important to its operations, have a material influence or impact over its business, or alternatively are materially impacted either directly or indirectly by its business activities. These include employees, their families and local communities, shareholders, customers, suppliers and banks, various levels of Government, local and international NGOs, industry and certification bodies as well as trade unions and other organisations which represent workers. As a company whose direct operating footprint is entirely in Indonesia, Socfindo is particularly concerned with ensuring it engages and understands those matters of importance to its Indonesian stakeholders.

Ongoing Stakeholder Engagement is thus an integral part of Socfindo's business. As a long standing member of the communities in which it operates, Socfindo works hard to maintain regular informal direct contact through its plantation management with its key external stakeholders such as the local community, Government and local NGOs, to ensure there is an open channel for two way communication to facilitate mutual understanding and awareness of the companies activities, and for early identification of any issues or areas of concern or areas where assistance may be required. Socfindo also enjoys a close relationship with its main customers and suppliers and a key component to the success of these relationships is to have an open dialogue where it is possible to discuss issues which may arise from time to time, gain feedback openly and honestly and to seek ways in which to constantly improve.

**Socfindo is an involved and contributing member of the Indonesian community.**



Discussion with stakeholders focusing on COVID-19 relief in Aek Loba estate.

## Membership of Associations

In addition to these informal engagement channels, Socfindo is also an involved and contributing member of the Indonesian community, palm oil industry and an active member of a number of formal industry organisations which are an important source of information and exchange in relation to sustainability matters. The key organisations which specifically address sustainability in oil palm and/or rubber which Socfindo belong to are the Roundtable on Sustainable Palm Oil (**RSPO**), the Indonesian Sustainable Palm Oil organisation (**ISPO**) and the Global Platform for Sustainable Natural Rubber (**GPSNR**).

In addition to these, Socfindo is also a member of the following associations:

- **GAPKI (Indonesian Palm Oil Association)**
- **GAPKINDO (Indonesian Rubber Association)**
- **APINDO (Indonesian Entrepreneur Association)**
- **BKS-PPS (Sumatera Planters Association)**
- **KADIN (Indonesian Chamber of Commerce and Industry)**
- **DMSI (Indonesian Palm Oil Board)**
- **Konsorsium Plasma Nutfah Indonesia (Indonesian Germplasm Consortium)**
- **FBKS (Forum Benih Kelapa Sawit Indonesia/ Indonesian Oil Palm Seed Forum)**

Finally, Socfindo also has in place formal channels for contacting the company or submitting a complaint or Grievance, the details of which are set out in the Grievance chapter of this Report (Pg.81).

## Stakeholder Engagement Study

In identifying its material sustainability matters, Socfindo has drawn from various internal and external sources of information, which includes informal and formal engagement with the stakeholders set out above. This also includes drawing on issues identified by relevant standards bodies such as RSPO, ISPO, and GRI. In addition, for the purposes of this Report, Socfindo has undertaken a comprehensive stakeholder engagement study of its core Stakeholders to identify the material matters of concern or interest in relation to sustainability from their perspective (assessing a broad base of Social, Environmental and Economic matters). Finally, in identifying its material sustainability matters, Socfindo as a member of the Indonesian community is particularly sensitive to the concerns of its Indonesian stakeholders as these are the stakeholders most affected by its activities and decisions.

## Material Matters for Sustainability as Identified by Stakeholders

As a result of undertaking the analysis above, the following 20 Material Matters<sup>1</sup> were identified as being of particular concern or interest to Socfindo’s Stakeholders and to Socfindo in 2020.

IDENTIFICATION	NO.	MATERIAL MATTERS
<b>Economic</b>	1	■ Certification
	2	■ CPO price
	3	■ Land expansion
	4	■ Productivity & Yield
	5	■ R&D – increasing yield, resisting Ganoderma
<b>Environment</b>	6	■ Deforestation
	7	■ Peat
	8	■ Reducing Environmental Impact
	9	■ Greenhouse Gas Emissions
	10	■ Water Issues
	11	■ Waste - Solid & Liquid
<b>Social</b>	12	■ Wages, Benefits and Facilities for Employees
	13	■ Training & Human Resources
	14	■ Workers' Rights, Child Protection, Grievance Handling
	15	■ Health
	16	■ Equality
	17	■ OSH
<b>Community</b>	18	■ Smallholders and Community Development
	19	■ Theft
	20	■ Human Rights

<sup>1</sup> Please note material matters are not ranked in this table, the numbering and order in the list does not confer any information in relation to the relative importance of each matter.

For information of an analysis of relative importance between external and internal stakeholders, please see the Materiality Matrix (Pg.17).

## Materiality Matrix

The Materiality Matrix below shows the relative importance of the Material Matters ranked by Internal and External Stakeholders.



- Material Matter Legend
- Economic
  - Environment
  - Social
  - Community

## Material Matters for this Report



📷 Checking field worker temperature, during the COVID-19 pandemic.

Compared to 2018, whilst the relative ranking of most material matters have remained consistent, far more material matters have risen into the high to very high importance quadrants reflecting the greater concern for matters of sustainability across the board. We attribute this to both internal and external stakeholders refining and raising their knowledge and capacity to assess matters of materiality and becoming more involved in discussing these matters through our on-going engagement with them. In addition, we observe that matters of economics, livelihood and development have become very real to many and have risen to the forefront. We consider this is due firstly to the year 2019 which was very tough for both the communities and companies in our industry because of extremely low CPO prices. Then following on the heels of 2019, the COVID-19 pandemic hit in 2020 upending many people’s lives, restricting people’s movement, their ability to open and operate their businesses and significantly impacting their income sources. For many in Indonesia who already live close to the poverty line, these impacts can be catastrophic.

The extreme situation that this pandemic has created has forced people to focus on and prioritise their livelihood and this is reflected in the rising importance of economic factors in our 2020 matrix. We can also see the rising importance of certification, which reflects the importance to consumers to be able to have “proof” of the sustainability of their products and to be able to trace the origin of their products back to the plantation. Environmental parameters also continue to be of importance, in particular solid waste, where plastic waste is a rising issue in Indonesia. Equality also was specifically identified as a specific material matter for the first time in 2020.



📷 Disinfectant spraying activities in one of Socfindo's village during the COVID-19 pandemic.

# UN Sustainable Development Goals

We support the SDGs and recognise their importance in creating a transformational global agenda.

## United Nations Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals or (SDGs) adopted by all UN Member States in 2015, form the core of the 2030 Agenda for Sustainable Development providing a shared blueprint for peace and prosperity for people and the planet, now and into the future. There are 17 specific SDGs which are integrated, indivisible and balance the three dimensions of sustainable development: the economic, social and environmental. The SDGs form the global agenda for a better world.

Socfindo supports the SDGs and recognises their importance in creating a transformational global agenda for the development of our societies. Socfindo also recognises as a responsible local and global citizen, it has its role to play.





One of Socfindo's Group Manager inspecting the seedlings in the nursery.

## Socfindo's SDGs

Socfindo is committed to the UN SDGs. Whilst all the 17 SDGs are both interrelated and of equal importance, as Socfindo has only finite resources, it has decided it can achieve more by selecting and focusing on those SDGs most material to its business operations and stakeholders. Therefore informed by its ongoing engagement with its stakeholders and based on an assessment of risks and opportunities, Socfindo has identified and prioritised **seven (7)** SDGs which are most relevant to its business operations and reflecting the key material concerns highlighted by its stakeholders. These are:



### Goal 2: Zero Hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture. This SDG is at the heart of Socfindo as a plantation company, significant food producer, and leading agronomic researcher. In addition, as a developing country Indonesia still has many people who live close to or under the poverty line, and to whom food security is a real issue.



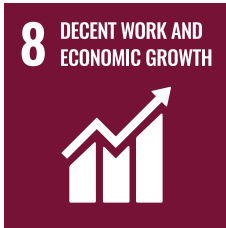
### Goal 3: Good Health and Well-Being

Ensuring healthy lives and promoting the well-being for all at all ages is essential to sustainable development. Production of the highest quality products, and promoting the health and well-being of the wider Socfindo family and the communities they belong is a core focus for Socfindo.



### Goal 4: Quality Education

Is the foundation to improving people's lives and sustainable development. Ensuring a foundation of quality education for the wider Socfindo family, their communities, as well opportunities for ongoing training and up skilling is a core focus for Socfindo and deeply intertwined with health and well-being.



### Goal 8: Decent Work and Economic Growth

Sustained, inclusive and sustainable economic growth is the engine which underpins all of the SDGs. Plantation companies like Socfindo are a major generator of wealth especially for rural areas of Indonesia, providing direct employment as well as supporting secondary businesses and communities in the areas they operate in.



### Goal 12: Sustainable Consumption and Production

Ensure sustainable consumption and production patterns. At an industry level, as the lowest input, highest yielding food oil crop, palm oil is at the centre of solving how to meet the world's future increased food oil needs. As a company, eliminating waste and efficiency and wise use of resources are a core value and at the heart of Socfindo's long term success farming the same soils over a 100 years.



### Goal 15: Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss. As a plantation company, improving sustainable land management practices are at the heart of minimising its environmental footprint.



### Goal 17: Partnerships for the Goals

Strengthen the means of implementation through global partnership for sustainable development. Cooperation and partnership are the means by which efforts can be scaled up to effect transformational impact. Rather than a separate goal, partnership and cooperation is an overarching method through which Socfindo achieves meaningful and measurable change.

📷 A drone view of Socfindo Conservation Medicinal Garden at Bangun Bandar estate.





## Socfindo Conservation

Socfindo Conservation was established in 2019 as an umbrella platform for specific significant sustainability programs which have an external interface with the community or other third parties.



### Our Mission

To identify opportunities within the local communities and environment where Socfindo operates, thereby contributing to the long term sustainable development of North Sumatra, Aceh and Indonesia.

### Our Goal

To deliver long term positive impact through programs focusing on education, conservation of biodiversity & cultural heritage and community empowerment.

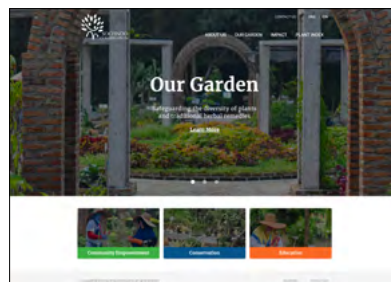
**Safeguarding the diversity of Indonesia plants and traditional herbal remedies.**

### Medicinal Herb Garden

Socfindo Conservation's flagship project is the Medicinal Herb Garden or Toga, as it is known in Indonesia. Toga (Tanaman Obat Keluarga-Family Medicinal Garden) is a place where the diversity of plants meets herbal remedies, in a tradition that is part of the cultural heritage of Indonesia.

The Medicinal Garden / Toga's purpose is to contribute to the preservation of biological and cultural diversity of Indonesia by collecting and planting medicinal plants, and recording their traditional uses and recipes associated with its use. As well as a physical garden, an online database of plant knowledge has been created as an educational resource for all to share and use. Visit <https://www.socfindoconservation.co.id/index> for more details.

Socfindo's goal is to teach people in the community to propagate these plants along with the traditional medicinal recipes and to use the gardens to connect young Indonesians to their plants, and to educate them on the importance of conservation and biodiversity.



 Website [Socfindoconservation.co.id](https://www.socfindoconservation.co.id)

## TOGA Team

This Project, a female initiative, inspired, led and managed by the female-led Toga team which is a collaboration between Socfindo employees and their wider families. The project evolved as the team’s enthusiasm grew from not only gathering and compiling the knowledge into a database, but also in creating the first ex-situ collection of its kind in North Sumatra. For more details, visit <https://www.socfindoconservation.co.id/garden#Meet-the-team>.

Socfindo fully supports this grassroots initiative, contributing its world class agronomy knowhow, plant breeding and genetics laboratories and converting the gardens in front of the plantation bungalow in a prime location to host the collections.

### Biodiversity

 483  
Species collected




### Preservation of Traditional Knowledge

 787  
Traditional remedies collected



### Empowerment

 150  
Women involved in project

 4  
Women in project leadership

 2  
Educational visits and workshops



## Plant Database

At the heart of the preservation and dissemination of knowledge is the Medicinal Herb Garden's publicly available plant database. Available in both Bahasa Indonesia and English, and fully searchable, the database records information on habitat, plant propagation as well as information on its traditional herbal uses. The plant database is available, please visit <https://www.socfindoconservation.co.id/index>.

The screenshot shows the 'Plant Index' page of the Socfindo Conservation website. At the top, there is a navigation menu with 'CONTACT US', 'ENG', 'IDN', 'ABOUT US', 'OUR GARDEN', 'IMPACT', and 'PLANT INDEX'. Below the navigation is a search bar labeled 'Search by keyword'. The main heading is 'Plant Index'. On the left, there are filter options under 'Filter by', including 'HABITUS' (Climbers, Herbaceous, Trees, Fern, Aquatic, Epiphyte, Cycad, Shrubs, Orchid, Bamboo, Succulent, Palm) and 'SECTIONS' (Principal, Vegetable, Aquatic, Hardwood, Shading Area, Beneficial Weed, Orchard, Palm, Greenhouse, Mushroom House). Below the filters, it says 'Show 1 - 20 of 40 Plants'. There is a 'Rows per page' dropdown set to 20 and a 'Page' indicator showing '1 of 2'. The main content area displays a table with two columns: 'Plant Name' and 'Latin Name'. The table lists the following plants:

Plant Name	Latin Name
Fennel	<i>Foeniculum vulgare</i>
Dog Fennel	<i>Eupatorium capillifolium</i>
Pride of India	<i>Lagerstroemia speciosa</i>
Miracle Fruit	<i>Synsepalum dulcificum</i>

## Jamu

Jamu is a traditional Indonesian herbal drink that has health, medicinal or fitness properties, and the recipes are transmitted from generation to generation. It is one of the most prominent alternative medicines in Indonesia. It originated some 1,300 years ago in the Mataram Kingdom in Central Java, and it is heavily influenced by Ayurveda, a system of Hindu traditional medicine. Until today, most traditional Jamu drinks are made with traditional techniques by smashing the ingredients and pestle-pummeling. Generally, Jamu ingredients are roots and spices like turmeric, ginger, or tamarind that you can easily find in family herbal garden.

One of the most traditional alternative medicines in Indonesia.





📷 Socfindo seeds. Beware of fakes:  
Socfindo seeds are only delivered  
at the Head Office in Medan.

# Market Place

## Certification

While Socfindo has been undertaking the practice of sustainable agriculture on its own for the last hundred years, Socfindo recognises the need and importance of Certification. Robust certification standards provide a consistent measurable benchmark for an organisation's sustainability performance that is objectively certified through onsite third party audits providing independent verification and assurance to stakeholders, consumers and the general public.

Certification allows the market to distinguish between those that have taken on the additional burden and cost of implementing sustainable practices from those that have not. It is then up to buyers and end consumers to do their part for sustainability by rewarding this additional on-going effort by creating the market demand for premium sustainably produced products. Certification is a core pillar in Socfindo's sustainability strategy and it will continue to invest the necessary additional resources to ensure it obtains and maintains the most relevant and robust sustainability certifications for its plantations and products.

## Oil Palm

The palm oil sector currently has the most robust global sustainability standards compared to all agricultural crops. Socfindo is committed to producing sustainable certified palm oil, traceable to plantation level and is proud to confirm that 100% of its palm oil is sustainably certified and fully traceable back to the plantation.

Socfindo considers the most relevant and comprehensive standard for palm products is the Roundtable on Sustainable Palm Oil (RSPO) Certification standard. In addition, in relation to the specific Indonesian context, the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) is an equally important domestic mandatory certification scheme.

A core pillar in Socfindo's sustainability strategy is to proactively ensure it satisfies and covers all the requirements of the evolving RSPO and ISPO standards.

### Roundtable on Sustainable Palm Oil (RSPO)



The Roundtable on Sustainable Palm Oil (RSPO) in its latest iteration is currently the most robust, comprehensive sustainability standard setting a benchmark for certification of agricultural products.

Established in 2004, the RSPO is a not-for-profit that unites stakeholders from the 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 organisations (NGOs), to develop and implement global standards for sustainable palm oil. The RSPO has developed an evolving set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable

Palm Oil (CSPO). Currently, the RSPO has more than 4,000 members worldwide, and certifies 13.61 million tons of sustainable palm oil which represents 19% of palm oil globally produced. For more details on the RSPO, please visit <https://rspo.org/>.

The latest RSPO Principles and Criteria 2018 are now a zero-deforestation standard through its requirement for members to implement the High Carbon Stock Approach. It also prohibits expansion onto peatlands as well as providing measures for the management, protection and eventual restoration of peatland which was converted into palm plantation prior to the birth of the RSPO. As well as a full suite of environmental standards, the RSPO also comprehensively covers human rights, social and labour issues with the latest standard strengthening its already stringent labour and employment rights. An example of this is the introduction of the Decent Living Wage requirement, using a methodology endorsed by the Global Living Wage Coalition. For more details on the latest RSPO P&C 2018, please visit <https://rspo.org/principles-and-criteria-review>.

