

2020 Implementation Progress Summary





1st Phase

2st Phase

(As of Feb.,2021)

Implementation Commitment	Criteria	Progress Summary	Six-month Progress	Next Steps
	Publicly announce the NDPE Policy		<ul style="list-style-type: none"> - Following several advisory meetings with Earthworm Foundation, POSCO INTERNATIONAL released a company-wide NDPE palm oil policy and its time-bound implementation plan on March 1, 2020. - The Policy and its implementation plan can be found on the POSCO INTERNATIONAL website and PT.BIA website. <p>www.poscointl.com/eng/environmentalReport.do www.ptbia.co.id/</p>	
	Socialize staff, suppliers and other stakeholders with the NDPE Policy		<ul style="list-style-type: none"> - PT.BIA had its second intensive socialization period for the NDPE Policy and its execution during September and October 2020 since the NDPE Policy was announced.  <ul style="list-style-type: none"> - We emphasized NDPE compliance repeatedly when holding public hearings for Plasma in relevant stakeholders' meetings in October and November 2020. - We also informed our FFB suppliers that they also should further understand and follow our NDPE Policy for continuous cooperation. 	<ul style="list-style-type: none"> - NDPE socialization will continue to help all employees, suppliers and other stakeholders understand the policy.
Establish the No Deforestation and Exploitation Policy and relevant management systems	Update the Standard Operating Procedures (SOPs) and working instructions in alignment with the NDPE Policy		<ul style="list-style-type: none"> - While PT.BIA had implemented procedures on FPIC and Grievance Handling since the beginning of its operation in 2012, the Company further improved both procedures with the intent of strictly following the NDPE Policy. In 2020, there was ongoing engagement between PT.BIA and Earthworm Foundation to review and strengthen both procedures during the period between March and September 2020. In September 2020, the review process for the two SOPs was completed. - With support from Earthworm Foundation, PT.BIA updated the SOP for the FPIC Approach in accordance with RSPO NPP(2015) and P&C(2018), to be applied to all assessments including Integrated HCV-HCS Assessments, SEIA, LUCA, GHG, Soil Suitability, Land Tenure, and Land Ownership studies. This SOP also states that local communities are entitled to be accompanied by a third-party IMO(intermediary organization) during agreement processes. - To reinforce commitment to the NDPE Policy, the Company has updated all the necessary SOPs related to social and environmental management. These include: <ol style="list-style-type: none"> 1. SOP for Management and Monitoring of Environmental Conservation Areas 2. SOP for Monitoring and Measuring Environmental Quality 3. SOP for Emission and Noise Control 4. SOP for Control and Eradication of Environmental Pollution 5. SOP for Non- Hazardous and Toxic substances(B3) Waste Control 6. SOP for Handling and Management of Hazardous and Toxic substances(B3) 7. SOP for Management and Monitoring of Riparian Zones 8. SOP for Land Clearing and Land Preparation(prohibiting clearing HCV areas) 9. SOP for Grievance Handling 10. SOP for Handling Land Disputes <div data-bbox="717 2466 1631 2762">  </div> <ul style="list-style-type: none"> - The SOPs related to on-site remediation plans are already aligned with the BMPs from RSPO, such as the BMP for the Management and Rehabilitation of Riparian Reserves, and with applicable Government Regulations(PP No. 38 of 2011; PP No. 37 of 2012). - All the SOPs have been verified by a certification body during the initial RSPO Audit in October 2020. 	<p>complete</p>

