

ATTACHMENT 1
SK NO. DSI-PHG/K/0070/0617

SUSTAINABILITY POLICY
PERMATA HIJAU GROUP

The Company's Guidance in facing global climate pattern, improving the production process and operation of environmentally friendly and reducing the negative impacts of world climate change, also in pursuance of the Company's Vision and Mission, so the Company is committed to implement sustainability policy by prioritizing the following :

A. ECONOMIC PERSPECTIVE (BUSINESS)

1. Conducting business practices in pursuance of *the Company's Code of Conduct*.
2. Applying the principles of *Good Corporate Governance*, among others :
 - a. Transparency is a transparency in executing decision-making and in disclosing information about the Company;
 - b. Independency is a state in which the Company is professionally managed without conflict of interest and influence / pressure from any party;
 - c. Accountability is the clarity of function, implementation and accountability of work so that the management of the Company implemented effectively;
 - d. Responsibility is the conformity in the management of the Company to the prevailing laws and regulations also the principles of a sound corporation;
 - e. Fairness is justice and equality in fulfilling Stakeholders' rights arising based on the agreement and prevailing laws and regulations.
3. Comply with national and international laws and regulations.
4. Building a traceable and sustainable supply chain.

B. SOCIAL PERSPECTIVE (COMMUNITY)

1. Respect human rights in working and organizing as well as providing health insurance and implementing Health and Safety Management System within the Company's working zone.
2. Always pay attention to the improvement of employee's competence and welfare.
3. Avoid the practice of Corruption, Collusion and Nepotism in all its forms.
4. Responding to the Company's inputs consistently and transparently.
5. Respect the people's rights and apply the principles of FPIC (Free Prior Informed Consent).
6. Implementing CSR (Corporate Sosial Responsibility) programs in pursuance of established budgets that have a positive impacton surrounding communities.

The 4 pillars of Corporate's CSR are :

a. PERMATA CERDAS

The Company also contributes to improve the quality of education from basic to university level, for that the Company has held several programs for improving education and conducting some trainings to improve the quality of human resources in Indonesia.

- i. Providing *scholarship aid* includes funding and financing for education, research also science and technology development activities;
- ii. Implementing *educational quality improvement programs* include increasing teacher competence to the fulfillment and maintenance of school facilities to provide better education services.

b. PERMATA SEHAT

The Company cares about the improving the health of Indonesian people especially in the Company's operational areas. The Company recognizes that public health is vital to support sustainability, among individuals, corporations and countries.

- i. Providing *assistance and guidance to "Posyandu"* which is the center of family planning and health services managed and organized for and by the community with technical support from health workers in order to achieve the norms of a happy small family;
- ii. Carry out *free treatment* such as general examination of the disease followed by free treatment or free drug administration;
- iii. Facilitate *voluntary blood donation activities* by employees or communities to help increase the availability of blood in Indonesia's Red Cross / other organizations that require blood supply.

c. PERMATA HIJAU

The Company contributes to the greening program through tree planting and environmentally friendly lifestyle campaigns.

- i. Carrying out *tree-planting activities* aimed at conserving the environment, greening, keeping the water absorption region, absorbing carbon dioxide and producing oxygen as air for us to breathe so that our offspring will later receive an environmental legacy that enables them to live worthy, safe, peaceful and prosperous;
- ii. Implement *mangrove planting activities* that grow on brackish swamps located on the coastline and influence by sea tides in the coastal area and around the embouchure. Some of the benefits and roles of mangrove are :
 - Prevent sea water intrusion
 - Prevent coastal erosion and abrasion
 - As a deterrent and natural filter
 - As a place to live and food sources for some types of animals
 - Role in formation of the island and stabilize coastal areas

d. PERMATA EKONOMI & SOSIAL

The Company builds partnerships with communities around the Company area by opening up opportunities for the community to actively participate for improving the local economy.

- i. Establish *partnership of palm oil farmers* by buying fresh fruit bunch (FFB) from this partnership;

- ii. Provide *coaching assistance* to farmers who are members of farmer groups and also guide the community's plantations around the Company area;
- iii. Providing *assistance to improve infrastructure or worship area* and to support *Government program* in improving community's economy;
- iv. *Empowering local community* to have a job in the Company.

C. ENVIRONMENT PERSPECTIVE

1. Implementing *Environmental Management System* effectively and efficiently.
2. Comply with the prevailing laws and regulations to manage the plantation areas, and not to open new plantation in *protected forest / High Conservation Value (HCV)* area.
3. Conduct a *High Carbon Stock* assessment before carrying out land clearing.
4. Support *sustainable biodiversity protection programs*, including :
 - a. Conduct the prohibition of rare animal hunting in the Company area and its surrounding areas;
 - b. Carry out greening in the Company area and its surrounding areas;
 - c. Carrying for and preserving the ecosystem in the Company area and its surrounding areas;
 - d. Carry out the addition of varieties / different types of plants in pursuance of the land to be planted in the Company area and its surrounding areas.
5. Implementing *zero-burning policy* in the development of new plantation, during which land clearing is carried out, chunks of wood is neatly arranged and left to rot to provide nutrients to the plant.
6. Not to open the new plantation in *peatlands* and for embedded peatlands will be managed in pursuance of prevailing laws and regulations.
7. Implementing *water efficiency policy and decreasing pollution load of waste water*, among others :
 - a. Carry out water conservation as a whole and sustainable in carrying out the Company's operations;
 - b. Plan and implement water management by conserving and decreasing the burden of water pollution;
 - c. Managing the quality of waste water and controlling pollution load of waste water to maintain and restore water quality to be returned to water bodies;
 - d. Conduct efficient use of water resources for the Company's operations;
 - e. Performing re-use of water resources that can still be utilized.
8. Increase the use of environmentally friendly *renewable energy* in operations to minimize the amount of greenhouse gases produced.
9. Implement *3R policy (Reuse, Reduce, Recycle)* waste management in pursuance of prevailing laws and regulations, among others :
 - a. Seek waste management by prioritizing the concept of Reuse, Reduce and Recycle to be implemented thoroughly and sustainability for both "hazardous and toxic waste materials" and "non-hazardous and toxic waste materials";
 - b. Each Unit Leader to plan and establish strategic steps related to the 3R program;

- c. In achieving the 3R implementation objectives, the Company facilitates the facilities and costs necessary for business sustainability.
10. Implement *air pollution reduction policy*, among others :
- a. Seek to reduce the emission of conventional air pollution and the causes of greenhouse gases in every process also operational activities of the Company;
 - b. Seek transformation of fuel to biomass / biogas / gas;
 - c. Planting trees that can absorb air emissions;
 - d. Implement smoking ban policy in the Company area / unit.
11. Support sustainable program / action / innovation *to reduce and prevent environment destruction*.