Socfindo has been an RSPO member since 2004 and achieved full certification for all its mills and plantations in 2015. Currently, Socfindo maintains RSPO certification for all its mills and all of Socfindo's palm products are sustainably certified under the RSPO and fully traceable to plantation.

RSPO certification for each mill requires verification every year, which involves a mandatory in depth onsite audit against the full RSPO criteria, thus maintaining RSPO certification requires constant improvement in practices, vigilance and training of staff in the field. To achieve this, Socfindo has embedded the RSPO standard into the core of its strategy for producing sustainable oil palm.

### Indonesian Sustainable Palm Oil (ISPO)



The Indonesian Government under the Ministry of Agriculture established a mandatory certification scheme in 2011, namely the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) to ensure that all producers live up to specific environmental, economic and social standards when operating in Indonesia. The standard was revised in 2020 by the Presidential Regulation Number 44 as emphasised by the National Accreditation Committee. The additional revisions are designed to increase market acceptability and competitiveness of Indonesian palm oil products, but also to reduce greenhouse gas emissions, as part of the Indonesian climate policy.

All Socfindo's mills and plantations have been fully ISPO certified since 2016.

### PROPER



PROPER is a government policy by the State Ministry for the Environment that aims to improve the performance of private operator's environmental management in accordance with the Indonesian laws and regulations. The implementation of this instrument follows the principles of good governance (transparency, justice, accountability and community involvement) in environmental management.

8 out of 11 plantations of PT Socfindo received a PROPER certificate, with a Blue grade, showing that the company has made the required environmental management efforts in accordance with the applicable rules and regulations.

## Rubber

Our two rubber estates are certified against ISO 14001-2015. **ISO 14001:2015** specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance.

Socfindo's two rubber factories are certified against ISO 9001. **ISO 9001:2015** is defined as the international standard that specifies requirements for a Quality Management System (QMS). Organisations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

### GPSNR



The Socfin group is a founding member of GPSNR, the Global Platform for Sustainable Natural Rubber, created in 2018. The platform has 12 Principles that are declined into a policy framework, setting 8 overarching themes that include commitments to legal compliance, community livelihoods, healthy functioning ecosystems and respecting all human rights.

In 2020, the platform initiated a pilot test of its baseline reporting requirements to understand what are its members challenges in relation to sustainability and sustainability reporting. Currently, the "policy toolbox" working group is working on developing a draft "implementation guidance" and will be assessing and evaluating the potential of existing certification schemes and reporting systems to adopt as part of GPSNR reporting requirements.

### Other Certifications



In addition to these comprehensive sustainability certifications, all Socfindo's operations are implemented following the SMK3 standard, which is a health and safety management system. Its seed production unit has ISO 9001:2015; ISO 14001:2015, OHSAS 18001:2007 certification (in the course of being migrated to ISO 45001:2018) and its laboratory was awarded the ISO 17025 by the national accreditation committee "Komite Akreditasi Nasional" (KAN).

# Traceability

## Importance of Traceability

A rising trend is the desire for stakeholders, customers and end consumers to know where their products and the raw materials that go into them originate from for sustainability as well as product safety and quality reasons. Traceability certification enables a product (and its component raw materials) to be traced back through its supply chain to their original point of origin, and for this to be certified. It is also important for responsible producers like Socfindo who through traceability certification can demonstrate to customers the point of origin and supply chain involved in each shipment of their products providing an extra level of trust and transparency in the goods they produce.

✓ 100%

CPO RSPO IP certified

✓ 100%

PK RSPO IP certified

✓ 100%

CPO & PK traceable to plantation

## Traceability in Socfindo

Traceability to mill refers to the traceability level of products processed by a refinery, right down to mill or Crude Palm Oil (CPO) / Palm Kernel (PK) level. Traceability to plantation refers to the traceability level of products right down to plantation where the specific palms which produced the fresh fruit bunches were grown. Socfindo's directly controlled supply chain as an upstream producer finishes at the CPO / PK level. All of Socfindo's CPO and PK can be traced back to the plantations and it is certified as such under the RSPO Certification Schemes.

## RSPO Supply Chain Certification

Under the RSPO supply chain certification, if it can be proven that a specific batch of crude palm oil (CPO) originated from an RSPO certified estate or mill, and is kept physically isolated from all other oil palm sources throughout the supply chain (including other segregated RSPO-CSPO sources), it can be sold as 'Identity Preserved' (IP) certified sustainable CPO.

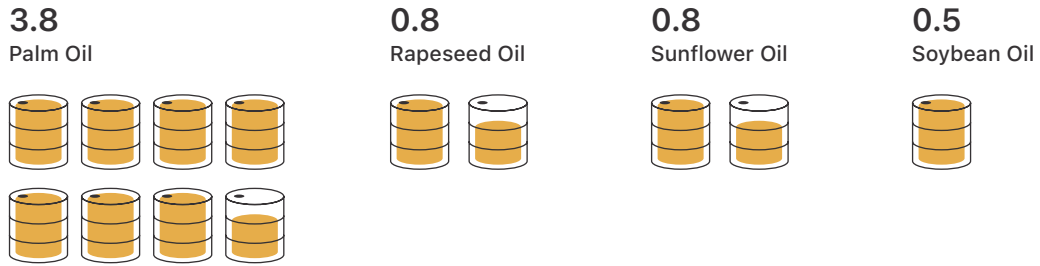
Socfindo is proud to report that 100% of its palm oil products are now certified under the IP method, having its supply chain uniquely identifiable to one of our RSPO certified mill and its certified supply base.



# Productivity & Yield

## Comparative Yield of Oil Producing Crops

Tonnes of Oil Per Hectare

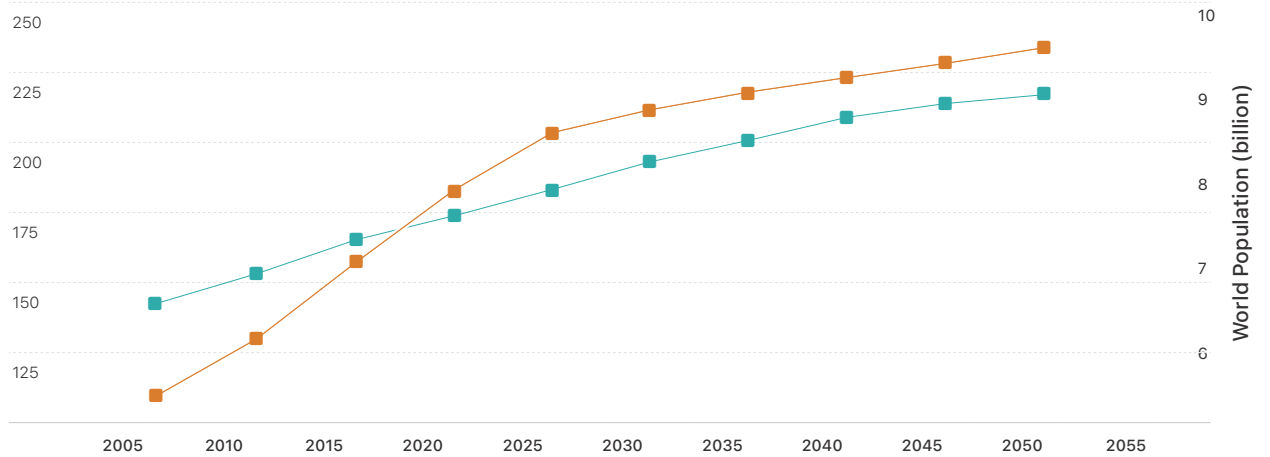


Reference: European Alliance for Sustainable Oil Palm

Oil palm produces **35%** of all vegetable oil on less than **10%** of the land allocated to oil crops.

## World Demand for Food Oil

Edible Oil Demand (Mt/yr)



Reference: Corley, 2009

Oil Demand Population

## The Importance of Raising Productivity and Yield

With an increasing global population, the world’s demand for food oils is also rising. Scientifically, it is clear that as an agricultural crop, oil palm is the highest yielding vegetable oil crop, significantly outperforming other vegetable oil crops on oil per hectare yield basis. Therefore any objective and fact based conversation of how feed the world today and into the future will recognise palm oil has a central role to play.

Increasing the yield and productivity of palm oil is the single most important method to improving the sustainability of palm oil production and to solving the dilemma of how to meet the world’s growing demand for food oil, without a commensurate expansion in land base. Improvements in yield and productivity provide not just economic gains but also large social and environmental benefits.

## The Oil Palm Industry Challenge

**Socfindo improving long term productivity and yield through continued innovation and performance.**

As an industry, there are two key pathways to achieving a stepwise increase in palm oil without an increase in land base. They are to increase the average yield of smallholder farmers, and to continue research and development into increasing industry yields and sustainable agronomy methods to allow high yields to be sustained from soils over the long term.



Reference: Direktorat Jenderal Perkebunan RI, 2019. Statistik Perkebunan Indonesia 2018 - 2020. Kelapa Sawit

The Indonesian palm oil industry is unique in that approximately one-quarter of Indonesia’s palm oil plantations are owned and managed by individual “smallholder” family farmers. Unfortunately yields for these smallholders on average lag far behind the industry average.<sup>2</sup> Therefore large gains can be made by improving the productivity and yield of smallholder farmers through extending access to and education in the current best existing agronomy practices and genetic stock. Whilst Socfindo is not directly supplied by smallholders, it recognises the importance of raising Smallholder’s productivity and yield and for more information on Socfindo’s smallholder initiatives ([Pg. 82](#)).

<sup>2</sup> <https://www.wri.org/blog/2018/03/smallholder-farmers-are-key-making-palm-oil-industry-sustainable>, and <http://www.snv.org/sector/agriculture/topic/palm-oil>.

In addition to raising smallholder productivity and yield, industry leaders like Socfindo need to continue to invest time and resources into improving long term productivity and yield beyond its current boundaries through continued innovation and performance.

Achieving these will significantly increase the amount of oil palm from the same land and resource base at the same time as creating more net revenue for small holding farmers, and for companies who in turn have more resources to invest into sustainability.

## Applied Research Trials to Improve Yields

**The challenge of maintaining fertility on the same soils for more than 100 years.**

As one of the oldest dedicated plantation companies, improving and maintaining productivity and yield is at the core of what Socfindo's does. Socfindo's estates have been farmed in many cases for over 100 years on the same soil and it is only by consistent and constant investment into research and development, and by implementing the best long-term agronomy and sustainable practices have Socfindo been able to consistently deliver comparatively high industry yields.

Socfindo have a long and proud history of agronomic and plant research and development which continues to the current day with Socfindo Seed Production and Laboratories (SSPL) associated in this field to its research partner Cirad-PalmElit. For more details on SSPL and its industry leading research and development programme, please visit <https://www.socfindo.co.id/about-us/research>.

At any one time, Socfindo has a number of initiatives focused on improving long term productivity and yield. Improving and maintaining productivity and yield is complex, especially for organisations like Socfindo which have been farming the same soils for over a hundred years, where maintaining long term, consistent high yields can be challenging. In practice, there are many factors which impact on, and interact to determine productivity and yield. Two examples of this complexity, which provide a taste of Socfindo's particular initiatives of focus, are set out below being its **"super male & fruit set initiative."**

## Super Male & Fruit Set Initiative

The oil palm industry is currently facing a problem with poor fruit sets, especially in their young age. This has accidentally occurred as a result of demands to use high yielding planting material as an intensification effort for sustainable palm oil.

Breeding oil palms to produce high yielding palms face problematic consequences due to the monoecious (single sex) characteristics of oil palm. High production will be achieved in palms with a large number of bunches (female flowers) and the natural consequence is to reduce male flowers. In young palms, the number of male flowers that are present is not proportional to the number of female flowers that need to be pollinated and as a result the fruit set is lower than ideal (poor fruit set).

The lack of male flowers means that there is a lack of pollen. When a female bunch is well pollinated, it means that all the little flowers have been fertilised and will become fruitlets; this in turn will contribute to a high ratio of oil per bunch. Poor fruit set in contrast means the fruit is not developed well, so there is no fruit – no oil. Fruit set will affect the quality of FFB (fresh fruit bunch from which palm oil is extracted from). Good fruit set equals good FFB. Fruit set also impacts on oil production (OER/oil extraction rate), with low/poor fruit set causing low oil production. Fruit set problems at a young age can cause a decrease in production of about 30% of the production potential.

Various ways have been used to solve the fruit set problem, but they have not yielded satisfactory results. The newest method currently being trialled by Socfindo together with its research partner Cirad-PalmElit is the use of super male oil palms, which produce predominantly male flowers. With the presence of super males, the availability of pollen is sufficient for good fruit set.

The use of the super male is a promising initiative to solve the fruit set problem in oil palms.



📷 A super male oil palm showing an abundance of male flowers.

## Sustainable Methods to Improve Pollination

Good fresh fruit bunches (**FFB**) are greatly influenced by pollination which occurs about six months before the bunches are ripe and ready for harvest. Pollination on oil palms is 90% assisted by the *Eledobius Kamerunicus* (**EK**) weevil which occurs accidentally. EK visits female flowers because it is attracted to the smell of the female flower which smells similar to male flowers (male flowers are EK's food and EK's habitat for breeding).

Climate is an uncontrollable natural factor that greatly influences the pollination process of oil palm by EK. The odour of female flowers appears when the temperature is high enough with low humidity (i.e. during the dry season). During the rainy season, the air temperature is low and the humidity is high so that the smell of female flowers is not strong enough and will fail to attract EK to visit. If EK does not visit female flowers, there will be no pollination of the oil palm, with the result of poor fruit set. As a result, the productivity of oil palm in the next six months will be low due to imperfect pollination.

To help the spread of EK during the rainy season, Socfindo utilises natural estragole derived from the Tarragon plant (*Artemisia dracunculus*). The aroma of estragole from Tarragon is the same as the aroma of estragole (1-methoxy-4 (2-propenyl) benzene) found in female and male oil palm flowers. Tests on the use of estragole from Tarragon has been proven to be able to attract EK to female flowers.

The Tarragon plant which was originally planted as a medicinal collection plant in Socfindo's Conservation is now being propagated in almost all Socfindo's oil palm plantations. From this plant, the green estragole will be distilled to be applied in oil palm plantations to help pollination especially in the rainy season.



 Tarragon Plant.

# Research & Development

## Socfindo – A Culture of Agronomical Research

Research and development is the fundamental source of innovation. Since its inception in the early 1900's, Socfindo has continually invested significant resources into agronomic research and development with the R&D Division always playing a key role in maintaining and improving Socfindo's competitiveness in particular for product superiority and quality.

Socfindo's long history of applied agronomic research, development and innovation has created an internal culture of excellence around practical documented experimental research into agronomy. This together with an ability to continually implement company wide new and improved practices on the basis of these experiments is at the heart of Socfindo's continued long term success. Socfindo undertakes research both internally and also has a history of cooperating with renowned third party scientific researchers since its first formal agreement in 1974 with IRHO (Institute de Recherches pour les Huiles et Oleagineux), a French institute which provided scientific support and supervision for applied agronomical research. Today, Socfindo still collaborates with Cirad and PalmElit, with whom it has an agreement to conduct field research.

## Socfindo's R&D and Innovation Today



📷 A member of the breeding team assesses the results of earlier pollination.

Today Socfindo Seed Production and Laboratories (**SSPL**) leads the Group's Research and Development and is the driving force behind continuously delivering superior product and quality as well as increasing the sustainability of its oil palm plantation business.

SSPL's Research and Development Division focuses on **4 pillars**, consisting of:

1. **Research program in plant breeding and genetics;**
2. **Continued development of a world class supporting laboratory and analytical analysis to provide experimental testing and analysis crucial to assess the efficacy of experiments, trials and interventions;**
3. **Soil fertility maintenance (Agronomy); and**
4. **Crop pest & disease control measures.**

Socfindo has a detailed program under each of these four pillars. For more details, please visit <https://www.socfindo.co.id/about-us/research>.

## Special Focus on Socfindo’s Seed Programme

### Ganoderma Tolerant Seeds

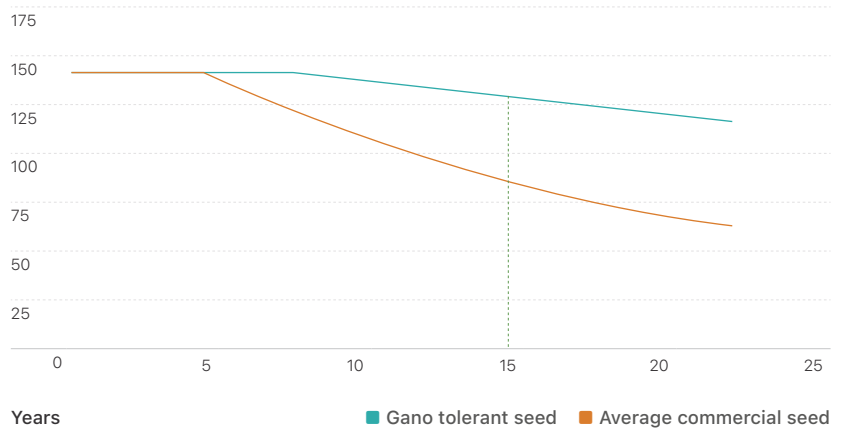
**Socfindo was the first oil palm seed producer to develop and release a seed variety tolerant to Ganoderma disease.**

One significant area of research Socfindo is leading the industry in the fight against Ganoderma disease. Ganoderma disease is a lethal and endemic disease in Asia, Africa and South America, and can cause up to 80% mortality (palm death) in the plantation, with an even higher risk in successive replantings. Ganoderma disease represents a significant threat to oil palm, with certain areas of Indonesia and Malaysia particularly at risk.

