2016
PT. BIA
Environmental and Social Report
About This Report

1. Report Guideline
PT. Bio Inti Agrindo ("BIA") Environmental and Social Report is the first report issued in 2017.
This report was written in accordance with GRI (Global Reporting Initiative) G4 Standard and RSPO (Roundtable on Sustainable Palm Oil) Principle & Criteria.

2. Scope of the Report
PT. BIA's operating site in Indonesia is the main scope of the report. The report contains PT. BIA's performance and activities on environmental and social aspects from January 2015 to December 2016, and additionally presents those up to 31 January 2017 where necessary.

3. Additional Information
This report was written in both Korean and English. We welcome feedback via the website and email for communication with the stakeholders regarding PT. BIA's environmental and social performance. You can contact us below for any inquiry on this report.

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Introduction
CEO Message

Dear Stakeholders,

PT. Bio Inti Agrindo (hereafter ‘PT. BIA’) published its first Environmental and Social Report in 2017. I am pleased to be able to share the achievements on our sustainable management with you.

Since the launch of the business in 2012, PT. BIA has strived to generate economic values based on preservation of environmental and social values. Therefore, PT. BIA has organized and implemented various action plans for environmental and social management in order to engage in sustainable management. This report presents efforts of PT. BIA’s people and their progress towards sustainable management and future resolutions. PT. BIA has performed and will continue to perform the following to realize sustainable management.

First, we will continue our efforts in research and improvement activities to better utilize resources.
A scarcity of resources with increasing population has brought greater attention to effective utilization of resources. PT. BIA consults with experts in the field to develop farms by efficiently utilizing the limited land and available resources. We promise to further enhance the work process and invest in research and development in order to utilize resources in an eco-friendly manner.

Second, we will listen to the local residents and stakeholders who may potentially be affected by the farm development.
PT. BIA respects and supports the historic culture and customs of the local residents and community. PT. BIA management does not support any project without pre-approval by local residents and communities, and strives to find the way to co-exist. In 2016, we established the Plasma Local Union and worked to expand our cooperative growth with small-scale individual farms, such as determining the Plasma farm area. We will become a company that contributes to development of local economy through consistent communication.

Third, we will lead the enhancement of environmental management.
PT. BIA will strive to find ways to generate sustainable values from palm business. In 2016, PT. BIA signed an agreement with PwC Korea to develop enhancement plans for environmental and social management. PwC Korea examined our environmental management status in palm business against RSPO P&C(Principle & Criteria) and we implemented the recommendations that they provided. In addition, PT. BIA established the Environmental & Social Committee for the first time for a systematic environmental and social management.

To fulfill sustainable management, PT. BIA will continue to enhance the execution of environmental and social management, and diversify communication channels and methods to pursue balanced growth with the stakeholders. We ask for your consistent attention and support through our journey towards sustainable management.

February 2017

Byoung Sun Gong, CEO of PT. BIA
Governance

PT. BIA practices responsible and substantial management to meet expectations from the shareholders and stakeholders. A transparent decision-making structure is PT. BIA’s top priority, in which diversified channels of communications allow us to collect, review, and reflect stakeholders’ opinions in our management.

Shareholder Structure and Management

PT. BIA’s shares are owned by POSCO DAEWOO (85%) and individual investors (15%). PT. BIA holds an annual general meeting in accordance with Indonesia Company Law and the company’s articles of incorporation, and convenes ad-hoc general meetings if necessary. During general meetings, agendas such as annual performance, change in articles of incorporation, and establishing or revising by laws are discussed in depth.

Board of Directors and Management

PT. BIA’s Board of Directors consists of five directors, four of which are appointed by POSCO DAEWOO (85%) and the rest by the individual investors (15%). The term is one year and succeeding directors are appointed during the general meeting of shareholders at least three months prior to the end of the preceding director’s term. Directors make material decisions regarding the company’s management. The Board of Directors makes decisions on 1) annual financial and management plan and 2) other rights regulated by Indonesia Company Law, according to the relevant law and the purpose and intent of the corporation. PT. BIA work with external auditor who performs internal audits to improve fair management and transparent accounting.

Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Byoung Sun Gong</td>
<td>Director</td>
<td>CEO</td>
</tr>
<tr>
<td>Seung Jun Song</td>
<td>Director</td>
<td>CFO</td>
</tr>
<tr>
<td>Kyeung Ryong Koo</td>
<td>Director</td>
<td>Senior Vice President, Agro-Commodities Division, POSCO DAEWOO</td>
</tr>
<tr>
<td>Il Gyu Kim</td>
<td>Director</td>
<td>Leader, Global Support Group, POSCO DAEWOO</td>
</tr>
<tr>
<td>Nam Gu Kim</td>
<td>Director</td>
<td>Advisor</td>
</tr>
<tr>
<td>Kyu Chen You</td>
<td>External Auditor</td>
<td>Head of Jakarta Branch, POSCO DAEWOO</td>
</tr>
</tbody>
</table>
Company Overview and History

Structure and History

Business site acquisition and registration process of PT. BIA are preliminary divided into four phases: 1) business district permit, 2) farm business permit, 3) forest ministry resolution 4) land use registry.

In January 2007, PT. BIA acquired the business district permit ("Izin Lokasi") up to 39,900 ha from Indonesia Investment Coordinating Board ("Penanaman Modal Asing"). PT. BIA is located in Ulilin, Merauke, Papua, Indonesia.

In April 2009, we asked a consulting firm "CV. Bahana Papua Mandiri" to perform environmental impact assessment (AMDAL – Analisis Mengnai Dampak Lingkungan) on the same business district of 39,900 ha, and the result was approved by the state of Merauke. In case of AMDAL, Environmental Management Plan ("Rencana Pengelolaan Lingkungan (RKL)") and Environmental Monitoring Plan ("Rencana Pemantauan Lingkungan (RPL)" must be submitted together. Since H2 2014, PT. BIA has submitted RKL and RPL reports to Merauke State Government, Forest Service at Papua, Department of Environment and Forest Preservation and Indonesian government. In August 2009, we acquired a farm business permit ("IUP – Izin Usaha Perkebunan") on the area of 39,900 ha for which environmental impact assessment was approved by the state governor of Papua.

In September 2009, the areas that have attained IUP was examined to modify the purpose of plantation, so that the development is legally allowed on the acquired land (39,900ha). As a result, 3,500ha of wild life preservation zone was removed from the scope of IUP, and the forest ministry resolution ("SKPKH – Surat Keputusan Pelepasan Kawasan Hutan") was attained on the land area of 36,400 ha by the minister of forest department.

September 2011, POSCO DAEWOO acquired 85% of PT. BIA’s shares to take control of the management. In 2013, we were advised by the Department of Land in the state of Papua to exclude 2,205 ha of swamps and waterways from the forest ministry resolution area (36,400ha), and acted accordingly. 34,195 ha of the land was applied for Land Use Registry (HGU – Hak Guna Usaha) upon approval from the Indonesian government.

PT. BIA is currently proceeding with cultivation, tending, plantation and harvest process on the area. When the palm oil mill construction is completed in H1 2017, PT. BIA will begin the production and sale of palm oils.

PT. BIA Business Land Acquisition Process

1. Business District Permit
2. Farm Business Permit
3. Forestry Ministry Resolution
4. Land Use Registry
History

2006  Establishment of PT. Bio Inti Agrindo
2007  Business District Permit acquisition
2009  Farm Business Permit acquisition
2009  Environmental Impact Assessment (AMDAL) approved
2009  Acquired Forest Ministry Resolution
2010  MOU with Daewoo International (now POSCO DAEWOO)
2011  Daewoo International acquired 85% shares of PT. BIA
2012  Land Use Registry - HGU (Area A)
2012  First Plantation of Palm Tree
2012  Land Use Registry - HGU (Area B)
2014  ISPO (Indonesian Sustainable Palm Oil) - 1st Farm Assessment on development stage
2014  CPO Mill construction commenced
2014  Environmental management and monitoring plan submission
2015  HCVA (High Conservation Value Area) Assessment
2015  Palm Fruits Harvest
2015  ISPO (Indonesian Sustainable Palm Oil) - 2nd Farm Assessment on development stage
2016  POSCO DAEWOO, PT. BIA, PwC Korea - Environmental and Social Management Enhancement Project
2017  Environmental and Social Policy Development (1Q)
2017  CPO Mill Construction completed (1Q)
2017  The first Environmental and Social Report issued (1Q)
**Business and Facilities**