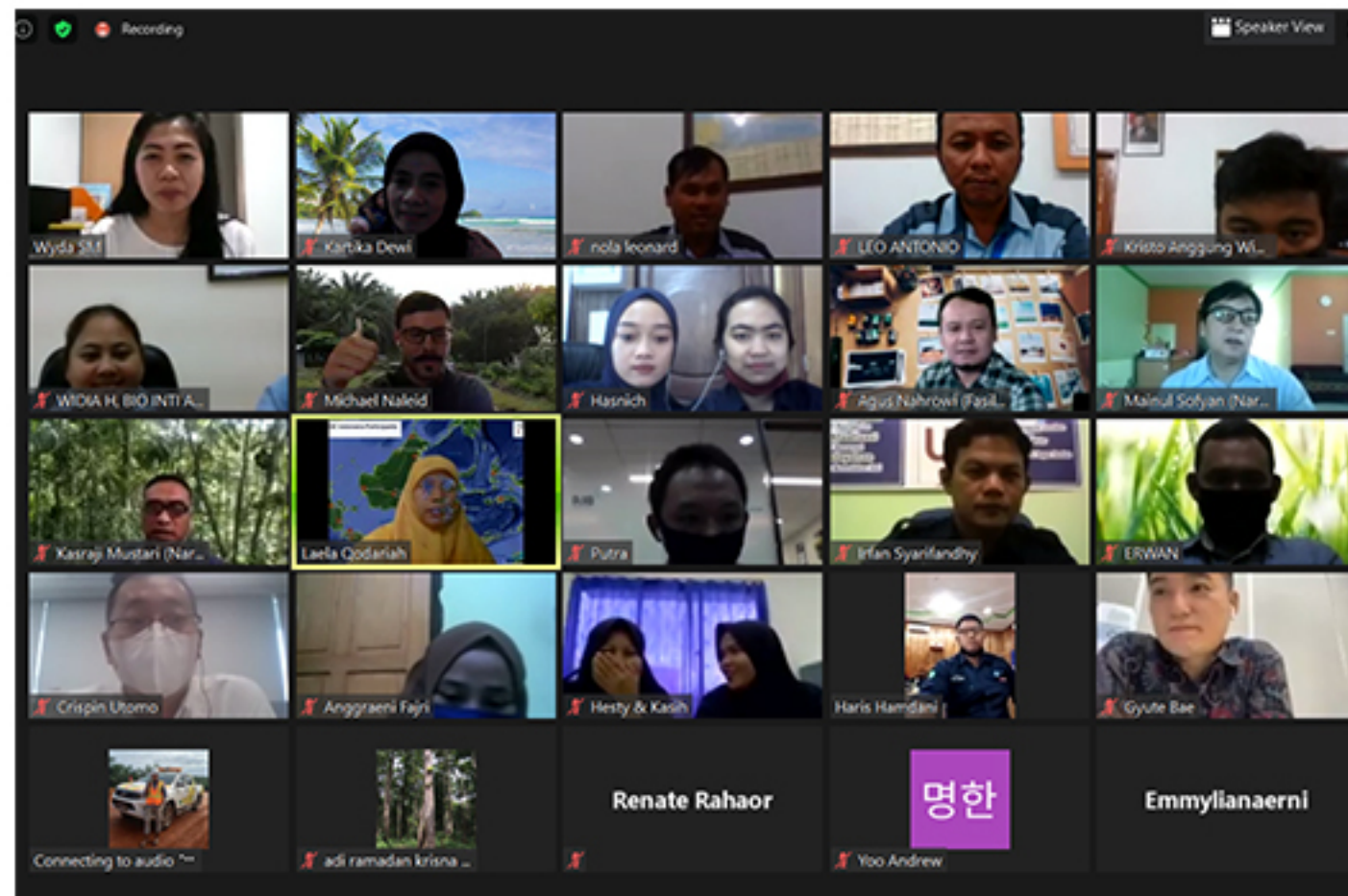
Protect forest areas with robust environmental conservation and management plans

<p>Conduct new HCV assessments in accordance with indicator 7.12.2 and Annex 5 to the RSPO P&C</p>		<ul style="list-style-type: none"> - To conduct new HCV assessments, PT.BIA contracted with reputable assessors from the consultants in January 2020. Field surveys, analyses and reporting for the New HCV Assessment were conducted until May 2020 in accordance with the HCVRN Guideline. - HCV Scoping assessments were conducted between January and February 2020, and then initial consultation was held in Merauke on February 10, 2020. - Full assessments were conducted between February and April 2020, and due to COVID-19 travel restrictions, stakeholders agreed to hold final stakeholder consultations virtually. - Participants in the final round of stakeholder consultations consisted of government agencies, NGOs, surrounding companies in the wider landscape, academicians, affected communities and representatives of PT.BIA. - The HCV report was reviewed by peer reviewers and submitted to RSPO in June 2020. 	<p>complete</p>
<p>Update the RSPO Land Use Change Analysis(LUCA) and RaCP liability assessments</p>		<ul style="list-style-type: none"> - In Q1 and Q2, PT.BIA finalized a new LUCA. The LUCA was developed using RSPO Guidance and serves as a prerequisite to the RSPO Remediation and Compensation Procedure(RaCP). - LUCA for PT.BIA was submitted for review by the RSPO Compensation Panel in June 2020, in order to determine any remediation and compensation liabilities. - The first review of the LUCA report was completed and assessors and the Company have addressed the comments made. Then, the revised final report along with comments was submitted to RSPO in July. - PT.BIA's LUCA report was approved by RSPO in August 2020. The Final Compensation Liability for PT.BIA was determined according to the outcomes of the LUCA. 	<p>complete</p>
<p>Develop remediation and compensation concept notes, as required by the RSPO RaCP</p>		<ul style="list-style-type: none"> - The Company's Remediation and Compensation Concept Note was developed with support from expert consultants in accordance with the Company's LUCA results approved by RSPO, following the RSPO RaCP. - The Concept Note was first submitted to the RSPO secretariat in August 2020. After some revision and provision of additional information based on the feedback from RSPO, the Concept Note was approved by the RSPO Compensation Panel in September 2020. - The Company's Concept Note outlines how the compensation project will meet the four requirements of 'additional', 'long-lasting', 'equitable', and 'knowledge-based' as outlined in the RaCP. 	<p>complete</p>
<p>Develop remediation and compensation plans, as required by the RSPO RaCP</p>		<ul style="list-style-type: none"> - The Company's Remediation and Compensation Plan is being developed with expert consultants as the Concept Note was approved. PT.BIA is reinforcing evidence and logic to demonstrate that its compensation activity will be long-lasting and will prevent future forest degradation, following the feedback provided by RSPO. 	<ul style="list-style-type: none"> • The Company aims to gain approval on the Remediation and Compensation Plan by 2021.