Socfindo has led the industry in research to combat this significant threat. In 2000, in collaboration with CIRAD-CP, Socfindo initiated a specific long-term breeding program to control this disease. This research led to the development of plant material tolerant to Ganoderma called DxP MTG which was released in 2013. Socfindo was the first oil palm seed producer to develop and release a seed variety tolerant to Ganoderma disease.

### Simulation of Losses Due to Ganoderma Disease

Density per hectare



By using Socfindo’s Ganoderma tolerant material, the impact of Ganoderma on the productivity and yield of the plantation is significantly reduced.



DxP MT Gano

**Socfindo's genetic plant material has proven improved qualities.**

### Improvements in Genetic Material

In addition to Ganoderma tolerance, Socfindo's genetic plant material has the following proven improved qualities:

- **Slower Vertical Growth** (40-50 cm/year) than other seeds (which have 70-90 cm/year of vertical growth). Slower growth allows for a longer harvesting lifetime. Socfindo seeds have been verified for high-yielding output exceeding 25 years (compared to others that can only be harvested for 15 to 18 years). This means a single palm can productively yield for longer and pushes out the replanting window which is both a significant economic and sustainable benefit.
- **Climate Resilience:** Seeds producing high bunch number with maximum yield per year more adapted to marginal areas and climate conditions, in particular water deficit. This is particularly important as the impact of climate change is felt and weather conditions become more and more irregular and unpredictable even in areas which have historically delivered consistent prime climatic conditions.

For more details on Socfindo's seed business, please visit <https://www.socfindo.co.id/products#a1>.



📷 Weighing a bunch as part of the breeding program.











## Socfindo's Analytic and Laboratory Services



SSPL team members discussing results.

Socfindo has its own analytical laboratory to support its internal Research and Development Program which relating to oil palm includes:

-  Fertiliser Analysis & Recommendation
-  Compost Analysis
-  Soil Analysis
-  Leaf Analysis
-  Rachis Analysis
-  Waste & Water Analysis
-  Latex Diagnosis
-  Panel Management Recommendation

These analytical laboratory services give the hard data which help Socfindo's agronomists to decide efficient fertiliser applications. Our laboratory also now provides services to third party such as companies, smallholders, researchers and students.

As a testimony to the accuracy of Socfindo's laboratory analyses, our analysis results consistently score very high results in the Wageningen Evaluating Programs for Analytical Laboratories (**WEPAL**), a worldwide laboratory proficiency testing scheme, with an average score of acceptance of 96.5% for plant samples (International Soil-Analytical Exchange Program). Our laboratory also has ISO17025 certification, which is the main standard used by testing and calibration laboratories worldwide. For more details on our Laboratory and Analytical services, please visit <https://www.socfindo.co.id/services/analytical-laboratory>.



# Environment



📷 A spectacular drone view of a rocky outcrop on our Halimbe estate (North Sumatra), hosting a beautiful flora.

## Conservation, Biodiversity & Peatland

### Conservation, Biodiversity and Preservation of Peatland are material sustainability issues for us.

According to WWF, habitat loss is probably the greatest threat to the variety of life on this planet.<sup>3</sup> Deforestation, loss of biodiversity and conversion of peatland are still the most pressing issues surrounding palm oil today. Other environmental issues such as fire, greenhouse gas emissions as well as soil erosion are often secondary effects stemming from deforestation, and a failure to conserve and protect key high conservation value and ecologically sensitive and important areas. In addition, tropical peatlands are a globally important sink for carbon being one of nature's most effective ways of taking carbon out of the atmosphere and stocking it underground, making it crucial to the fight against climate change. However, when drained for forestry or agriculture, they may dry out and spontaneously combust releasing 10 times more carbon than forest fires, in a process called peat oxidation. Tropical peatlands also play important roles regionally and locally in the water cycle and in climate and landscape stabilisation. Preservation of peatland is of particular importance in Indonesia, home to over half the world's tropical peatland. In addition, for this reason, Conservation, Biodiversity and Preservation of Peatland are material sustainability issues for Socfindo.

### Socfindo's Commitment to Conservation and No Deforestation

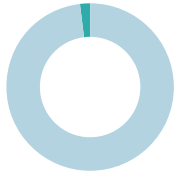
As part of its RSPO commitment, and consistent with the Socfin Group's Responsible Management Policy, Socfindo's Conservation and No Deforestation Policy commits it to:

- **No deforestation of high conservation value (HCV) areas and high carbon stock (HCS) forests. This includes:**
  - **No development on primary forest or areas identified as High Conservation Value (HCV).**
  - **No development of High Carbon Stock (HCS) forests as defined by the HCS Approach.**
- **Any new land clearing or new planting (in existing plantations or new plantations) is preceded by an HCV-HCS assessment as required by the RSPO.**
- **Existing HCV areas and HCS forest are identified, clearly delineated, actively protected and monitored. The presence of HCV areas in our operations is made known to neighbouring communities. Social HCV areas remain accessible to communities.**
- **No new development on peatland, regardless of depth.**
- **Adherence to the Best Practices Guidelines laid down by the RSPO.**

These are commitments that Socfindo takes seriously as it strives to be a responsible producer of sustainable palm oil.

<sup>3</sup> [http://wwf.panda.org/our\\_work/wildlife/problems/habitat\\_loss\\_degradation/](http://wwf.panda.org/our_work/wildlife/problems/habitat_loss_degradation/).

**Proportion of HCV Area vs Total Oil Palm Planted Area**



**Surface in Hectare (ha) in 2020**

Surface planted with oil palm	38,834
HCV	655
Afforestation / indigenous trees planted	49,964



Socfindo Conservation's team attending the medicinal garden at Bangun Bandar.

## Our Conservation Context

In contrast to many plantation companies, Socfindo plantations are all old established plantations, with the earliest current plantations developed in the 1920's. Socfindo does not have any new "greenfield" plantations, nor does it have a large land bank of unplanted forest. Socfindo's "planting" activities are currently replanting of existing palm plantation or "brown field conversion" of another crop such as rubber. Further, the majority of Socfindo's operations are based close to more developed areas of North Sumatra or Aceh where they border mostly other agricultural land and not significant conservation areas. For this reason, whilst Conservation and Biodiversity are material sustainability issues for Socfindo given their importance, Socfindo's own direct impact from its operations on unconverted natural forest is not currently significant.

## Medicinal Garden Project

Socfindo Conservation's Medicinal Garden / Toga is a recent initiative established to contribute to the preservation of biological and cultural diversity of Indonesia by collecting and propagating medicinal plants, as well as recording biophysical information, their traditional uses and recipes associated with its use. As well as a physical garden, an online database of plant knowledge has been created as an educational resource for all to share and use. For more information on this project, please visit our Medicinal Garden at <https://www.socfindoconservation.co.id/garden>.

## Peat

### Socfindo's Peatland Resources

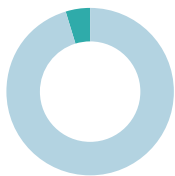
Unlike many plantations, Socfindo does not have significant areas of peatland. Approximately 5% of Socfindo's oil palm is planted on peatland (1,905 hectares of planted peatland, compared with 38,834 hectares of oil palm on other soils). In addition, Socfindo rubber estates do not have peat soils, as historically, rubber was either planted on well drained soils or on hilly areas.

### Socfindo's Peatland Protection Commitment

Socfindo recognises the global environmental importance of protecting and carefully managing peatland resources. As part of its RSPO commitment, and consistent with the Socfin Group's Responsible Management Policy as part of its Peat Protection Policy, Socfindo commits to:

- No new development on peat, regardless of depth; and
- For existing plantations on peat, they are to be managed to meet or exceed the RSPO "Best Management Practices for existing peat plantations."

**Proportion of Peat Area vs Total Oil Palm Planted Area**



**Surface in hectare (ha) in 2020**

Surface planted with oil palm	38,834
Peat	1,905

## Management of Peatland Resources



 Water gate as water management.

Socfindo is committed to careful ongoing management of the small amount of its plantations that do exist on peatland soil. Socfindo manages its approach to existing plantation on peatland soil by strict adherence to its Peat Protection Policy and the RSPO Best Management Practices for Existing Peat Plantations. These include having in place a Peatland Management Plan which covers water and ground cover management as well as ongoing monitoring of both peatland water levels and subsidence.

Socfindo was the first company in Indonesia to have its peat drainability assessments validated by the RSPO in 2020. Water levels are actively managed by maintaining it to an average of 50-70 cm from the surface in the drains thanks to water gates. The monitoring of water levels is done both inside the blocks with piezometer and on the periphery of the blocks in the drains.

## Fire



 Fire awareness training.

Although fire is a large issue for the industry as evidenced by the dramatic hazes which can be caused by widespread forest fires in Indonesia, Socfindo is fortunate that fire is a minor issue. This is because Socfindo operates in plantations which were developed many generations ago, in locations that are by now, mostly developed and less at risk of being subject to forest or peat fires.

Even so, Socfindo remains vigilant to the threat of fire, maintaining fire watch towers and teams of well-trained personnel across its plantations even though it is very seldom that fire brigades are needed to be deployed to put out fire in the plantation. Socfindo also maintains ongoing education of local communities to ensure local people living in and around the plantations do not use fire for clearing or disposal activities.

Finally, Socfindo has long adopted a zero burning policy in developing new Plantations or replanting of aged Plantations. Socfindo relies on mechanical means to chip the old stands and the biomass is then left to decompose, providing nutrients to nurture the soil. Even though mechanical means of land clearing may be more expensive, it is environmentally sustainable.

# IPM & Pesticides

As a pillar of Agronomy, Integrated Pest Management (IPM) which includes pesticide use is a material matter to Socfindo. In the tropics, crop losses due to pest and disease can reach as high as 75%, therefore management of pests and diseases through IPM is one of the core pillars of sustainable agronomy practiced by Socfindo. IPM takes a holistic approach to the management of pests, diseases, weeds and invasive species through the use of a systematic pest management plan, which includes where possible the use of biological and natural agents and only as a last step targeted pesticide use. Appropriate Integrated Pest Management techniques together with safe use and minimising of Pesticides are key criteria under the new RSPO Principles and Criteria 2018. In addition, when their use is necessary, ensuring the health and safety of employees through training and use of PPE (Personal Protection Equipment) is always a core concern for Socfindo.

## Beneficial Plants and Breeding of Predator Insects in Socfindo



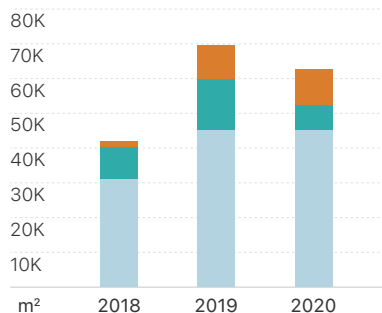
*Oecophylla sp.* or weaver ants.

A key arm of defense in Socfindo’s IPM plan is the use of “Beneficial” plants, which provide habitat for leaf eating insects predators and support the local ecology. To this end, beneficial plants are planted every year, especially in the estates where they are needed most. In general, leaf pests are rare as they are controlled by the naturally occurring predators. We do however observe leaf pests outbreaks on some estates with more extreme weather or in some cases, at times when seasonal changes do occur.

In addition, the release of *Oecophylla sp.* and *Sicanus sp.* as natural predators can be an efficient measure to fight pests that may cause damage to palm health and yield. *Sicanus sp.* are released on a spot basis when we seek to lower the incidence of leaf eating pests on specific estates. *Oecophylla sp.* are weaver ants that establish colonies in the canopies of oil palms. They are voracious by nature and an efficient control agent, albeit Socfindo is still refining its capabilities in using these as an IPM method.


Plant Species	Quantity
<i>Antigonon leptopus</i>	10,493
<i>Turnera subulata</i>	7,080
<i>Cassia cobanensis</i>	45,363
<b>TOTAL</b>	<b>62,936</b>

Initial colony released	32 col.
Child colonies	16 col.
<b>TOTAL</b>	<b>48 col.</b>



## Biological Pest Control of Rats




 Barn owls as pest control of rats.

Barn owls are useful birds in the oil palm plantation. They feed on rats, which is a pest that can lower yields because it feeds on palm fruitlets, therefore affecting the yields directly. The barn owl population may be increased by fitting boxes in the estates, providing the birds with shelters where they can retreat breed and feed their chicks. At Socfindo, rat damages are quite sporadic, but may happen in the estates susceptible to punctual floods. In these cases, owls are not always enough to cope with rat outbreaks and we may make use of rodenticides, Brodifacum baits would be the last resorts, as we would preferably apply baits using chemicals diluted by phyto-manufacturers to levels that make them fit into level 2 or 3 categories, as per Indonesian regulation.

### Barn Owl in 2020

Total boxes	44 boxes
Land to boxes ratio	598 ha/box
Occupancy	17%



 *Beauveria* colonising a leaf-eating caterpillar larvae.

## Biological Control Using *Beauveria bassiana*

Socfindo has begun to develop a caterpillar biological control using the pathogenic fungus *Beauveria bassiana*. This project was started at the Mata Pao estate in 2020 by building a laboratory for the *Beauveria bassiana* fungus as a propagation site. The *Beauveria bassiana* fungus developed in the laboratory is a fungal isolate that is taken directly from the field and has been proven to be effective in its pathogenesis in caterpillars that attack oil palm leaves in Mata Pao estate.

Although the application of *Beauveria bassiana* fungus on oil palm blocks with a light attack level has been shown to control caterpillar pests, we are still refining our knowledge on how to use this fungus to its maximum efficiency and capability.

### *Beauveria* used in Mata Pao and Tanah Gambus estates in 2020

<i>Beauveria</i> used	43,482 batches
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## Socfindo's Commitments Relating to Pesticide Use

Despite best efforts, it is still necessary to use some pesticides in the plantation to effectively control pests and diseases. To ensure responsible and safe use and minimisation of Pesticides, Socfindo has implemented its Pesticide Policy which includes:

- Development of an Integrated Pest Management (IPM) plan for all operations which is reviewed annually.
- No Paraquat Use: The active ingredient Paraquat has been successfully phased out of all of palm operations.
- Pesticides in WHO classes 1A and 1B, and Stockholm or Rotterdam conventions are used only when no effective alternatives are available. Their use is authorised in writing by local senior management on a case by case basis, following a due diligence process.

- **Ensuring Workers’ Safety: All workers involved with pesticides are trained and equipped adequately and its health is monitored.**

Socfindo manages IPM and pesticides in its plantations through strict adherence to these policies and procedures, which are consistent with the RSPO management principles and protocols. This involves having a systematic Integrated Pest Management Plan, which is the first line of defense to effectively manage pests, diseases, weeds and invasive species. Only once these have been exhausted will pesticides be considered and their use will only be allowed in accordance with Socfindo’s Pesticide policy and the stringent guidelines under the new RSPO Principles and Criteria 2018.

### Pesticide Use in Socfindo



📷 A member of the spraying team, applying herbicide on the oil palm circles and paths.

#### Use of Pesticides Per Planted Hectare (Oil Palm)

PESTICIDES	2018		2020
Herbicide	3,727	▼	2,546
Fungicide	27	▼	14
Rodenticide	62	▼	25
Insecticide	849	▼	698

gr of commercial product / planted ha

#### Use of Pesticides Per Planted Hectare (Rubber)<sup>4</sup>

PESTICIDES	2019		2020
Herbicide	1,335	▼	946
Fungicide	160	▲	335
Rodenticide	0	▼	0
Insecticide	4	▲	12

gr of commercial product / planted ha

The graphs above shows Socfindo’s pesticide use in 2020 compared to 2018. They demonstrate a significant reduction in pesticide use per hectare across the board, as can be seen in the pesticide toxicity graph in the next page.

The use of fungicide in rubber has risen in 2020 due to the new occurrence of the *Pestalotiopsis sp.* leaf disease, for which the industry is still battling to find a long term solution.

TOXICITY (OIL PALM)	2018		2020
Pesticide toxicity / planted area	733	▼	718

LD50/ha

<sup>4</sup>Rubber data reporting starts in 2019, as opposed to oil palm which we started reporting in 2018, in our first GRI report.



TOXICITY (RUBBER)	2019		2020
Pesticide toxicity / planted area	709	▲	714
			LD50/ha

**Note:** Please note that the toxicity value reported in the last 2018 report was found to contain a mistake. 733 LD50/ha is the correct value.

In addition, currently the only pesticides labeled as 1A by WHO used by Socfindo is Brodifacum, a rodenticide which is used when rat infestations levels can no longer be controlled by other standard IPM techniques.