PT. BIA’s business is preliminarily segmented into 1) Nursery and Planting 2) Upkeep 3) Fresh Fruit Bunch (FFB) harvest and 4) Crude Palm Oil (CPO) production. PT. BIA takes advice on the entire process from external consulting firms and other experts. With a vertically integrated business structure, we plan to meet Indonesian domestic demands and export to other neighbor countries, with a prospect of making an entry into refined oil processing and distribution market. PT. BIA aims to have its first CPO mill completely constructed and ready for sales by 1Q 2017.

**Palm Farming Process**

1. **Nursery and Planting**
   During this initial stage, seeds are purchased, sowed, cultivated and planted. Seeds undergo a screening process to be sowed, then are cultivated for three months before they are replanted at the nursery. They are finally planted on farms after watering, fertilization, pesticide application and seedling selection process.

2. **Upkeep**
   This is a cultivating stage of palm trees. Beans and other crops are planted to preserve nitrogen in soils and curb weeds. This is a stage where seedlings become fully grown with soil quality management, fertilization, weeding, flower pruning, and hygiene maintenance.

3. **Harvest**
   As the harvest season approaches, palm trees start to bear falling fruits. Accordingly, harvest paths are created so that palm fruits can be harvested and selected. Fruit falling indicates that the fruits are fully ripe. Harvest palm fruits are transported on truck to the oil mills.
4. Crude Palm Oil Production
Unloaded palm fruits are delivered to the CPO mill on a conveying belt to be pasteurized under high temperature. After seeds are separated from pulp, it will go through extraction and other treatment process to finally become palm oil. Palm oils are kept in a special storage adjacent to CPO mill until they are sold externally.

Major Facility

Palm Plantation
PT. BIA plantation is located in Uliin, Merauke, Papua, Indonesia. Through the legal process for obtaining land use permit as regulated by the Indonesian government, PT. BIA has been granted to use 34,195ha of land in total.

CPO Mill
PT. BIA plans to complete palm oil mill construction during Q1 2017 to initiate commercial production. Currently, trial production is under way.

Communication and Electricity
PT. BIA has built communication towers and self-running generators to expand its operating site infrastructure. We provide telecommunication and electricity to employee lodgings to ensure a better quality of life.

Road
PT. BIA has constructed roads for an easier transportation of human resources, equipment and supplies. The network is open not only to our employees, but also to local citizens to further improve their mobility.
**Risk Management**

PT. BIA’s business risk management aims to identify potential risks and minimize impacts of our operation. There are 6 major risks that can happen during business activities are selected in order to be properly managed at PT. BIA.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Definition and Management Activities</th>
</tr>
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<tbody>
<tr>
<td><strong>Environment</strong></td>
<td>• Monitor changes in international and local environmental standards (RSPO and ISPO)</td>
</tr>
<tr>
<td></td>
<td>• Monitor environmental changes due to farm development</td>
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<tr>
<td><strong>Social</strong></td>
<td>• Monitor FPIC with local citizens</td>
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<tr>
<td></td>
<td>• Develop proactive CSR activities</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>• Monitor P&amp;L changes due to FX and interest rate change</td>
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<tr>
<td></td>
<td>• Manage debt maturities and payment from the sales</td>
</tr>
<tr>
<td><strong>Farm</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Natural Disaster</strong></td>
<td>• Register for insurance in case of Flexa (e.g. fire)</td>
</tr>
<tr>
<td></td>
<td>• Form of disaster-response team with preventive measures</td>
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<tr>
<td><strong>Climate Change</strong></td>
<td>• Monitor climate change (e.g. El Nino)</td>
</tr>
<tr>
<td></td>
<td>• Monitor functional relation between climate change and production output</td>
</tr>
<tr>
<td><strong>Labor</strong></td>
<td>• Monitor educational supports for Papua natives and their employment progress</td>
</tr>
<tr>
<td></td>
<td>• Monitor improvement progress of living conditions of the workers</td>
</tr>
<tr>
<td><strong>Disease and Insects</strong></td>
<td>• Prevent insect and disease, and monitor initial response</td>
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<tr>
<td></td>
<td>• Establish joint response system in partnership with neighboring farms</td>
</tr>
<tr>
<td><strong>National/Regional</strong></td>
<td>• Monitor tax trends in Indonesia such as green tax, import/export tax</td>
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<td></td>
<td>• Monitor government regulations such as share restriction on foreign investments</td>
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<tr>
<td></td>
<td>• Monitor FX rates</td>
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<tr>
<td><strong>Product</strong></td>
<td>• Monitor price, demand, supply and inventory of CPO and PK</td>
</tr>
<tr>
<td></td>
<td>• Monitor price trends of CPO substitutes (soybean oil, etc)</td>
</tr>
<tr>
<td></td>
<td>• Monitor Biofuel demands and other relevant trends</td>
</tr>
<tr>
<td></td>
<td>• Monitor expense from product damages and other unexpected loss during transportation, storage, loading and unloading stage</td>
</tr>
</tbody>
</table>
Ethics Management

