



## Sustainable Products

### SUSTAINABLE PALM OIL

Demand for palm oil continuously increases and shows bright prospects because of the opportunity of utilizing it as environment-friendly biofuel. However, the increase in palm oil demand is followed by an increase in the standard of its production process, which now also had to include meeting sustainability aspects.

In order to produce sustainable products, the Company implemented a sustainable process using as reference regulations applicable in Indonesia, namely Regulation No. 19/Permentan/OT.140/3/2011 of 29 March 2011 issued by the Minister of Agriculture on Guidelines for Indonesian Sustainable Palm Oil (ISPO). This regulation mandates every Indonesian palm oil palm plantation to apply the Principles and Criteria for Indonesian Sustainable Palm Oil and obtain certification. Currently, this certification only applies to nucleus plantations integrated with CPO mills.

The Guidelines for Indonesian Sustainable Palm Oil is based on seven principles: (1) Plantation Licensing and Management System; (2) Implementation of Technical Guidelines on Cultivation and Processing of Palm Oil; (3) Environmental Management and Monitoring; (4) Responsibility toward Workers; (5) Social and Community Responsibility; (6) Empowerment of Community Economic Activities; (7) Sustainable Business Improvement.

In 2014, five subsidiary Companies received ISPO certification viz. PT Suryaindah Nusantarapagi and PT Gunung Sejahtera Puti Pesona in Kotawaringin Barat Regency Central Kalimantan Province, PT Ekadura Indonesia in Rokan Hulu Regency and PT Sari Lembah Subur (2nd mill) in Pelalawan Regency, both in Riau Province, and PT Letawa in Mamuju Utara Regency, West Sulawesi Province. Before that, in 2013 four certificates were awarded, therefore, up to 2014 nine subsidiaries have obtained ISPO certification. Rating of ISPO implementation has been conducted by Certification Agencies such as PT Mutu Agung Lestari, PT TUV Rheinland Indonesia, PT SGS Indonesia, and PT British Standard International (BSI) – Indonesia.

In addition, 11 subsidiary Companies also participated in an ISPO certification audit. These companies are PT Karya Tanah Subur in Aceh Barat Regency and PT Perkebunan Lembah Bhakti in Aceh Singkil Regency, both in Aceh Province; PT Sawit Asahan Indah in Rokan Hulu Regency and PT Tunggal Perkasa Plantations in Indragiri Hulu Regency, both in Riau Province; PT Astra Agro Lestari 1 in Tabalong Regency, South Kalimantan Province, PT Borneo Indah Marjaya in Paser Regency, PT Waru Kaltim Plantation in Penajam Paser Utara Regency, PT Sumber Kharisma Persada and PT Karyanusa Eka Daya in Kutai Timur Regency, East Kalimantan Province; PT Pasangkayu and PT Suryaraya Lestari 1 in Mamuju Utara Regency, West Sulawesi Province. Currently, the ISPO audit is in its finalizing stage by a Certification Agency, and another part has been submitted to the ISPO Committee Secretariat which is now being evaluated.

Three subsidiary Companies that receive ISPO certification in 2013, underwent a second surveillance conducted by a Certification Agency, namely PT Sari Aditya Loka 1 in Merangin Regency, Jambi Province, PT Gunung Sejahtera Ibu Pertiwi and PT Gunung Sejahtera Dua Indah in Kotawaringin Barat Regency, Central Kalimantan Province.

Four other Subsidiaries underwent their first surveillance. These companies are PT Kimia Tirta Utama, PT Ekadura Indonesia, PT Sari Lembah Subur and PT Suryaindah Nusantarapagi. They have been declared to conform with ISPO and are implementing sustainable plantation management.

### PRODUCING SAFE AND HEALTHY PALM OIL

Palm oil finds its main use in food products, therefore, the Company is committed to producing palm

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oil that is safe and healthy for consumers by introducing a Hazard Analysis and Critical Control Point (HACCP) System, which has been implemented at 23 palm oil mills, 19 of which have already received certification. The objective of implementing the Hazard Analysis and Critical Control Point (HACCP) system is to improve safety for consumers using palm oil. [\[G4-PR1\]](#)

Implementation of the system commenced in 2008. The HACCP system is using implementation standard of SNI CAC/RCP1: 2011 Nationally Recommended Practical Code - General Principles of Food Hygiene (CAC/RCP 1-1969, Rev. 4-2003, IDT), which is a revision of SNI 01-4852-1998. The implementation principle is by identifying, evaluating, and controlling significant threats to food safety throughout the processing chain.

Internal auditor teams were established at each Subsidiary with a special task to routinely monitor the implementation of the HACCP system. The Company management reviewed the implementation of the HACCP System to evaluate the effective and successful implementation of the system in a Management Review Meeting, held at least once a year. The Company also conducted periodic surveillance through a Certification Agency to ensure that the system was running according to standards.

Implementation of the HACCP system guaranteed the safety of CPO from pollution and at the same time fostered a culture of cleanliness and health among the employees. This awareness was continuously reinforced through annual training sessions, including for new employees before they started working with the Company.

The Company operates one palm oil refinery, PT Tanjung Sarana Lestari located in Mamuju Utara Regency, West Sulawesi Province. In this refinery the Company implements ISO 22000: 2009 which refers to SNI ISO 22000 : 2009 Food Safety Management System - Requirement for Organizations in the Food Chain. Implementation of this Standard includes a food safety management system that combines key elements such as: Interactive Communication; System Management; Basic Requirements Program; HACCP Principles. Implementing ISO 22000 means meeting global standards of food safety management in the food chain that is more focused and integrated exceeding the requirements of the law. PT Tanjung Sarana Lestari is currently in an ISO 22000 certification process by a Certification Agency.

Throughout 2014 there were no incidents of non-compliance with regulations or voluntary code related to health and safety effects on products and services. The Company never received any reprimands, fines, or penalties caused by non-compliance or for selling unfit products. Although the Company does not conduct customer satisfaction surveys, it is always open to input from customers and will reasonably follow them up. There were no complaints of customer privacy infringements. [\[G4-PR2,PR4,PR5,PR6,PR7,PR8\]](#)



The Company also applies halal standards of oil produced at the PT Tanjung Sarana Lestari refinery, by implementing a Halal Guarantee System to guarantee that the raw material and additional materials used, as well as the processes carried out in processing oil are free from material considered haram according to Islamic sharia law. PT Tanjung Sarana Lestari is currently in a certification process of Halal Guarantee System in order to obtain a Halal Certificate from the Indonesian Council of Ulemas (Majelis Ulama Indonesia/ MUI).