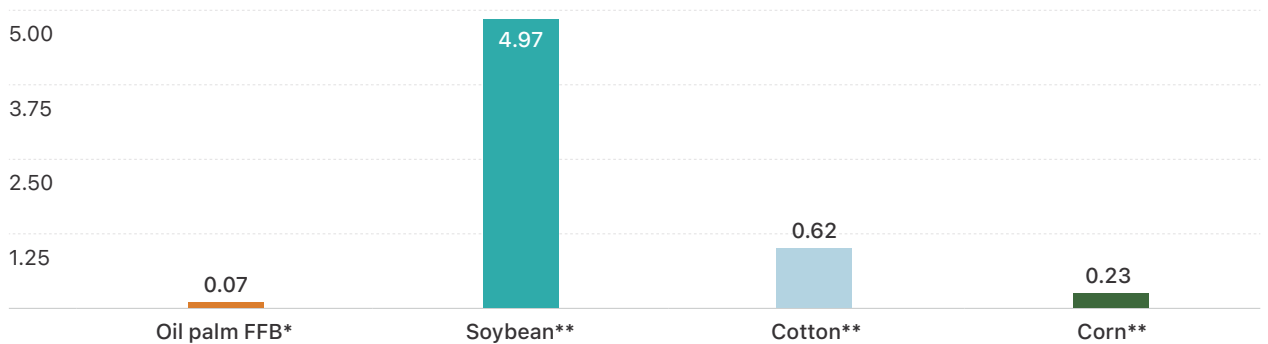
### Pesticide Use in Oil Palm Compared to Other Crops

As the graph on the below demonstrates, oil palm as a crop uses far less pesticides than other major crops with soybean, cotton and corn all using an order of magnitude more pesticides than oil palm. This is significant as it shows clearly in relation to the use of IPM and pesticides use, oil palm is leading the way and a commensurate effort should be undertaken by other crop producers to reduce their pesticide use.

Rubber is a crop that usually does not necessitate the use of many pesticides, especially insecticides and herbicides. However, in recent years, the fungicide uses have risen because of the outbreak in South East Asia of the *Pestalotiopsis sp.* disease. It is a fungus affecting the leaves of rubber trees, provoking a cycle of leaf fall, depending on the virulence of the disease and the climatic conditions.

### Pesticide Use In Different Commodities

gr of pesticide (active ingredient) per kilo of product



\* Socfindo

\*\* Pesticide data 2008, USDA 2014 & Crop Production Data 2008, USDA 2009

## Soil Health

As a plantation company, along with its people, soil is Socfindo's key asset. For generations Socfindo has focused on long term soil health and soil fertility maintenance (agronomy) which is one of Socfindo's four pillars in its ongoing R&D program. Socfindo has a host of practices and procedures in place to ensure protection and enhancement of the soil in plantations which are continually being updated and improved through SSPL, its dedicated R&D program. In this report, we will focus on three of these:

- **Recycling of Biomass.**
- **Eco Enzymes for Soil and Plant Health; and**
- **Protection and Preparation During Replanting.**

### Recycling of Biomass



Compost application in a mature planting, providing an improved source of organic matter.

One of the key concerns for soils like those in Socfindo's plantations, which have been planted with crops for a long time, is the gradual loss of organic carbon in the soil. Recycling of the field and mill biomass residues back to the soil will improve the soil's characteristics by creating a closed resource loop and recycling organic carbon back into the soil which would otherwise be lost.

In the field the fronds are disposed in a U shape around the circle, and slowly degrade, providing an ideal medium for root development. From the mill process, Empty Fruit Bunch Waste (EFB) are recycled by mulching and reapplying these to the plantations. In Bangun Bandar, Socfindo operates a long running UNFCCC certified co-composting project which creates organic compost from the mill EFB and the liquid palm oil mill effluent (POME) which is then recycled back and applied in the field. For more details on this co-composting project, please see our Carbon section of this Report ([Pg. 51](#)).

All of the organic waste such as EFB, solids and compost are returned to the fields, however their amount vary according to the yearly production levels. These organic fertilisers effects are likely to have a lasting positive effect which will contribute positively in recovering the loss of fertility due to sometimes four generations of intensive culture of crops on the same soil. By understanding better the soil issues which are specific to the tropics and to our regional environment, we seek to recover the organic carbon that is needed for the soil to be able to function. In addition, organic fertilisers will likely have an effect on the soil exchange capacity and on the microbial activity, these two parameters being key to a healthy and productive soil.

In our rubber plantations, organic waste resulting from the process are very limited, as the product brought to the factories are directly processed as such, without generating bi-products.

**Snapshot of Socfindo Biomass Recycling**

BIOMASS	2020	Unit	%
EFB to plantation	155,756	MT	100%
Solids to plantation	21,685	MT	100%
Compost produced and recycled to the plantation	12,621	MT	100%
POME used in compost process	13,531	m <sup>3</sup>	N/A

**Soil Protection and Preparation During Replanting**



📷 Building terraces and planting a dense cover crop is a long term investment towards soil protection.

Palms require to be replanted in a cycle approximately every 20-25 years. During this replanting phase, the old palms need to be removed, the ground prepared and the new palms replanted. Measures to maintain soil health and protect the soil from erosion, compaction and run off are critical during this time. Along with adhering to the RSPO new planting procedures, Socfindo has its own very strict and careful protocols to ensure the protection of its soils which include:

- **Soil Decompaction:** During the land preparation, soils are decompacted by ripping and ploughed in order to ensure that our seedlings and cover crop find the best condition to grow.
- **Cover crops:** Much effort is given to the establishment of cover crop to ensure there is no exposed soil. Cover crop helps in covering the soil, limiting erosion and improving moisture retention. In addition, a well thought out good cover crop will prevent the rise of invasive weeds such as woody growth and grasses which in turn reduces the need for maintenance and chemical operations and further protects the soil.
- **Terracing:** In cases of specific steep terrains, contour terraces are built to prevent soil erosion and improve access for the workforce and evacuation of the production.

**The Versatility of eco enzymes**



📷 Eco enzyme liquid.

Through its sustainability activities, Socfindo has started to develop eco enzymes. Although not real enzymes, they are a multipurpose liquid that is produced from the fermentation of organic waste (fruit and vegetables). Some of the function of this product includes insect repellent and plant fertiliser.

The development of eco enzymes was initiated from Socfindo’s Corporate Social Responsibility (CSR) activities in collaboration with Indonesian Eco Enzyme Volunteers (REI), the Indonesian Green Culture Foundation (YBHI) and the North Sumatra KADIN by holding training on making eco enzymes and healthy charcoal. This activity involved farmer groups and village representatives around the plantation so that they can use organic

household waste to become an eco enzymes that is useful for families and farmers.

In Socfindo conservation's plant medical garden, eco enzymes is used as an insect repellent, fertiliser and for compost fermentation. We are currently looking at the effects of using the enzymes to activate EFB decomposition in the field and enhance the microorganisms activities in a similar fashion to composting activities. For more details, please visit <https://www.socfindoconservation.co.id/stories/back-to-the-roots>.



📷 Socfindo team cutting vegetable waste to prepare eco enzyme.

# Carbon & Energy

## GHG Management

Carbon or Greenhouse gas emissions (GHGs) and their impact on the planet’s climate is a global issue, and Socfindo as a plantation company is particularly vulnerable to the effects of climate change. Palm and Rubber are not irrigated, therefore rely heavily on stable weather patterns and adequate rainfall without which its productivity and even its existence are threatened. Recent years are seeing less stable climate with more extreme weather, being either drought or very wet weather patterns, resulting on material impacts on yields. Carbon and other GHG emissions are a material matter, and minimising and reducing its carbon footprint wherever reasonably possible is a key part of Socfindo’s sustainability program in both its palm and rubber operations.

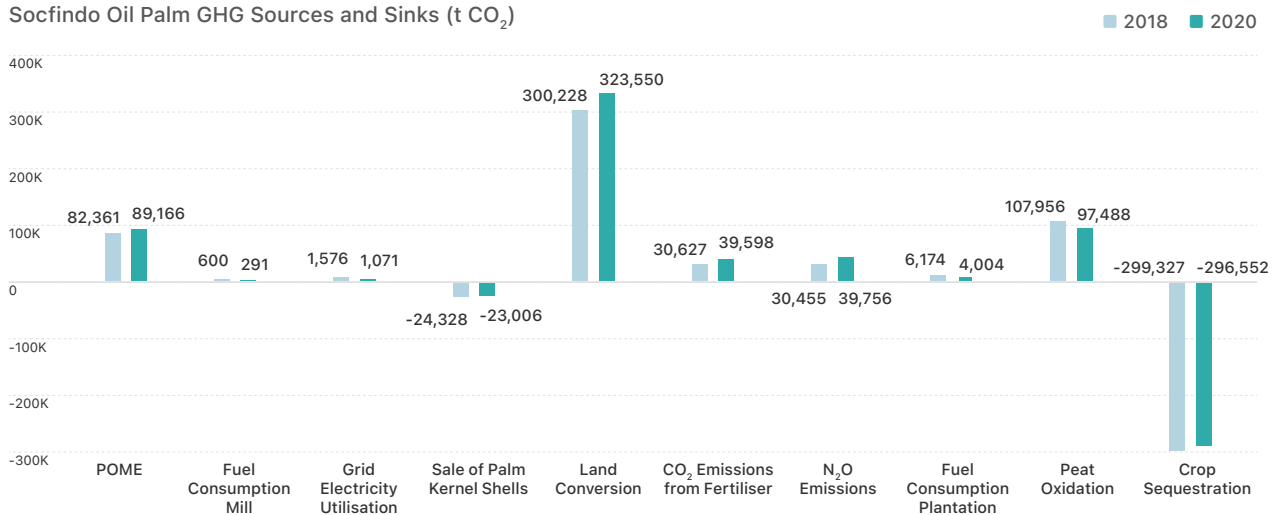
## Socfindo GHG Emissions

### Oil Palm

Socfindo’s management approach for its carbon emissions is firstly through meeting its obligations under the RSPO. This requires annual reporting of its greenhouse gas emissions (sources and sinks) using the RSPO Palm GHG calculator (currently version 3).

GHG EMISSION	OIL PALM (t CO <sub>2</sub> / t CPO)	
	2018	2020
Emission per tonne/finished product	1.2	1.5

Socfindo Oil Palm GHG Sources and Sinks (t CO<sub>2</sub>)



Looking at Socfindo’s GHG emission profile, it can be seen that the largest source of Socfindo’s GHG emissions come from replanting activities where Socfindo is currently rejuvenating its palm plantings at a rate of 3 to 4 percent a year and converting some of its old rubber estates to palm. For a short time, the emissions associated with the loss of carbon stock in the old wood will outweigh the sequestration from the newly planted trees. However, the chippings

will gradually release its organic matter in the soil, providing a source of nutrient, while over the lifetime of the palms the carbon sequestration will in fact be net positive as the newly planted palms absorb more carbon each year.

The other significant GHG emission sources are from liquid Palm Oil Mill Effluent (**POME**) from the mills and peat oxidation associated from the small amount of peatland Socfindo has, which shows just how significant peat is as a source of GHG emissions.

Unfortunately, despite its best efforts, which has included a substantial reduction in emissions associated from fuel consumption and grid energy use, Socfindo’s GHG emissions per ton CPO have risen slightly in 2020 over 2018. This is due to greater emissions associated from its brown field reconversion activities, converting its rubber estates to palm. In addition, due to the impacts of climate, production of Fresh Fruit Bunches (FFB) and Crude Palm Oil (CPO) was less. At the same time, extraction (the process of extracting oil out of FFB) has been challenging mainly because of poor fruit set and weather impact leading to more factory time and more POME, for less oil extracted.

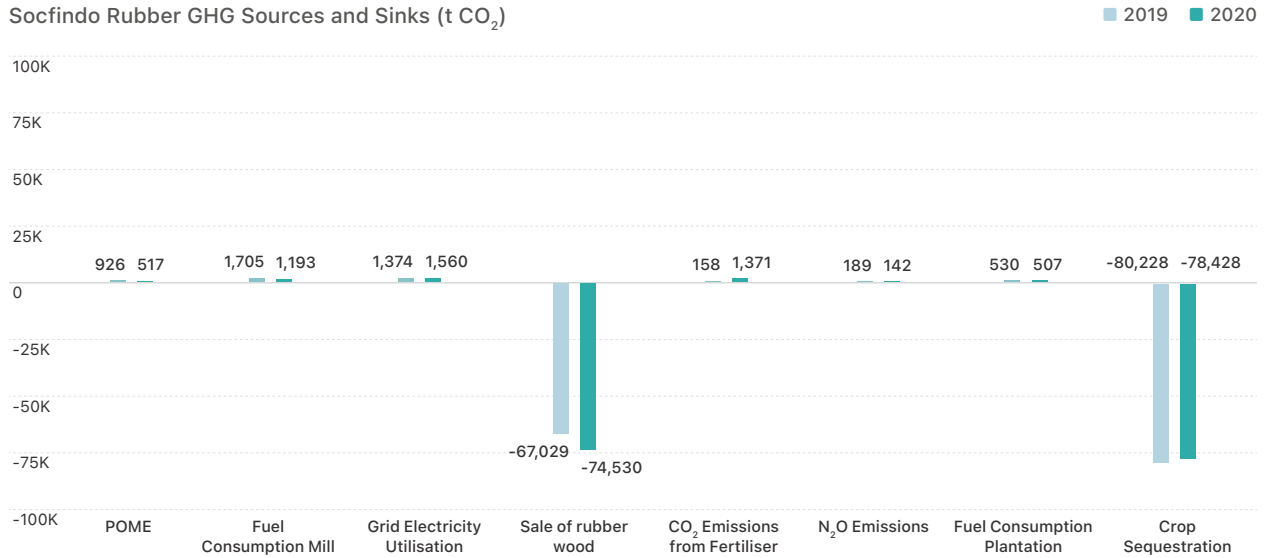
For Socfindo, reduction of emissions from POME are a problematic area because the only real current solutions involve adopting biogas technology which captures and converts the methane gas to electricity. Whilst this is a proven technology and works well for some organisations, for Socfindo the technology is not a good fit. This is because Socfindo has comparatively very small mills, which means there is no economy of scale to justify the large capital cost for installation of a biogas plant. In addition, Socfindo has no need for additional power (nor do the surrounding communities) and the Indonesian State Power provider PLN does not provide a guaranteed purchase agreement to purchase the power produced, nor any preferential tariff. This makes the cost of biogas cost prohibitive especially given the recent unstable palm prices and uncertain economic environment. Socfindo has implemented co-composting as an alternative which has worked well at its Bangun Bandar mill, however this has not been a total solution either due to its inability to use all the POME produced. Socfindo continues to actively experiment with alternative options to reduce its emissions associated with POME and is committed to reducing its GHG emissions where ever possible.

## Rubber

For rubber, unlike Palm there is no industry accepted methodology for calculating GHG emissions at this time. Socfindo hopes with the introduction of the GPSNR standard for rubber, a robust standard methodology for the calculation of GHG emissions from rubber will also be developed.

Socfindo has undertaken and included an estimate of its GHG emissions associated with its rubber operations based on the RSPO Palm GHG calculator methodology. As industry specific or accepted methodologies become available, Socfindo will adopt these and update its methodology accordingly. Despite this, Socfindo is continually looking for methods to reduce its Rubber GHG footprint.

GHG EMISSION	RUBBER (t CO <sub>2</sub> / t dry rubber)	
	2019	2020
Emission per tonne/finished product	-12.6	-15

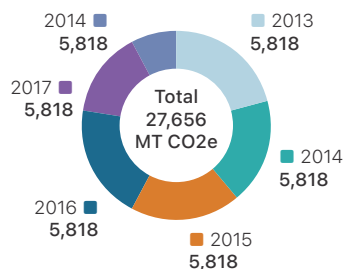


Due to the significant sink effect of rubber trees, Socfindo’s rubber operations are overall net carbon positive. The largest sources of emissions for the rubber operations are from fuel and electricity use which unlike the palm operations are currently reliant on grid energy and diesel gensets from fuel rather than renewable energy.

### Co-composting & Composting Program of Activities for Palm Oil Mills in Indonesia (6511)

Socfindo is an official UNFCCC Coordinating Entity, since 29 June 2012, Socfindo has had a Clean Development Mechanism (CDM) Program of Activities (PoA) successfully registered under the UNFCCC which allows any co-composting project of palm oil waste (POME, EFB etc) in Indonesia to be registered under provided it meets the eligibility criteria set under the framework PoA.<sup>5</sup>

Verified Emissions Reductions from UNFCCC Composting Project Between 2013 and Mid 2018



Socfindo has also developed a state of the art Aerated Bunker Co-composting Facility at Bangun Bandar which has been registered under this PoA since 2013. This facility composts liquid POME and EFB, thus avoiding a significant amount of emissions that would have otherwise occurred from methane under the traditional ponding system. Currently, this project was successfully verified under the UNFCCC in 2018 and has had 27,565 Certified Emission Reduction Units issued (CERs), representing an avoidance of 27,565 tons CO<sub>2</sub> of carbon. This was the first Co-composting PoA in Indonesia to successfully be issued CERs.