Ethics Management System

PT. BIA recognizes that having employees with a defined set of values is the gauge of business competence, and performs activities to build trust. With the CEO's insight and willingness on ethical management, PT. BIA has established infrastructure for ethical management, and interacts with different stakeholders for consistent training and promotion. In addition, we comply with the POSCO DAEWOO Rules of Conduct.

Supporting Subcontractors for Ethical Management

PT. BIA helps its subcontractors achieve ethical management to expand on our business operations based on ethical values. To raise awareness on ethical management, we emphasize our key principles when signing a contract with subcontractors and monitors their activities.
Stakeholder Engagement and Materiality Assessment

Stakeholder Engagement

PT. BIA recognizes the importance of communicating with different stakeholders and understanding their expectations for environmental and social management. The stakeholders are categorized into six groups: 1) shareholders and investors, 2) local community, 3) clients, 4) partners, 5) employees and 6) government, to understand their interests and use appropriate communication channels for each group. We learn their social interests through active communication and reflect them on our activities.

<table>
<thead>
<tr>
<th>Stakeholder and Investor</th>
<th>Communication Channel</th>
<th>Future Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Company presentation</td>
<td>PT. BIA will disclose the performance on regular basis and plan to post environmental and social management activities on the website.</td>
</tr>
<tr>
<td></td>
<td>- Disclosure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Investor meetings</td>
<td></td>
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</tbody>
</table>

| Local community         | CSR activities        | PT. BIA will facilitate various CSR activities that address the needs of the local community. Activities that require external expertise, such as education and medical volunteer, are conducted in partnership with external experts. |
|                        | - Grievance Committee |              |

| Client                  | Client satisfaction survey | PT. BIA will provide products with consistent quality to clients and plans to conduct customer satisfaction survey to understand their requirements. |

| Partners                | Partner meetings         | PT. BIA combines partners opinions from online/offline channels and collect voices for mutual growth to reflect them into management. |

| Employee                | Labor-Management Committee | PT. BIA actively communicates with our employees by convening meetings at an organizational, hierarchical and ethnical level. In addition, we will disclose decisions made on annual management-labor meetings to the all employees to listen to the majority’s voice. |
|                        | - Staff meeting           |              |

| Government              | Farm/Production assessment (ISPO) | PT. BIA will continue to closely communicate with the Indonesian government, the Forest Office of Papua and the state government of Merauke, and build a relationship of trust by collecting various feedbacks. |

Interview with Stakeholder: Hermes EOS- Equity Ownership Services

Dr. Christine Chow(Associate Director at Hermes Investment Management)

Hermes Investment Management is one of the largest asset management companies based in London. British Telecom Pension Scheme (BRSS), one of the largest pension funds in UK, possesses the sole ownership of PT. BIA. Hermes Equity Ownership Service (EOS) aims to provide great, long-term and responsible returns to the investors. It is a world-class investment advisor for clients desiring to build and execute outstanding governance structure and promote stewardship.