Develop the capacity of staff on FPIC, grievance handling and conflict resolution



- After an introductory kick-off session in July, full-scale training on Conflict Resolution, FPIC and Grievance Handling was held for PT.BIA staff via Zoom with Earthworm Foundation between September 7 and 10. The full training session was originally planned to be an on-site event, but due to the prolonged COVID-19 situation, the Company and Earthworm Foundation decided to redesign the session to be conducted online.
- The four-day training was designed to help staff develop deeper conceptual understanding and confidently apply the acquired knowledge in their daily operations. The training was led by four experts from Earthworm Foundation, and a total of 23 participants joined from PT.BIA in Jakarta and Merauke.



- The Company will decide whether next sessions would be conducted online or on-site by carefully monitoring the COVID-19 situation and following COVID-19 protocols in Merauke.

Uphold the protection and respect of human rights along the supply chain

Develop capacity of staff on human resources management



- Employees of PT.BIA attended a total of 38 different programs intended to develop the capacity of human resources. The detailed list of the programs is attached as below.

No	Training Program	Date	Location
1	Hazardous and Toxic Waste Material	Feb 10-12, 2020	Farm
2	OSH(Occupational Safety and Health)	Apr - May 2020	Farm
3	FPIC, Conflict Resolution, Grievance System	Jun 19, 2020	Farm & Jakarta
4	First Aid	Jun 19, 2020	Farm
5	RSPO Socialization and Public Consultation - Child Right on Plantation	Jun 25, 2020	Farm & Jakarta
6	Beneficial Participatory, Collaborative Management and Protection of Conservation Areas	Jun 29, 2020	Jakarta
7	RSPO Standard: Free, Prior and Informed Consent (FPIC)	Jul 12, 2020	Farm & Jakarta
8	High Carbon Stock Assessment	Jul 19, 2020	Jakarta
9	Integrated Fire Management	Jul 22, 2020	Farm & Jakarta
10	Social Impact Assessment	Aug 31, 2020	Farm
11	Contamination Control(CC)	Aug 13-14, 2020	Farm
12	SCCS(Supply Chain Certification Standard) of CPO Mill 1, 2	Oct 3&10, 2020	Farm
13	Palm Sustainability: Effective and Productive Social Dialogue and Collective Bargaining in the Supply Chain of the Palm Oil Industry(ILO)	Nov 4, 2020	Jakarta
14	IBCSD Youth and SDG Webinar: Your Goals, Your Decade	Nov 12, 2020	Jakarta
15	Carbon Accounting	Nov 24-26, 2020	Farm
16	Water and Hazardous and Toxic Waste Material Responsibility Certification	Dec 21-23, 2020	Farm
17	Supply Chain Certification System	Dec 21-22, 2020	Jakarta
18	Public Relation and Corporate Social Responsibility	Jan 5-9, 2021	Farm
19	Social Impact Assessment and Corporate Social Responsibility	Jan 5-8, 2021	Farm

- Based on the track records of education and NDPE Policy implementation so far, we will establish a systematic education and talent development plan.
- POSCO INTERNATIONAL is planning a regular due-diligence activity to monitor and raise awareness of PT.BIA employees on human rights protection and ethical management.

Implement Plasma oil palm plantation



- The proportion of distributing the 2nd Plasma areas was determined after several meetings and discussions with Plasma Cooperation during October and November last year.



- The process to decide which specific area is to be handed over as Plasma plantation, which will be followed by the actual separation process, is under way through engagement of Plasma Cooperation.

- Plasma loan is under discussion with some banks to finance initial plasma operations.

Promote sub-contracted plantation workers to join PT.BIA workforce



- Sub-contracted plantation workers are being promoted to join PT. BIA's permanent workforce after a certain probationary period. The internal promotion process has proceeded for two years since the establishment of the long-term transition plan.

- By the end of 2023, harvest workers will be promoted to PT.BIA employees.