Since our last verification in 2018, we have consistently managed our compost activity with the same standard, reducing an estimate of 4,000Mt CO<sub>2</sub>/annum, although this has not been verified.

<sup>5</sup> For more information, please visit [https://cdm.unfccc.int/ProgrammeOfActivities/poa\\_db/ZV1ADIJS9HUN23MTX6ELGK7PW4OFQ5/view](https://cdm.unfccc.int/ProgrammeOfActivities/poa_db/ZV1ADIJS9HUN23MTX6ELGK7PW4OFQ5/view)

## Energy

Energy use is closely linked to GHG emissions and one of the methods Socfindo uses to optimise its GHG emission profile is to reduce and minimise wherever possible its fossil fuel consumption and increase its use of renewable energy, particularly in its palm operations which are mostly powered by biomass from palm waste. As part of its RSPO commitment, Socfindo is managing its energy profile by implementing its plan for improving energy efficiency of fossil fuel and optimising renewable energy and then monitoring and reporting on its outcomes.

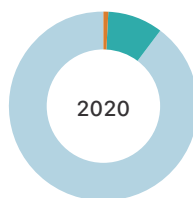
### Breakdown of Energy Use in Socfindo

#### Oil Palm

##### Renewable Energy Use

###### Breakdown of Energy Consumption Type

TYPE	2018		2020
Genset power	2 %	▼	1 %
PLN	12 %	▼	9.3 %
Renewable	86 %	▲	89.7 %
TOTAL	100%		100%



###### Energy Consumption in 2020

Genset power	1 %
PLN	9.3 %
Renewable	89.7 %
<b>TOTAL</b>	<b>100 %</b>

##### Fossil Fuel Consumption on Oil Palm

Socfindo’s source of fossil fuel consumption is from diesel fuel, which is used in the fleet of trucks and machines that are required to be used in the plantation as well as in gensets which are still required in the Mill for firing and back up purposes. Socfindo is continually seeking ways to minimise and reduce its diesel fuel consumption to reduce its greenhouse gas emissions and its per unit cost of production. Whilst Socfindo has been able to greatly reduce its diesel genset power use, unfortunately the diesel use for transportation has increased since 2020, leading to an increase in diesel use in 2020 over 2018. The reason for this is that over the last years, we have increased the proportion of replanting work done with our own equipment rather than contracting it out, leading to a stronger quality control and cheaper operations. In addition to that, the biodiesel proportion in diesel fuel has now reached 30 percent, which does affect slightly the firing power and efficiency of engines running on diesel. Fuel consumption of biodiesel is expected to be slightly higher than petroleum as density of the biodiesels is higher than petroleum diesel.<sup>6</sup> Biodiesel is likely to produce less power with high fuel consumption than diesel as the gross calorific value (energy content) of biodiesel is lower than petroleum diesel.

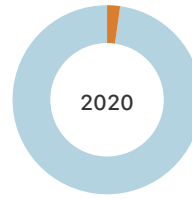
The proportion of energy from renewable sources has increased (90%) with Socfindo optimising the use of its biomass boilers which consume their own biomass waste as fuel (Fibre and Palm Kernel Shell). Correspondingly there has been a decrease in the use of power from Grid energy and Diesel Gensets.

<sup>6</sup> For more information, please see: Mittelbach M, Remschmidt C. Biodiesel: The Comprehensive Handbook. Martin Mittelbach, 2007.



**Fossil Fuel Usage (ltr.)**

TYPE	2018		2020
Genset	128,298	▼	53,356
Transportation	1,916,521	▲	2,315,391
<b>TOTAL</b>	<b>2,044,819</b>		<b>2,368,747</b>



**Fossil Usage in 2020 (ltr.)**

Genset	53,356 ltr.
Transportation	2,315,391 ltr.
<b>TOTAL</b>	<b>2,368,747 ltr.</b>

**Fossil Fuel Per Product (ltr. per t FFB)**

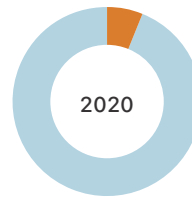
INDUSTRY	2018		2020
Oil Palm	2.43	▲	2.99

**Rubber**

In contrast to palm, Socfindo’s rubber operations are reliant on fossil fuel for power, with 100% of its energy use coming from diesel use or grid connected energy. We are therefore investigating the possibility of using alternatives sources of fuel, including organic ones.

**Breakdown of Energy Consumption Type**

TYPE	2019		2020
Genset power	5.9 %	▲	6.2 %
PLN	94.1 %	▼	93.8 %
<b>TOTAL</b>	<b>100 %</b>		<b>100 %</b>

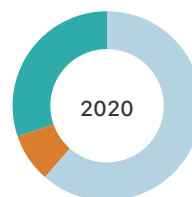


**Energy Consumption in 2020**

Genset power	6.2 %
PLN	93.8 %
<b>TOTAL</b>	<b>100%</b>

**Breakdown of Fossil Fuel Usage (ltr.)**

TYPE	2019		2020
Machinery	494,382	▼	335,050
Genset	49,358	▼	44,891
Transportation	172,874	▼	164,969
<b>TOTAL</b>	<b>716,614</b>		<b>544,910</b>



**Fossil Fuel Usage in 2020 (ltr.)**

Machinery	335,050
Genset	44,891
Transportation	164,969
<b>TOTAL</b>	<b>544,910</b>

**Fossil Fuel Per Product (ltr./t dry rubber)**

INDUSTRY	2019		2020
Rubber	63.3	▼	55.6

**Note:** Rubber data reporting starts in 2019, as opposed to oil palm which we started reporting in 2018, in our first GRI report.

# Water

**Water conservation, efficient use of water and preserving water quality is materially important to Socfindo.**

Water is a critical global issue and prime importance to Socfindo where adequate water is crucial for yields and continued operation of the business. Socfindo’s palm and rubber crops are not irrigated, therefore are 100% reliant on natural rainfall for water, and consequently exposed to changes in rainfall patterns as a result of climate change. This is a material impact on Socfindo’s operations as changing weather patterns in recent years have resulted in years where rainfall has been less than adequate and this has severely impacted yields and financial performance across the whole North Sumatra and Aceh regions. Unpredictable unusual seasonal variations seem to be the new norm therefore, water conservation, efficient use of water and preserving water quality is materially important to Socfindo.

## Water Use in Socfindo

As Socfindo does not irrigate its palm or rubber crops, the main source of Socfindo’s water consumption is for industrial uses in its palm and rubber mills.

Socfindo has been able to achieve a material reduction in both its water efficiency (water per ton of FFB) and total water consumed for industrial processes reflecting the success of its water conservation initiatives in its mill. In addition, Socfindo has for the first time reported on its water use in relation to its rubber operations.

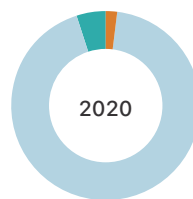
### Oil Palm

#### Total Industrial Water Use

INDUSTRY	2018		2020
Oil Palm	809,054 m <sup>3</sup>	▼	751,281 m <sup>3</sup>

#### Water Use Per Product

INDUSTRY	2018		2020
Oil Palm	0.97 ltr./t FFB	▼	0.95 ltr./t FFB



#### Water by Destination in 2020

Field	2 %
Mill	93 %
Nursery	5 %
<b>TOTAL</b>	<b>100 %</b>

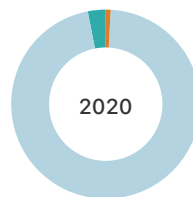
### Rubber

#### Total Industrial Water Use

INDUSTRY	2019		2020
Rubber	221,569 m <sup>3</sup>	▼	199,571 m <sup>3</sup>

#### Water Use Per Product

INDUSTRY	2019		2020
Rubber	19.17 ltr./t dry rubber	▲	19.94 ltr./t dry rubber



#### Water by Destination in 2020

Field	1 %
Mill	96 %
Nursery	3 %
<b>TOTAL</b>	<b>100 %</b>

Note: Rubber data reporting starts in 2019, as opposed to oil palm which we started reporting in 2018, in our first GRI report.

## Solid Waste & Material Pollutants



📷 Changing mentality is not about one person doing it perfectly but rather thousands of people doing it imperfectly.

The production of solid waste and its responsible disposal is a material issue for Socfindo, and for Indonesia where in many areas there does not exist municipal waste collection, and disposal of waste by dumping or burning is a common disposal method particularly in rural areas. Even where municipal collections are in place, often infrastructure for upfront separation of classes of waste are lacking resulting in most wastes ending up in landfills. Finally, single use plastic use is still common amongst most people, therefore awareness of the consequences of single plastic use needs to be raised to make people aware, and to effect behavioral changes to avoid their use.

### Solid Waste in Socfindo

#### Organic Waste

All solid organic biomass residues from the plantation and from the process of extracting Crude Palm Oil from FFB are recycled to the plantation (eg EFB) or used as biomass fuel to create energy in the mill (eg Kernel shell and fibre). Socfindo will continue its policy of recycling and utilising 100% of its solid organic biomass.

#### Hazardous Waste

Hazardous waste is separately disposed of from other non-organic solid waste and is carefully reused, recycled or disposed of according to law.

HAZARDOUS WASTE IN 2020	OIL PALM	RUBBER
Batteries	1,882 t	285 t
Medical waste	148 t	11 t
Used engine oil	8,700 t	1,039 t
Chemical containers	13,123 t	55 t
Used filters	1,936 t	85 t
Other	709 t	6 t

#### Non Organic Solid Waste

All Non-Organic Solid Waste from Socfindo's operations that is not hazardous, and which cannot be re-used or recycled, are legally disposed of by landfilling but the volumes of this waste type have yet to be tracked. Socfindo is implementing systems to quantify and record the volume of this non-organic solid waste which will commence from mid-2021 onwards. This will complete the waste data set compiled and provide an accurate picture for future decisions making.

## Socfindo Waste Reduction Initiatives

### No Disposal of Waste by Open Burning

Zero burning of solid waste is not yet a common method of disposal in Indonesia, particularly in more rural areas where there is no municipal waste collection. This in turn is a significant source of local air pollution. Socfindo is working on this challenge first through its own strict policy of no disposal of solid waste by burning and second through development of a wider active socialisation program across Socfindo’s employees, their families and the community in order to avoid burning of domestic waste in landfills as much as possible.

### Reducing Single Plastic Use

Socfindo is implementing a “no single use plastic” policy in its Head Office policy starting in mid 2021. This will apply to the goods that Socfindo employees directly consume themselves which includes plastic water bottles and disposable utensils. In addition, Socfindo will introduce a socialisation campaign to its third party suppliers to reduce plastic packaging. Single use plastic is common place amongst people in Indonesia as part of everyday life, therefore the program is an first important step to create long term behavioral change in the community.

### Recycling Plastic - Ecobrick

The ecobrick program was designed to address plastic waste issue, especially from domestic household activities. This initiative started in several Socfindo plantations in mid-2020, namely: Kebun Mata Pao, Bangun Bandar and Seumanyam. The activity is coordinated by the plantation gender committee with the contribution from the workers spouses, where the activity begins with separating plastic waste, washing and drying it and finally putting it in plastic bottles.

The result of this activity is a plastic brick that can be used in the form of chairs and tables, which are placed at the division’s office or kindergarten.



📷 Plastic waste into plastic brick.



📷 Chairs and tables from plastic ecobrick.

## Material Pollutants



📷 Operator assessing the air quality from our mill's chimney.

In addition to Greenhouse Gas emissions, there are other emissions / pollutants which, if not managed carefully can harm or cause disturbance to the local environment and communities. For example, dust, noise, odor, particulate matter (PM) if not carefully and thoughtfully managed can impact local communities wellbeing and the local environment. These in turn can become the source of social issues. Socfindo has always taken care to ensure compliance with the local environmental regulations and to reduce any adverse impact on the environment and local community. This approach is part of the basic foundation of being a responsible member of the community.

PARAMETER		RESULT	COMPLIANCE STANDARD	UNIT
Boiler	Nitrogen Oxide (Nox)	73.84	800	mg/Nm <sup>3</sup>
	Sulfur Dioxide	139.44	600	mg/Nm <sup>3</sup>
	Particulate	61.12	300	mg/Nm <sup>3</sup>
Genset	Nitrogen Oxide (Nox)	149.6	1000	mg/Nm <sup>3</sup>
	Particulate	19.4	150	mg/Nm <sup>3</sup>
Outdoor	Dust (Total Suspended Particles)	68.69	230	µg/Nm <sup>3</sup>
	NO <sub>2</sub>	79.09	150	µg/Nm <sup>3</sup>
	Sulfur Dioxide	57.35	365	µg/Nm <sup>3</sup>
	Noise	54.04	85	dB
Odour	Ammonia	0.055	2	ppm
	Hidrogen Sulfide	0.010	0.2	ppm

# Workplace



📷 A Socfindo plantation village is an inter-generational scene, providing a safe and serene environment to live.

# Socfindo Family

At the heart of Socfindo’s long standing success are good people and their families, and without their continued dedication and support, Socfindo could not continue to exist. Socfindo’s foundation is built on its people and their families, the “Socfindo family”. Looking after these employees, ensuring their hard work is rewarded and that Socfindo is a healthy, positive and engaging place to work, is Socfindo’s most important priority.

## An Intergenerational Workplace

Socfindo prides itself on being a great place to work at, in taking care of its employees and in hiring people locally when possible for the long-term. An interesting phenomenon in Socfindo is the large amount of intergenerational employees, where family members belonging to an older generation also work or used to work at Socfindo. Socfindo has a staggering 3,678 employees who are second generation employees (i.e. a family member from their parents’ generation worked at Socfindo), 631 employees who are third generation (i.e. a family member from their grandparents generation worked at Socfindo) and 20 employees that are fourth generation employees (i.e. they had a family member from their great grandparents working at Socfindo). This is something that Socfindo is incredibly proud of and it indicates that parents are considering Socfindo as being a decent place for their children to work in.



📷 A family with four generations, who are or who have been working for Socfindo.

### Number of Inter-Generational Employees

GENERATION	2020
2nd Generation	3,678
3rd Generation	631
4th Generation	20

## Making Socfindo a Decent Place to Work at

Socfindo has always worked hard to make itself a decent place to work at for employees and their families, not just through its remuneration and benefits (which it also does), but also through the many additional actions that Socfindo does to enhance the “Socfindo Family”. These programs and facilities are ever changing with people’s needs but a snapshot of what is currently going on for employees and their families is set out below.

**Note:** Please note that the following activities that occurred during the COVID-19 pandemic were run according to the health protocols in place.

### Health Awareness and Education Programs



📷 Socfindo's Doctor Michael Tamalate conducting a health awareness session in a classroom.

In addition to its normal medical and health program which is run by dedicated staff through each plantation clinic, each year a senior team from Socfindo's Head Office led by its Doctor, senior Human Resources representatives as well as the spouses of Socfindo's senior management visit the plantations with a focus on health and welfare of the families of employees and the wider communities they belong to. This team will visit every village in the plantation and around the plantations, engaging with the families of employees and their villages. It provides a unique opportunity for direct connection between the spouses of employees, their families and communities to interact and discuss issues directly with the team with the focus on issues related to the health and wellbeing in the wider family and the communities they belong to. The program will also include targeted education on specific health prevention and wellness issues for schools and families.

### Religious Celebrations



📷 Maulid celebration.

Faith continues to play a central role in the lives of most Indonesian families, with Muslim and Christian faiths both being well represented in the Socfindo Family and wider community. Every year Socfindo families gather from all estates for the religious celebrations of Maulid and Christmas. These events are the occasions of reflecting on the past year and looking forward to the new one while being thankful of working for the company in a peaceful, inclusive and tightly knit community.

### Upskilling for Young Women and Stay at Home Mums




📷 Decoupage atelier.

Through its past stakeholder engagements, Socfindo identified the need for women, especially stay at home mothers, to have the opportunity to up skill, gain competency in a new field and provide the opportunity to create a part time income. One of the interests identified was to organise training on food preparation and crafts. To meet this need, Socfindo has organised workshops, the first one designed to make noodles, a staple food in Indonesia, and the second one designed to learn decoupage and art creation. Decoupage is the art of decorating an object by gluing colored paper cutouts onto it in combination with special paint effects, gold leaf and other decorative elements. Decoupage is very popular in Sumatra and Aceh, and can provide good supplementary income. This training was initiated by Socfindo staff in 2019 and 2020, by involving stay at home mums from the plantations and the village community. Through this training, decoupage and noodles making was learnt for household needs and also to create part time revenue.



## Sewing Initiative




 A lady using the sewing equipment provided at the Cocoon House.

The procurement of ten new sewing machines at the Bangun Bandar plantation Cocoon House is an effort made by the company to accommodate the needs of women, especially stay at home mums, who want to develop sewing skills both for household needs and entrepreneurship. This new addition to the Cocoon House facility in Bangun Bandar has contributed to develop local talent, upskilling young women and stay at home mothers. The quality of craftsmanship from the team at the Cocoon House has now been recognised outside of its community of Bangun Bandar and sees regular customers driving from Medan, and increased orders for custom work. Some women have been able to build on their sewing talent gained at the Cocoon House and open their own small businesses from home.