I currently work at Hermes Investment Management as a director with 20 years of experiences in investment management, research and consulting. My area of specialty is human and labor rights, pollution and waste management, and investment associated with them.

We assess on the company’s degree of information disclosure, identification process of material environmental and social issues, innovative approaches taking advantage of the market standing to enhance peat land management, activities influencing small farms, and its participation in cooperation with stakeholders, such as other palm oil producers, partners (harvesters), and customers (buyers).

Major environmental issues rooting from the palm oil industry are deforestation, biodiversity, high carbon stock, forest preservation or management of land with high-conservation value, restoration of land vulnerable to haze and fire, complete traceability on mill and farming (transparency, disclosure and reporting), and use of organic pesticides for pest control. For instance, a global palm oil producer keeps barn owls to control rodents that inflict damages to palms and tree roots.

Social issues of palm oil business include haze and air pollution, rights of local communities, poverty of farm workers, reclaiming of land by the farmers for sustainable execution, education on forest management, and grievance mechanism for the staffs and local communities.

We wish to be able to compare companies from the shareholder’s point of view, using peer-to-peer method. We recommend that POSCO DAEWOO (including PT. BIA) follow POSCO precedents such as participating in CDP climate change and water resources program. We also recommend that POSCO DAEWOO adopt a mindset of cyclical economy while mapping the firm-wide goals with applicable sustainable development.

We also suggest that POSCO DAEWOO observe the UN Guiding Principles to report your efforts in solving human rights issues.
Materiality Assessment

GRI G4 guideline, a global reporting standard for sustainable management, has been applied on this Environmental and Social Report. We derived environmental and social issues to be reported by performing materiality assessment as required by G4. Analysis of international sustainable management standards, benchmarking the industry leader corporations, media analysis and stakeholder research were also performed.

Procedure

Issue Pool Selection

We took into account environmental and social issues in the industry, management plan, international standards on palm oil, and global standards for sustainable management to define PT. BIA’s environmental and social issue pool.

Internal/External Issue Analysis

- **Internal:**
  - Staff interview, Management plan, CEO Message
- **External:**
  - Analysis on the industry-specific issues, stakeholder requests, global guidelines

Priority

Prioritizing internal and external issues based on the level of social concern and impact on business.

Material Issues

Issues important to stakeholders from an environmental and social perspective, and have great business impacts, have been described in detail.
Materiality Assessment Result

We summarized stakeholder’s concern on each issue and its business impact to define materiality level and attained materiality assessment result. In 2016, 7 major issues were selected for PT. BIA as a result of materiality assessment and relevant information is available on the relevant page.

In regards to issues overall, GRI G4’s Specific Standard Disclosure aspects includes water, products and services, biodiversity (environment), employment, labor/management relations, training and education, diversity and equal opportunity, non-discrimination, freedom of association and collective bargaining, local communities, and anti-corruption compliance (society).

<table>
<thead>
<tr>
<th>Major Agenda</th>
<th>Report contents</th>
<th>Stakeholder</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Fire prevention</td>
<td>No burning activities</td>
<td>Internal/external stakeholder</td>
<td>22~23</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Employees, Local community)</td>
<td></td>
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<tr>
<td>2 Protecting human rights of staff</td>
<td>Activities of Human rights protection for employees</td>
<td>Internal stakeholder</td>
<td>31~32</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Employees)</td>
<td></td>
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<tr>
<td>3 Preserving biodiversity</td>
<td>Biodiversity preservation</td>
<td>Internal/external stakeholder</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Employees, local community, NGO)</td>
<td></td>
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<tr>
<td>4 Contribution to local community</td>
<td>Social contribution</td>
<td>External stakeholder</td>
<td>47~53</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Government, Local community)</td>
<td></td>
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<tr>
<td>5 Staff safety and health</td>
<td>Safety and Health for Employees</td>
<td>Internal stakeholder</td>
<td>38~41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Employees)</td>
<td></td>
</tr>
<tr>
<td>6 Environmental and social management</td>
<td>Environmental and social management System</td>
<td>Internal/external stakeholder</td>
<td>17~19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Employees, Local community, government, NGO, investors)</td>
<td></td>
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<tr>
<td>7 Supporting stable life</td>
<td>Activities for higher employee satisfaction</td>
<td>Internal stakeholder</td>
<td>35~37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Employees)</td>
<td></td>
</tr>
</tbody>
</table>
Environmental and Social Management System
Environmental and Social Policy