Engage with relevant stakeholders and transparently communicate on the progress of sustainability implementation	Develop and publish the Sustainability Dashboard and a credible grievance mechanism		<ul style="list-style-type: none"> - PT.BIA's Sustainability Dashboard has been made accessible on the website since August 2020. The dashboard currently includes the Policy and its Implementation Plan, general data and figures of the Company, and a grievance handling flowchart. - The Company's grievance handling flowchart was developed with support from Earthworm Foundation and is publicly available in both English and Bahasa. - PT.BIA's Grievance Mechanism complies with the RSPO Complaints System to communicate with stakeholders who raise grievances. The Mechanism aims to involve an appropriate level of management and to deal with grievances in a fair, reasonable and timely manner through the understandable and transparent process that provides feedback to those concerned, without any retribution. - Grievances can be raised verbally to PT.BIA officers who then document them in a grievance log, or can be raised by e-mail, telephone or through PT.BIA's website. 	• By 3Q of 2021, the grievance log will be uploaded on the Sustainability Dashboard.
	Publish 6-month progress reports		<ul style="list-style-type: none"> - PT.BIA publishes its 2nd phase 6-month progress report on NDPE Policy implementation to improve transparency and promote communication with various stakeholders. 	• The next report will be published on the Sustainability Dashboard in September 2021.

 **Completed**
 **In-progress**
 **Not started**

◆ RSPO Initial Certification Audit

- PT.BIA applied to 'Mutuagung Lestari', one of the RSPO's Certification Bodies accredited by the Assurance Services International, to conduct the Initial Certification process. The scope of the audit was CPO Mill 1, 2 and their supply base, located at Ulilin Sub District, Merauke District, and Papua Province, Indonesia.
- The objective of the audit was to measure the sufficiency and consistency of implementation on the part of the Company in accordance with the requirements of ISPO/RSPO Principles and Criteria for Sustainable Palm Oil Production and Supply Chain Certification System.
- After the public announcement period between September 7 and October 9, Mutuagung Lestari conducted the assessment between October 12 and 22, 2020.

◆ Vocational Training for Local People

- The vocational training program offered by PT.BIA was conducted five times in 2020, each with the duration of six to seven weeks. A total of 205 local people completed the program and 155 people were recruited to work at PT.BIA.
- Seven-week training, including five-week indoor sessions and two-week outdoor sessions, has been conducted every semester after completing farm harvesting/breeding activities and safety/health education.
- The training program was deeply meaningful in that it helped elevate local people's awareness on health and safety, and PT.BIA will continue with such training for local people to ensure the safe operation of its worksites.



◆ Blood Donation in Cooperation with Indonesian Red Cross' Merauke Office

- PT.BIA, together with the Ulilin District Government and Indonesian Red Cross of Merauke Regency, held a blood donation event in the operational field of the Company on two occasions in July and November 2020.
- The Red Cross Merauke was in short supply of blood for all blood types. Therefore, PT.BIA followed up on the request for cooperation proposed by the Red Cross Merauke to hold a blood donation event at the Company.
- A total of 483 participants were willing to join the event, and among them, 326 participants who met the blood donation standards donated their blood. The participants consisted of not only PT.BIA employees but also local residents who live around the palm plantation of PT.BIA.
- The blood donation event demonstrated that PT.BIA employees, together with their local community, were keenly aware of the nation-wide shortage of blood supply caused by COVID-19, and were willing to extend their helping hand to safeguard the lives of patients facing difficulties in receiving much-needed blood transfusion. Furthermore, PT.BIA donated COVID-19 rapid test kits to the COVID-19-affected region of Merauke in a move to proactively pursue win-win partnerships with local communities.



◆ Construction of Water Supply Facilities in Selil Village

- PT.BIA completed the construction of clean water supply facilities in Selil Village, Ulilin District, Merauke Regency, Papua in November 2020.
- The initial survey of this activity was carried out by the Company with an independent party in July 2020, followed by discussions and consultations with the local community prior to the construction of water supply facilities. Based on the results, it was revealed that the local people of Selil Village had to travel ± 1 km to natural wells to meet their water needs so far.
- It was agreed between PT.BIA and Selil Community that local workers from Selil Village would be employed for the project and it helps local people enhance their understanding on such facilities by directly engaging them in the construction work. After four months of cooperation between PT.BIA and Selil Community, 128 residents in Selil Village gained access to clean water that flows directly to their respective water taps. The constructed water tower has 4,400-liter capacity with a distribution network that reaches 47 houses in Selil Village.
- PT.BIA will continue to listen to the voice of local community and strive to improve the quality of their life, promoting mutually-beneficial partnerships in so doing.



All the activities described above have been undertaken in full compliance with the local COVID-19 prevention guidelines of Indonesia, and each and every one at PT.BIA considers the health and safety of employees as their top priority in implementing such activities.