## Small Businesses and Support of Entrepreneurs

### The Baby Fish Initiative



 Releasing fingerlings in a fish pond at Seumanyam estate.


Fish farming is a profession that is in demand by many, not only workers in the company, but also members of the surrounding communities. To support this activity, Socfindo assists farmers by providing initial stocks of baby fishes for several farmer groups. The farmer groups who received the assistance were in the villages around the plantations of Seumanyam, Lae Butar, Seunagan and Aek Loba.

The number of fry given to breeders ranges from 1,000-5,000 heads. During 2020, these farmers were able to harvest fish several times and sell them to the market. The profit from selling these fish is then able to be used as capital to re-invest in fish farming.

## Playing Sports at Socfindo

### Run for Sustainable Palm Oil



 Playing sport is an important activity at Socfindo. Here, running for Sustainable Palm Oil at Bangun Bandar estate.

On the 13th of October 2019, Socfindo's Bangun Bandar hosted the Gapki "Run for Sustainable Palm Oil" marathon. This event was organised to create awareness about the sustainability in the oil palm industry, especially in Indonesia and was a huge success. More than 3,000 runners participated including a number of international participants with a variety of distances to suit all levels including 5km, 10km, 21km and full 42km marathon distance. The event was covered by the national media and teams from many local plantation companies joined the event. In our case, Socfindo was heavily represented, as the Socfindo family was proud to run through its own estate, as the race itinerary took the sportsmen through their meticulously maintained blocks.

# Equality

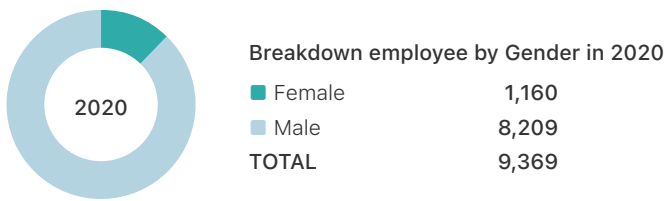
**Building a workplace where every member feels safe, respected, valued and treated equally.**

## Ensuring a Decent Place to Work

Socfindo is committed to continuing building a workplace where every member feels safe, respected and valued, are treated equally and have an equal opportunity to advance and progress to reach their inherent potential regardless of their ethnicity, religion, gender, age, disability, marital status or sexual orientation. In addition, equality has been specifically identified by Socfindo and its stakeholders as a material parameter for the first time, demonstrating its rising importance.

## Snapshot of Socfindo Workforce

Below is a summary of our employees as at 2020 which includes a breakdown by gender, origin, age and position.



### Detailed Breakdown of Gender

LEVEL	MALE	FEMALE	Age 18-29	Age 30-50	Age>50	TOTAL
Head of department & Groups	15	1		3	13	16
Rest of Organisation	8,194	1,159	853	7,107	1,393	9,353
<b>TOTAL</b>	<b>8,209</b>	<b>1,160</b>	<b>853</b>	<b>7,110</b>	<b>1,406</b>	<b>9,369</b>

## Instances of Discrimination

There have been no incidents of discrimination and corrective actions taken for 2020.

## Equal Opportunity

Socfindo have and will continue to recruit, employ and promote employees solely based on merit. Socfindo is committed to diversity which is formally expressed in its Anti-discrimination and Equal Opportunity Policy. In addition within Socfindo, the pay ratios for men and women are the same – there is no differentiation in remuneration based on gender.

## Gender Equality

Socfindo is committed to ensure that Socfindo's female employees are given an equal opportunity to succeed, develop and progress so they reach their inherent potential. Given the nature of the work involved, the palm and rubber industry has been traditionally a male dominated industry, and Socfindo today still has a male dominated workforce.

In order to assist women in the workforce, Socfindo has implemented dedicated places for breast feeding in each of its plantations and Head Office. Socfindo also provides day care and kindergarten facilities for young children of employees who are under school age to ensure young children have a safe place to go whilst their parents are working and to allow female employees with young children the opportunity to continue to work if they wish.

## Gender Committees

In order to further address the needs of its female employees, Socfindo has established Gender Committees which as one of its roles, is tasked with assessing the needs of its female employees. Socfindo has gender committees in each plantation, consisting of 15 to 30 members. All the members are chosen by female employees on the estates. To support the committees in implementing gender awareness in the field, Socfindo provides procedures of social grievance management and organises implementation socialisation campaigns on policies related with gender equality.

The Gender committee will hold meetings on various topics for members or all female employees, for example education on the procedure to file a complaint, socialisation on their rights and obligations, female health issues, investigation into new mother's needs, or update of new policies. In addition to these activities, Gender Committees are also involved in investigating, adjudicating and resolving any instances of harassment. For more details on this aspect, please see harassment part of Labour Rights section ([Pg.71](#)).



📷 Many female employees are working at Socfindo Seed Production unit, their attention to details being key to the success of SSPL.

# Remuneration & Benefits

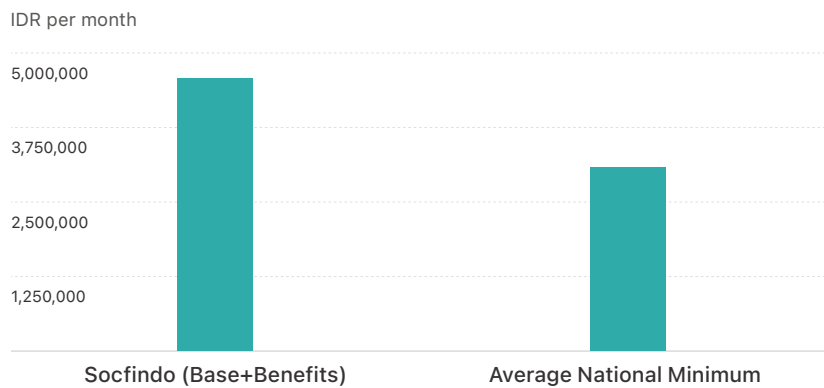
At the heart of creating a decent and fair place to work is ensuring employees are compensated fairly for their contribution so that they, their families and the communities they belong to can prosper together as Socfindo moves forward. A cornerstone of Socfindo’s long term success is to competitively reward hard work and performance so that it can retain the talent upon which the success of the organisation is built on. Below is a snapshot of the remuneration and benefits Socfindo provides its employees.

**Socfindo pays a decent living wage either meeting or exceeding national wage standards.**

## Remuneration

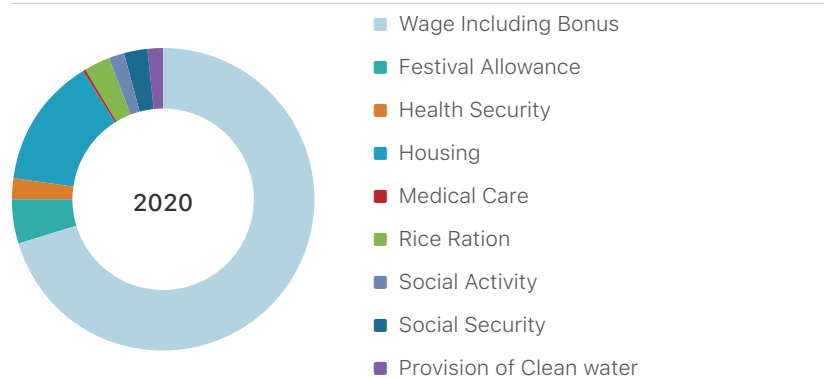
Socfindo does and always has paid a decent living wage either meeting or exceeding national wage standards. Employees at Socfindo receive on top of their salary, a number of in-kind benefits. This approach is in line with the 2019 RSPO Guidance for Implementing a Decent Living Wage (Visit <https://rspo.org/resources/archive/907>). Below provides a comparison of Socfindo’s remuneration vs the national monthly minimum and provides a breakdown of additional in-kind benefits.

Workers Wages & Benefits in 2020



Breakdown of Wages and Benefits to Workers

**SOCFINDO WAGES & BENEFITS**



PARENTAL LEAVE 2020	MALE	FEMALE
Employees entitled to parental leave	448	44
Employees that took to parental leave	448	44
Employees that returned to work after parental leave	448	42

## Other Benefits for Socfindo Employees

Significant resources are invested to enhance the welfare of our employees.

In addition to the direct in-kind benefits to employee payments provided to every worker, Socfindo invests significant resources to enhance the well-being and welfare of its employees, their families and their communities. Some of these commitments are shown below:

- Day care and kindergarten facilities for children of employees.
- Education, welfare and scholarships.
- School transport.
- Additional medical related expenses.
- Noncontributory and non-funded retirement plan.
- External programs for our communities.
- New infrastructure, roads, water supply and electricity.
- Employee housing maintenance and refurbishment.
- Infrastructure projects, buildings, community halls, places of worships.



📷 The schoolbus crossing over the Billah river on the Socfindo barge at Negeri Lama estate.

## Training

Training and development of human resources continue to be ranked as one of the top material parameters by internal stakeholders and the community, and is a core material parameter for Socfindo. This demonstrates the desire amongst people to better themselves and realise their potential. Socfindo and its community recognise that developing human potential will benefit all. Investing in training and personal development is a win-win for individuals, the organisation and the wider community as a whole.

### Socfindo Training Program

Socfindo consistently invests into Training for its employees. Socfindo has in place a documented training program managed through its human resources department. Each department selects its training and which is then assessed for its effectiveness. The program is reviewed each year to ensure training is kept relevant and meets the needs of employees and the organisation. The program is made up of both internally and externally run training.

TRAINING	STAFF			NON STAFF		
	2018		2020	2018		2020
Average number of trainings hours per employee per year	21.3	▼	12.8	1.5	▼	1.3
Number of employees who received trainings	148	▲	165	1,785	▲	1,867
Number of trainings hours provided	3,978	▼	2,353	14,442	▼	11,804
Number of external trainings received	0	▲	18	0	▲	15

The number of employee staff who received training were slightly higher than previous years due to the possibility of training through webinars and remote sessions.

However, unfortunately with the impact of COVID-19, due to measures and restrictions implemented to ensure employee safety and to reduce the transmission of the virus, less external trainings and less trainings for the field employees were held in 2020. In many of the plantations, internet access is still not at the level to enable large-scale online learning, and most training are carried out face to face on a group basis for practical and cultural reasons. Socfindo is working hard to adjust and evolve its training programs in light of the new realities faced by COVID-19 to ensure its employees continue to be able to upskilled and have pathways to develop.

### Performance Review

100% of Socfindo's staff and employees (both male and female) receive a regular performance and career development review.

#### Percentage of Staff Performance Appraisal by Gender

GENDER	2018	2020
Male	100 %	100 %
Female	100 %	100 %

## Type and Scope of Programs Implemented

Despite the impact of COVID-19 which severely impacted the ability of employees to enjoy group interaction for health and safety reasons, Socfindo was still able to carry out a number of training in 2020. Below is a snapshot of some of the training undertaken in 2020:

- Finance, audit and admin: regular annual specific workshops.
- Best management practices in agronomy: from SOPs reviews to chemical handling and disease workshops.
- Research, laboratories and breeding: trainings included the use of new research equipment and techniques.
- CSR & smallholders: we hold a number of seminars for smallholders on oil palm & general plantation management.
- Emergency and fire drills: annual training to maintain good standard of procedures and equipment checking.
- Gender: Socialisation on gender issues .
- Medical and health awareness.
- Technical and technology processes.
- Human resources: workshops on leadership and management.
- IT: Workshops to keep up to date with latest technology.
- OSH: from first aid training to road safety trainings.
- Training on standards and certifications: ISO, ISPO, RSPO, etc.
- Water and environmental management: HCV management, etc.



📷 Business Intelligence dashboard creation training held at the Head Office.

## Labour Rights

Socfindo prides itself on being a decent place to work, respecting all workers' rights and strictly complying with all labour laws and national legal requirements in relation to the workplace. Unlike many organisations, all workers in Socfindo are from Indonesia and are locally recruited in the provinces of North Sumatra or Aceh where Socfindo's operations exist. Socfindo therefore does not have "guest" workers from outside provinces or other countries and for this reason Socfindo does not retain identify documents of workers or of any employees. As part of its Fair and Decent Work Policy, Socfindo strictly prohibits the retention of identity documents, payment of recruitment fees, contract substitution and debt bondage.

### Freedom of Association and Collective Bargaining

Socfindo is committed to allowing Freedom of Association and collective bargaining, and has a publicly available Freedom of Association Policy which has been socialised and made available to all employees within the organisation. In Socfindo, workers are free to join unions or collective groups of their choice. All workers belong to a union or collective group, and collective agreements exist between workers and the company.

LABOUR RIGHTS	2018		2020
Workers that are affiliated to a labour union	10,030	▲	9,369
%	100 %		100 %

### No Forced Work

As part of its Fair and Decent Place to Work Policy, Socfindo has a strict policy of no forced work. This applies both within its own organisation and with its suppliers and contractors. In addition, this policy guarantees employees' rights to resign and prohibits penalties for the termination of employment and the with-holding of wages.

### No Involuntary Overtime

Socfindo strictly complies with all national regulations relating to the working of overtime and prohibits involuntary overtime. All overtime is voluntary at Socfindo, with all workers consenting in writing before working overtime.



## Preventing Harassment & Violence

Socfindo will not tolerate harassment in any shape or form as expressed in Anti-discrimination and Equal Opportunity Policy (Visit <https://www.socfindo.co.id/sustainability#a3>). This policy is publicly available and has been socialised and implemented throughout the entire Socfindo organisation.

## Procedure for Reporting Harassment

To further protect all of its employees against harassment, Socfindo has implemented a specific grievance procedure where any employee may report an instance of harassment which includes sexual harassment, intimidation or violence of any kind. This procedure includes special measures to protect the confidentiality of the victim and a specific channel which involves both the Gender Committee and Senior Management in investigation, adjudication and resolution as required. Please see our Grievance section ([Pg.79](#)) for more details.

## Instances of Harassment

There have been no reported instances of harassment, intimidation or violence within Socfindo.



📷 Step 1: Formulation of a company policy.



📷 Step 2: Socialisation of the policy through a simplified booklet.



📷 Step 3: Implementation of the policy through training and practical sessions.

## Protecting Children

**We do not employ nor allow any work to be undertaken by any individual under the age of 18.**

### No Child Labour

To protect children, Socfindo does not employ nor allow any work to be undertaken by any individual under the age of 18. This strict No Child Labour Policy is enforced both internally and in all its contracts with suppliers.

### Procedures to Verify Age Prior to Hiring

Socfindo employs careful procedures prior to hiring to verify the identity and age of an individual to ensure Socfindo does not employ minors under the age of 18. This includes confirmation of an individual with their original National Photo Identification Documents (Indonesian Personal Residency ID) as well as checking degrees, and family card. Copies of these documents are made and kept on the company's register file and records.

### Day Care for Young Children

To ensure young children have a safe place to go to whilst their parents are working, Socfindo provide day care and kindergarten facilities for children of employees who are under school age.



📷 Kindergarten are available at each divisions in the estates.

# OSH

Protecting the health and safety of its employees is Socfindo's top priority. Socfindo is committed to providing a safe and healthy workplace for all its employees and its Occupational Safety and Health (**OSH**) at all times complies with all national laws and regulations as well as ILO guidelines.

## Keeping a Safe Workplace



📷 Preventive maintenance, to keep a safe workplace.

Socfindo ensures employee health and safety by careful management, strict and thorough safety processes and protocols and continual training of workers to instill a safety culture, so habits like wearing the required protective equipment at all times and following standard safety regimes become second nature and are the status quo. This is a constant and ongoing process.

Annual medical checkup are provided to all employees on an annual basis, although this has not been the case in 2020 because of the COVID-19 pandemic.

## OSH Plan

In order to achieve Socfindo's commitment to provide a safe and healthy workplace for all of its employees and to decrease work accident and illness, Socfindo has in place an occupational health and safety plan which follows Socfindo's normative management approach: Framework, Implementation and Review. The continuous improvement loop is ensured by regular and systematic reviews of this plan. Socfindo's occupation health and safety's framework is in full compliance with the national regulation PP Number 50/2012. Socfindo's Implementation programme includes:

- **Raising awareness through communication, consultation and participation (both internal and external parties);**
- **Hazard identification and risk assessment; and**
- **Incident investigation every time a work accident and emergency condition occurs. Results of this investigation are included back into hazard identification and control in order to prevent or minimize the risk of reoccurrence.**

In addition, Socfindo has an annual audit program conducted by internal and external auditors. Audit programs are carried out as part of a process to maintain consistency in the system, implementation and to inform management to ensure continual improvement.

## Safety Committee

Socfindo also has a dedicated Health and Safety committee known in the national regulation as "Panitia Pembina Keselamatan dan Kesehatan Kerja or P2K3" in each estate. The safety committee helps management to identify safety issues and find solutions. The safety committee routinely conduct meetings to facilitate dialogue between management and workers about safety. The existence of a Safety Committee in Socfindo is legally stipulated by the Manpower Agency so that safety committee regularly submit their reports to the government agency.

## Work Related Injuries

Although the safety of our workers has always been our main concern, we regret to report one fatal accident and six serious injuries in 2019 and two fatal accidents and one serious injury in 2020. The 2019 fatality was due to a collision with a vehicle while the 2020 fatalities were both caused by electric shock. The serious injuries are due to contact with industrial machinery and on one occasion due to a traffic accident.

Each accident is thoroughly investigated and the necessary actions such as increasing safety procedure awareness are taken to prevent recurring situations.

WORK RELATED INJURIES	2018		2019		2020
Total Manhours	19,580,160	▲	19,616,622	▼	19,092,947
Work Related Injury	99	▲	102	▼	64
High Consequence Work Injury	3	▲	6	▼	1
Fatality	0	▲	1	▲	2
Lost Days	3,031	▲	3,417	▼	2,610
Accident Frequency Rate (Lost time accident based on 200,000 hours worked, also known as injury rate)	1.01	▲	1.04	▼	0.67
Accident Severity Rate (based on 200,000 hours worked)	30.62	▲	33.5	▲	40.78
Rate of High Consequence Work Related Injury (based on 200,000 hours worked)	0.03	▲	0.06	▼	0.01
Fatality Rate (based on 200,000 hours worked)	0	▲	0.01	▲	0.02
Work Related Ill Health	0		0		0
Work Related Ill Health Fatality	0		0		0

## Work Related Ill Health

Socfindo is pleased to report that in 2020 there were no work related ill health cases or fatalities.

## Safe Pesticide Handling

Specific focus is given to the safe handling of chemicals and pesticides and as part of its Pesticide Policy, all workers, permanent or not involved with pesticides are trained and equipped adequately and their health is monitored. All workers who handle pesticides must first go through a strict and rigorous training in safe pesticide use and receive pesticide handling and use certification. Personal Protection Equipment must be used at all times and workers who work with pesticides receive regular free medical checkups to carefully monitor for unforeseen effects on their health. Finally, pregnant women and new mothers that are breastfeeding are not allowed to handle chemicals and will be reassigned to more suitable work for these periods. There have been no instances of accidents or illnesses due to the handling of chemicals and pesticides during the reporting period.

## Occupational Health Services

Socfindo operates a clinic headed by a medical doctor. It serves as a health service center and has a license to conduct occupational analysis. In remote divisions on the plantations, our nurses can deliver basic health care, while in case of specific needs, Socfindo facilitates transport or evacuates to its central clinic or nearest hospital.

## Keeping Safe from COVID-19



📷 Temperature measure at the entrance.

With the impact of COVID-19, Socfindo's foremost priority has been the protection and safety of its employees and their families. In continuing to operate as an essential primary food producer, Socfindo has ensured it strictly followed and moved quickly to implement all government regulations and protocols in relation to COVID-19 prevention. So far and at the time of writing, Socfindo has had 3 confirmed cases and no casualty, and we are expecting a much anticipated government vaccine progressive rollout.

An outline of some of the preventative measures Socfindo has put in place are set out below. Socfindo has developed guidelines for the safety of employees across its operations centered around three areas:

1. **Maintenance of good hygiene and safety protocols.**
2. **Detection and isolation; and**
3. **Proactive support and collaboration with relevant Government and healthcare organisations.**

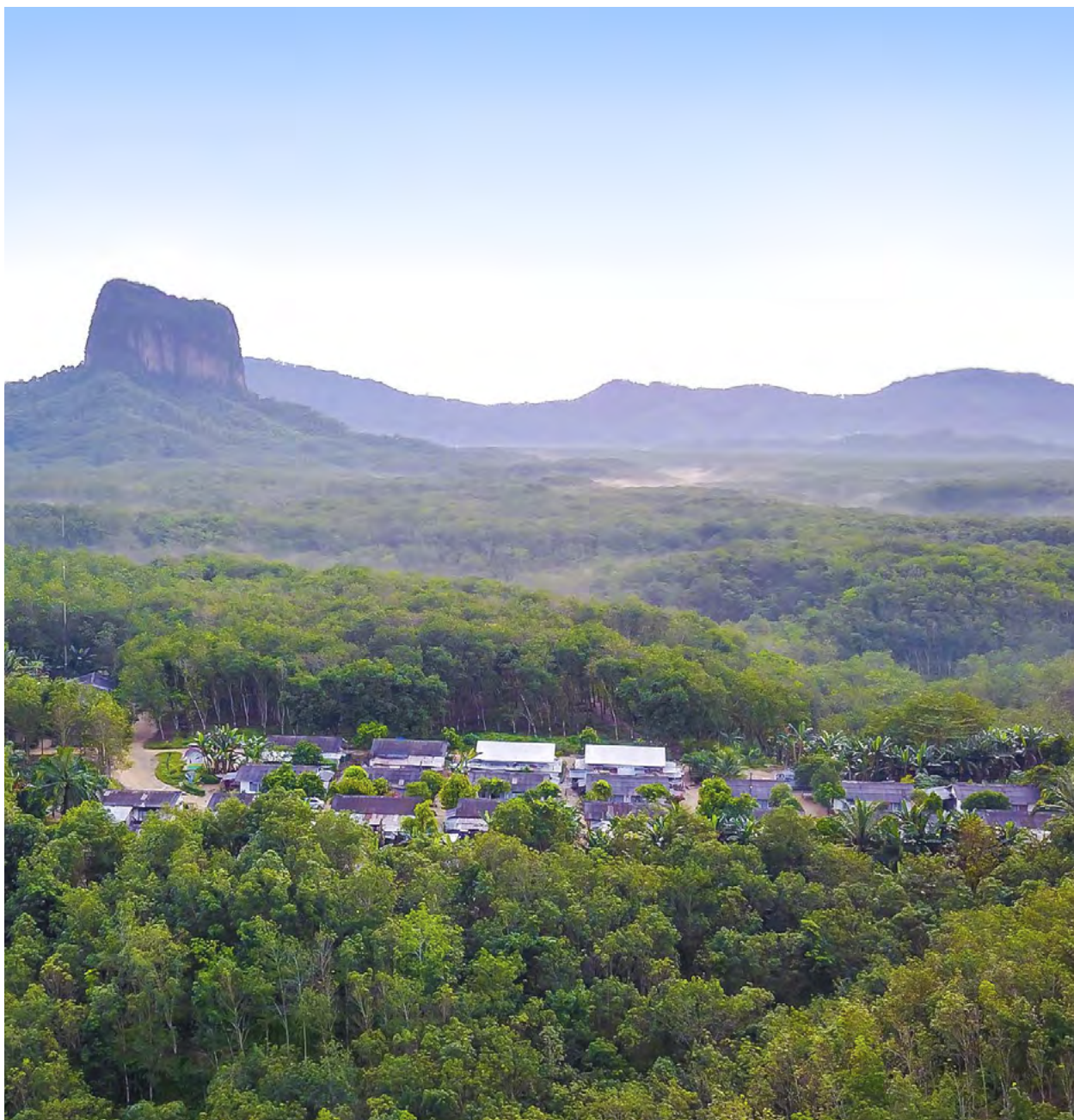
Socfindo continues to employ practices in its operations that are focused on health and safety. We are also assisting local communities and authorities to slow the spread. Some of our preventative measures have included;

- ✔ **Prohibiting international travel, limiting domestic travel.**
- ✔ **Adopting social distancing and split teams for business continuity.**
- ✔ **Regular sanitization workplaces during shift change.**
- ✔ **Additional workplace safety and hygiene measures including measuring body temperature before entering work area, hand sanitizers and facemasks.**
- ✔ **Exchanging information related to COVID-19 through regular exchanges with central and regional governments, both in terms of the virus progress as well as on the preventive measures to adopt.**
- ✔ **Dissemination of educational material distributed to and discussed with all employees and their families through letters, meetings (while following social distancing).**
- ✔ **Encouragement for the Socfindo Family to adopt a healthy lifestyle (nutritious food, regular exercise, enough sleep) and maintain proper hygiene.**
- ✔ **Employees are encouraged to remain at home while not working and avoid activities that involve many people.**
- ✔ **Advise workers not to visit health facilities, except in emergencies and conduct online /phone consultations.**
- ✔ **Remain aware of personal activities in order to facilitate contact tracing, should a positive case occur. Identification of residents who travel from risk area or residents who are known positive cases and liaise with local health centers.**
- ✔ **Communities were given and distributed food packages, targeting underprivileged citizens and providing veronica buckets to set-up sanitation points.**
- ✔ **Protective equipment such as Hazmat suit, medical masks, face shields and gloves were also given to surrounding health centers.**

As well as these general measures, there are also specific Plantation-based preventive programmes. Socfindo has also monitored movements and symptoms including:

- ✔ **Monitoring movements through the gates of our plantations.**
- ✔ **Monitoring the movements of our employees and their families who travel to other districts.**
- ✔ **Monitoring COVID-19 symptoms that our workers and their families may have (fever, dry cough, shortness of breath, sore throat, tiredness).**

# Community



📷 Dramatic scenery in the background of a plantation village at Halimbe estate.

# Human Rights

Socfindo recognises that human rights are universal and is committed to respecting and upholding human rights in the communities in which it belongs.

## Socfindo Human Rights Policy

In addition to strictly complying with all national regulations relating to human rights, as a formal recognition of its commitment to Human Rights, Socfindo has in place a documented Human Rights Policy. This has also been extended to suppliers who are required to uphold these human rights as part of their contractual obligations.

This policy commits Socfindo to upholding the fundamental internationally recognised human rights as expressed in the *International Bill of Human Rights* and the principles concerning fundamental rights set out in the International Labour Organisation's *Declaration on Fundamental Principles and Rights at Work*.

Socfindo manages Human Rights through compliance with all national laws and regulations, through its Human Rights Policy and through meeting its obligations under the RSPO which also includes following the RSPO Human Rights Working Group guidance.

## Protection of Human Rights Defenders and Whistle Blowers

Socfindo will not tolerate violence or intimidation of any kind against any individual including Human Rights Defenders and whistle blowers. Socfindo has put in place a formal Human Rights Defenders Policy as part of its wider Human Rights Policy which has also been implemented and communicated throughout the entire organisation as well as all key stakeholders including suppliers. This Policy includes a strict prohibition on any retaliation against Human Rights Defenders and whistle blowers.

In addition, Socfindo has in place special grievance procedures to protect Human Rights Defenders and whistle blowers in the situation where they have laid a complaint or grievance with the company. For more details, please visit our Grievance section (<https://www.socfindo.co.id/sustainability>).

## Human Rights Training

In 2020, Socfindo undertook large scale socialisation across its chain of operations and stakeholders as many policies had been updated, amended or adopted, following the new RSPO 2018 principles. This included a special focus on human rights training and socialisation of grievance mechanisms. Simplified booklets were made together with information on where to seek help or clarification, as procedures and texts sometimes may be difficult to understand by stakeholders unfamiliar with such processes and new concepts.

## Human Rights Training

TRAINING IN 2020	HOURS
Internal	1,293
External	966



📷 Socialisation of our policies is a periodic exercise involving our many stakeholders.

## Free, Prior & Informed Consent

Free Prior and Informed Consent (FPIC) is an important process in a multicultural country like Indonesia where there may often be competing land titles and overlapping customary rights over land from different indigenous communities and local communities.

Socfindo always respects the rights of indigenous populations and local communities' FPIC. This recognises indigenous peoples' inherent and prior rights to their lands and resources and respects their legitimate authority to require that third parties enter into an equal and respectful relationship with them, based on the principle of informed consent.

Socfindo's plantations most often have preceded the development of the communities around them, making them an integral part of their environment. Socfindo is therefore fortunate to not have any land or customary rights issues in the land their plantations occupy.

Any future expansion of plantations by Socfindo shall follow a comprehensive FPIC process, as per its RSPO commitment, which ensures full respect for all local communities and indigenous peoples' legal and customary rights to their territories and lands in accordance with best practice RSPO FPIC practices.



# Grievance

Socfindo has established internal and external grievance procedures to ensure that in the event there is a complaint, an issue between parties, or a suspected noncompliance with established norms, these may be reported, investigated and resolved through pre-determined processes which are fair, transparent and can provide an effective resolution. All grievance procedures have been socialised to both internal and external stakeholders and are understood by all potentially affected parties.

## Submitting a Grievance

The first step in the Grievance procedure pathway is submission of a grievance. In accordance with natural justice principles, Socfindo requires a grievance to be submitted in writing, however there are multiple points where a grievance may be submitted, depending on the nature of the grievance, and the stakeholder concerned. All pathways allow for both online, or in person submissions to convenient well known pre-defined locations or persons. There is also assistance available for any stakeholder who may require support in filling out a written grievance. Grievance form is standardised and thus the same regardless of the method and location of submission. Once the grievance form has been submitted, the grievance automatically enters Socfindo's grievance procedure system.

## Simplified Grievance Procedure Flow Chart

(This flow chart is for all grievance processes)



## Grievance Classification –Special Protection Categories

Once a grievance has been submitted, the next step in Socfindo's grievance procedure pathway is to undertake an initial assessment and to classify the nature of the grievance. This is a crucial step as there are certain kinds of grievance which require special protections for the complainants. The process here will identify specifically whether the grievance falls into one of the following special protection categories:

- **Complaint involving Human Rights Defenders and / or Whistle Blowers.**
- **Complaint involving any allegation of sexual harassment, harassment of any kind, or violence or intimidation.**

In the case that a grievance is classified in one of the above categories, in addition to having their own special grievance procedure pathway, automatic protections for the complainant will be included such as:

- **Measures to protect and ensure the confidentiality of the complainant; and**
- **In the case of any potential violence and or retaliation, protections for the complainant and all measures possible taken to reduce tensions and to ensure safe nonviolent resolution.**

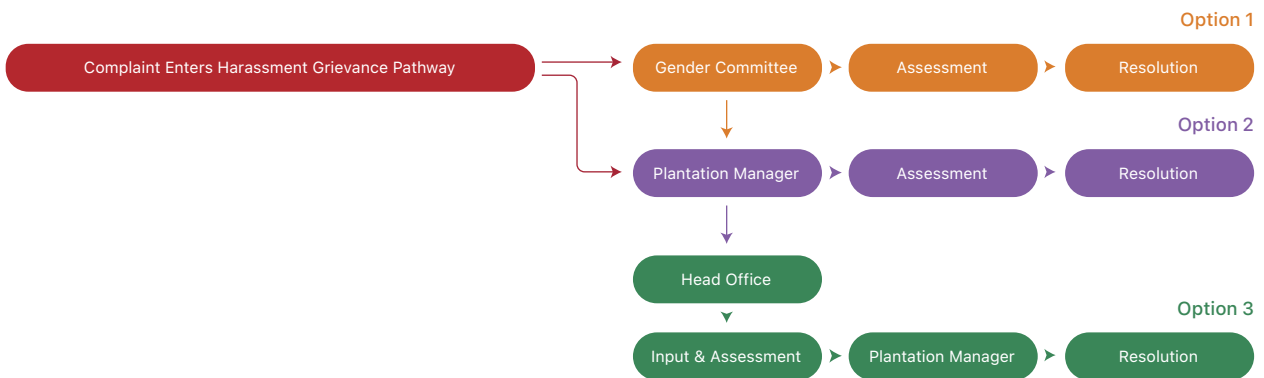
In addition, in the event that any complaint could potentially rise to a violation of any National laws or regulations, Socfindo shall contact the relevant authorities as per its legal obligations.

## Grievance Procedure Processes

After initial classification and assessment, a grievance will enter into one of the grievance procedure pathways as summarised below.

### Simplified Grievance Procedure Flow Chart for Sexual Harassment, Intimidation and Violence

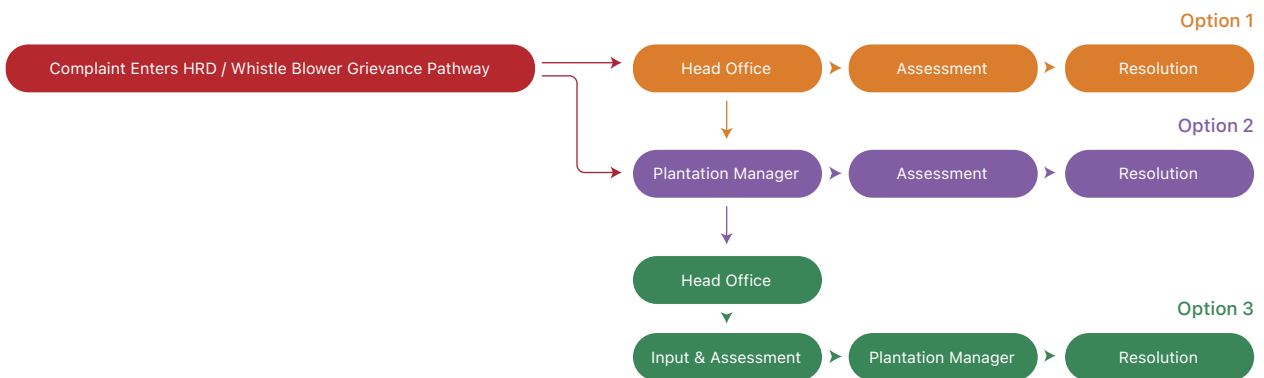
Option 1 is favoured when possible, allowing for an efficient resolution. However, the system also allows for an escalation of process (in case the issue cannot be solved locally by the Gender Committee (see second and third option)).



Confidentiality protection applies in all cases involving sexual harassment, intimidation and violence, triggered during assessment phase.

### Simplified Grievance Procedure Flow Chart for Human Right Defenders and Whistle Blowers

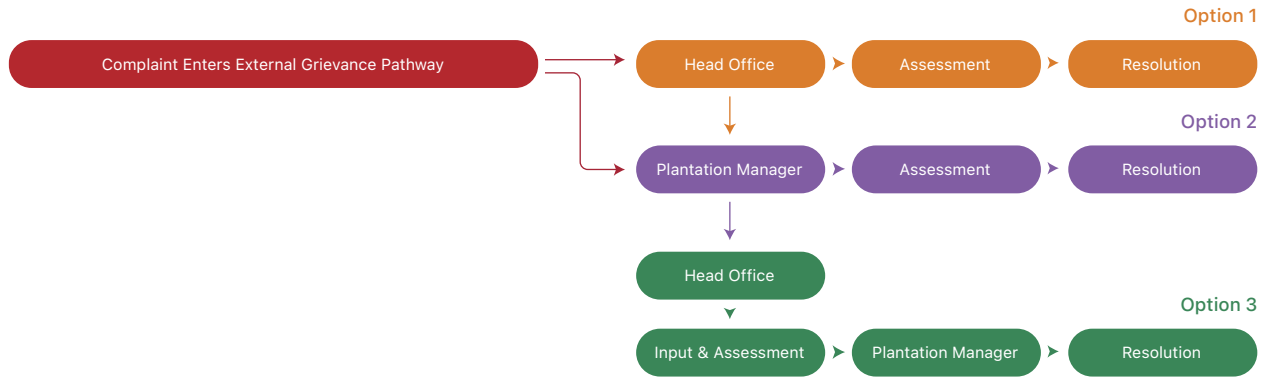
The system allows for an escalation or transfer of process (in case the issue cannot be solved locally or in the case of conflict of interest, and/or for protection of confidentiality).



Protection measures are taken in case of potential violence threat or harm, triggered in the assessment phase. Confidentiality protection applies in all cases involving human rights defender or whistle blowers, triggered during assessment phase.

### Simplified Grievance Procedure Flow Chart for Community and Other Third Party Stakeholders

The system allows for an escalation or transfer of process (in case the issue cannot be solved locally or in the case of conflict of interest).



### Tracking Grievance

All complaints upon being received are entered into Socfindo’s system and tracked at all stages until effective resolution. Historical records of grievances are stored.

There have been 25 grievances reported within the reporting period, of which 4 were in 2020. Two were internal grievances, one in 2019 and another in 2020, both of which were satisfactorily resolved. The remaining grievances (23) were external, the majority (17) of these related to awareness issues about our seed products. All these were satisfactorily resolved after educating our customers on specific best management practices. The remaining external grievances have also all been satisfactorily resolved except for one which is still ongoing however is expected to be resolved shortly.

# Smallholders

## Increasing Smallholder Yields

Increasing smallholder yields is one of the keys to producing more palm oil without an expanding land base. Approximately one quarter of Indonesia's palm oil plantations are managed by smallholders whose yields lag well below the industry average due to lack of resources and knowledge. As well as unlocking a huge productivity gain, improving smallholder yields also increases returns for local farmers improving incomes and livelihood for Indonesian rural communities. Socfindo is working hard to share its expertise and resources and is very active in a number of initiatives in which it engages with smallholders that operate around its concessions.

## Socfindo's Smallholder Initiatives

Most of the smallholders in the area where Socfindo operate sell their fruits to independent mills, which have sprouted in North Sumatra, to a point where there is now an abundance of mills with a processing capacity that is yet to be filled. Socfindo mills on the other hand being small in capacity per industry standard, were designed long ago based on the initial land base and are therefore operating at full capacity.


## Socfindo's Smallholder Program

Socfindo's Smallholder Program was launched to improve the standard of living of independent smallholders through increased productivity by applying good and sustainable agricultural cultivation practices so as to increase the production of Fresh Fruit Bunches (FFB) and social and environmental protection. Seminars and field sessions are organised, where Socfindo invites smallholders from local districts to visit its plantations to get a better understanding of good agricultural practices, sustainability initiatives and environmental protection. The smallholders are given training sessions in safe handling of pesticides with appropriate Personal Protective Equipment (PPE). Socfindo also maintains nurseries with specific advanced material selling three months seedling specifically aiming for the smallholder market.

Socfindo has signed cooperation contracts with farmer groups located around the estates, totaling 32 MOUs covering 6,206 farmers with an area of 11,114 hectares spread throughout the plantation units of PT Socfindo.

In the long term, this program will aim to empower local farmers to obtain sustainability system certification and work towards gaining premiums from selling certified palm oil.



 A nursery field trip to train socialisation agents on best management practices.

## Facilitating RSPO Certification for Smallholders: Socfindo Sei Liput and The Sustainability Trade Initiative (IDH)

Socfindo has an initiative underway to assist smallholder farmers obtain RSPO certification, based in Sungei Liput Estate in Aceh in collaboration with Unilever and IDH, an organisation known as The Sustainable Trade Initiative which is a social enterprise that works with businesses, financiers, governments and civil society to realise sustainable trade in global value chains.

917 farmers are involved in these projects who are members of 38 farmer groups with a land area of 992.35 hectares located in 5 sub-districts in Aceh Tamiang. The Project partners are currently finalising their cooperation and roles with the overarching objective of obtaining smallholders RSPO certification.

The future RSPO certification would be used for credit transactions between Unilever and the smallholders. Once certified, smallholders receive RSPO certificates based on the estimated amount they will produce from their land, which they are then able to sell to buyers like Unilever who can use the certificates to certify as sustainable an amount of palm oil equivalent to the number of certificates (one credit represents 1 tonne of certified sustainable palm oil). The premium that can be achieved by farmers is in addition to the income they receive when they sell their fruits to a mill and is a valuable incentive for them to adopt sustainable agricultural practices and obtain RSPO certification and to earn valuable extra income. For more information on the RSPO credits for smallholders, please visit <https://rspo.org/rspo-credits>.



Oil Palm Best Management Practices start from the pre-nursery stage, preparing the seedlings for 25 years of rewarding service.

# Community Development

Socfindo has always invested into and supported the sustainable development of its communities. Below are some of the initiatives recently undertaken to support community development.

## Community Support Programme

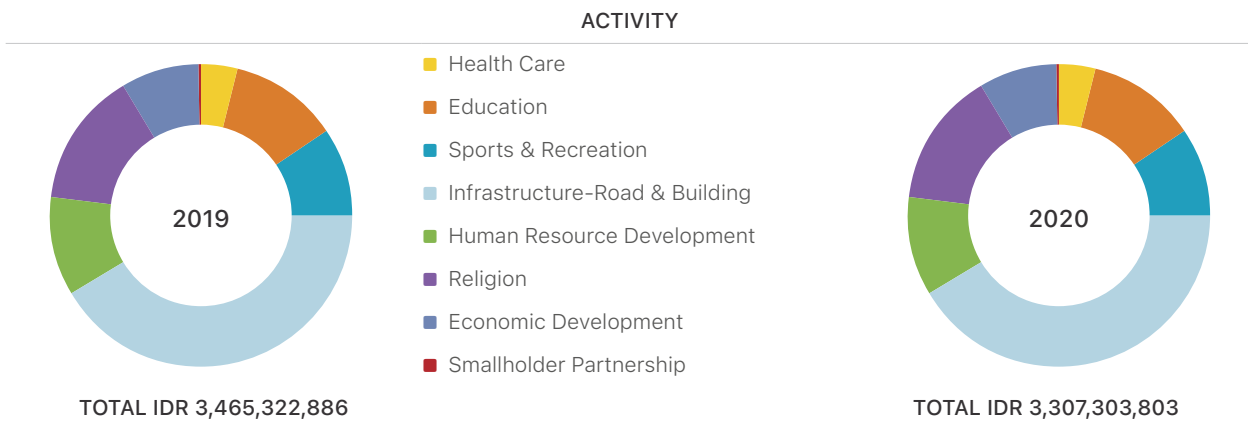
**We have an ongoing informal dialogue with community representatives and leaders.**

Socfindo has a long standing and well established process whereby each year individuals in the community and their representatives can submit proposals for community development and initiatives for the benefit of the community and or its individuals. Socfindo has a specific budget for these projects each year and together with the community will select the projects which will deliver the most benefits.

Through its plantation management, Socfindo has an ongoing informal dialogue with community representatives and leaders. As an important part of their role, Plantation managers are in regular contact with community representatives and leaders and are regarded as important leaders in the communities themselves, often joining local celebrations, events and assisting to resolve disputes in the community. Through this informal channel and its more formal community consultations, Socfindo is able to tailor its community development program to meet the actual needs of the local communities it is a part of. It is important to note that each plantation’s program may be different depending on the needs of the community.

### Summary of Community Programs

#### Breakdown of Community Programs



## Community Impacts

As a long established operator, in many cases, Socfindo’s operations pre date the development which now surrounds its plantations and milling operations. Communities that have settled proximate to Socfindo’s operations have done so because of the infrastructure, services and opportunities which Socfindo and other long standing plantation companies have directly or indirectly provided. Such benefits include direct employment, other economic opportunities providing secondary and support services and goods, and increased access to education, medical, utilities and services.

Below is a snapshot of some of the community development initiatives that have taken place during the reporting period.



📷 New bridge erected at the Seunagan estate, which will be used for many years ahead by communities and the plantation alike.

### Scholarship

The Philippe Fabri Scholarship award scheme was established in 2004 with the aim of awarding students of Socfindo non staff personnel who achieve good academic performance. In 2019, 63 students (Senior High School and University) were beneficiated from the scheme for a total amount of IDR 378,419,000 and in 2020, 59 students for a total of IDR 399,384,376.



📷 Building communities around sport, running for Sustainable Palm Oil.

### Infrastructure, Religion and Sport

Socfindo operates an annual program of investment in its villages and communities infrastructure. This has become of successful collaboration between Socfindo and its stakeholders whereby they understand and know the process of communication between them and the company.

### Health Awareness and Illness Prevention

We regularly operate wellness programs that are conducted within the dispensaries. The members of our community such as school students are invited and participate to these awareness sessions, where they receive basic health information.



📷 Happy kids and their mums at a Socfindo kindergarten.

### Childcare and School

The company invests in pre-school and kindergarden facilities which are available to both our employees and local communities. This provides a safe location in proximity of their local community.

### Workshops and Community Capacity Building



📷 Workshop on eco enzymes and bio-charcoal at Bangun Bandar.

In 2020, a workshop was organised at Socfindo’s Bangun Bandar estate to learn about the theme of eco enzymes and bio-charcoal. This initiative was part of Socfindo CSR’s program, in collaboration with the Indonesian Eco Enzyme Volunteers (REI), the Indonesian Green Culture Foundation (YBHI) and the North Sumatra Chamber of Commerce (KADIN).

This activity involved Socfindo’s employees together with farmer groups and village representatives from around the plantation and was organised in two sessions a theoretical course, followed by a practical, hands on exercise. It was very refreshing to see the enthusiasm of the participants, happy to learn a new practical skill that could be applied directly in their own household and vegetable garden.

### Providing Technical Assistance

As part of our commitment to ensuring responsible supply of products to our customers, we encourage smaller producers to use best agricultural practices. We understand the challenges this brings them, especially with regards to improving their agricultural practices and safeguarding themselves and their land from misuse of agrochemicals such as herbicides and fertilisers. Technical Assistance is provided by our team of expert agronomists and includes training and dedicated workshops. For more details, please see our Smallholder section ([Pg.82](#)).



📷 Preparation of eco enzyme by the Socfindo Conservation team, at Bangun Bandar estate.



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# GRI Content Index

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# Glossary

# Glossary

## Bio Diversity

The diversity (number and variety of species) of plant and animal life.

## Biological Oxygen Demand (BOD)

The amount of oxygen used when organic matter undergoes decomposition by micro-organisms. Testing for BOD is done to assess the amount of organic matter in water.

## Certified Emission Reductions (CERs)

A unit issued for GHG emission reductions from CDM project activities or PoAs (non-A/R) in accordance with the CDM rules and requirements, which is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol.

## Clean Development Mechanism (CDM)

A mechanism under the Kyoto Protocol, the purpose of which, in accordance with Article 12 of the Kyoto Protocol, is to assist non Annex I Parties in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Annex I Parties in achieving compliance with their quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol.

## Coordinating Entity

An entity authorised by all participating host country DNAs involved in a particular Programme of Activities and nominated in the Modalities of Communication statement as the entity that communicates with the Board and the secretariat, including on matters relating to the distribution of CERs, tCERs or ICERs, as applicable.

## Certified Sustainable Palm Oil (CSPO)

The term is commonly associated with palm oil that has been certified by the Roundtable on Sustainable Palm Oil (RSPO).

## Co-composting

In the context of this report, Co-composting refers to environmentally sound aerobic co-composting of a portion or all of a Palm Oils Mill's solid biomass waste, in particular empty fruit bunches (EFB) together with the liquid Palm Oil Mill Effluent (POME) to produce organic compost which can be recycled and reapplied to the plantation.

## Empty Fruit Bunches (EFB)

The bunch that has been emptied of its fruits, a by-product of the milling process.

## Fresh Fruit Bunches (FFB)

Bunch harvested from the oil palm tree. The weight of the fruit bunch in Socfindo varieties usually ranges between 4kg to 20kg depending on the age.

## Free Prior and Informed Consent (FPIC)

FPIC is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

## High Conservation Value (HCV)

The HCV concept was originally developed by the Forest Stewardship Council (FSC) with the aim to standardise the definitions and evaluation approaches for natural forest that should be set aside for conservation.

### High Carbon Stock (HCS)

The HCS approach is a methodology to avoid deforestation in land development. The approach stratifies the vegetation into different classes using analyses of satellite images and field plot measurements. Each vegetation class is validated through calibrating it with carbon stock estimates in the above-ground tree biomass. The methodology distinguishes HCS forest areas for protection from degraded lands with low carbon and biodiversity values that may be considered for development.

### Ganoderma Disease

*Ganoderma boninense* is a fungus responsible for basal stem rot, which is the most worrying disease in the oil palm plantations of Southeast Asia, where it can cause over 80% mortality.

### Greenhouse Gas (GHGs)

A greenhouse gas listed in Annex A to the Kyoto Protocol.

### Indonesian Sustainable Palm Oil Organisation (ISPO)

The Indonesian Government under the Ministry of Agriculture established a mandatory certification scheme in 2011, namely the Indonesian Sustainable Palm Oil Principles & Criteria (ISPO) to ensure that all producers live up to specific environmental, economic and social standards when operating in Indonesia. For more information on ISPO, please visit: [www.ispo-org.or.id/index.php?lang=en](http://www.ispo-org.or.id/index.php?lang=en)

### Integrated Pest Management (IPM)

A pest management system that in context of the associated environment and the population dynamics of the pest species utilises all suitable techniques and methods in as compatible a manner as possible and maintains the pest population at levels below those causing economically unacceptable damage and loss.

### International Labour Organisation (ILO)

Is a tripartite world body representative of labour, management and government, and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called "conventions", offered to member nations for adoption.

### Palm Kernel (PK)

Seed of the oil palm fruit, which is processed to extract palm kernel oil and other by-product.

### Palm Oil Mill Effluent (POME)

A by-product of processed fresh fruit bunch (FFB).

### CDM Programme of Activities (PoA)

A voluntary coordinated action by a private or public entity which coordinates and implements any policy/measure or stated goal (i.e. incentive schemes and voluntary programs) that leads to GHG emission reductions or net anthropogenic GHG removals by sinks that are additional to any that would occur in the absence of the PoA, via an unlimited number of CPAs.

### Roundtable on Sustainable Palm Oil (RSPO)

The RSPO is a not-for-profit that unites stakeholders from the 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 organisations (NGOs), to develop and implement global standards for sustainable palm oil. For more details on the RSPO, please visit: [www.rspo.org/about](http://www.rspo.org/about).



**Smallholder**

Smallholders are “farmers growing oil palm, sometimes along with subsistence production of other crops, where the family provides the majority of labour. The farm provides the principal source of income, and where the planted area of oil palm is below 50 hectares in size.”

**United National Framework Convention on Climate Change (UNFCCC)**

The United Nations Framework Convention on Climate Change (UNFCCC) is an international environmental treaty adopted on 9 May 1992 and opened for signature at the Earth Summit in Rio de Janeiro from 3 to 14 June 1992. It then entered into force on 21 March 1994, after a sufficient number of countries had ratified it. It develops a global response to stabilising greenhouse gas concentrations in the atmosphere.

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