In 2016, PT. BIA consulted with PwC Korea, a professional sustainable management consultant, to enact rules on environmental and social management based on which it laid out environmental and social policy. The environmental and social policy of PT. BIA is composed of Environmental and Social Commitment and its associated Code of Conduct. A code of conduct is specified into 1) Environmental Protection 2) Protection of and Respect for Human Rights 3) Social Inclusion

Major International Standards Mirrored in Environmental Policy

- IFC Guiding Principle
- Roundtable on Sustainable Palm Oil Principles & Criteria
- Indonesia Law
- Global Reporting Initiative G4 Guideline
- ISO26000

Our environmental and social policy will be shared with the entire staff at PT. BIA, and published on our website for a transparent disclosure of policy implementation. We will always keep in mind that policy implementation is a duty for each and every one of PT. BIA employee at operating sites, a promise to our stakeholders.

Environmental and Social Commitment

We recognize the importance of the environmental and social impact of our activities upon it. We seek to create sustainable value and contribute to positive development through mutually beneficial interactions with relevant stakeholders. To fulfill this goal, we hereby commit ourselves to the following environmental and social commitment and code of conduct.

1. Take on a leadership role in the sustainable palm oil business through collaboration with experts in the fields of environmental and social management
2. Protect and respect the rights of our employees and members of local communities
3. Continuously strive to promote legal compliance and an ethical culture
4. Respect a diverse group of stakeholders and strive for mutual cooperation with all parties
Code of Conduct

1. Environmental Protection
   ■ Enhance Environmental Responsibilities
     • Observe national law, international standards and regulations related to environmental protection
     • Progressively improve the implementation level of the international standard for the sustainable development of palm plantations
   ■ Establish Eco-Friendly Management Systems
     • Prohibit slash-and-burn techniques, promote farmland development and strive to protect peatlands
     • Protect High Conservation Value (HCV) areas and strive to conserve biodiversity
     • Proactively respond to climate change by reducing greenhouse gas (GHG) emissions through ongoing assessments according to national and international policies and regulations
     • Develop a comprehensive waste management process to optimize resource circulation and recycling
     • Implement the best practice pollution management to establish eco-friendly palm plantation

2. Protection of and Respect for Human Rights
   ■ Respect for Employee Rights
     • Value employees’ diversity and ensure an environment of mutual respect in the workplace
     • Create a healthy and safe working environment, and strive to raise employees’ overall quality of life
     (human rights are adopted by national law, international covenants and standards and apply to all employees without exclusion of contract, temporary and migrant workers.)
   ■ Respect for Human rights of Local Communities
     • Respect the human rights of indigenous groups and local communities to follow the Principles of Free, prior and informed consent (FPIC)
     • Protect the rights to property, water and sanitation, and culture of indigenous groups and local communities
     • Ensure the prevention of human rights violation through PT. BIA’s management processes

3. Social Inclusion
   ■ Mutual Growth with Partners
     • Strive to establish a transparent sourcing network with traceability
     • Support the sustainable growth of partners and suppliers
     • Cooperate closely with partners and suppliers to promote compliance with human rights and all environmental protection laws and standards
   ■ Boost the Local Economy
     • Every employee should strive to fulfill one’s duties and responsibilities as members of the local community
     • Promote the economic and social development of the local community and strive to raise the quality of life
     • Resolve all issues and complaints raised regarding plantation development within the local community, through an open and transparent process
Governance of Environmental and Social Management

In July 2016, PT. BIA established Environmental & Social (“E&S”) Committee, which operates directly under the authority of the CEO, for making important decisions on environmental and social aspects and relevant activities. Three E&S Committee meetings have been held so far to discuss major issues including enhancement plans of environmental and social management and reducing environmental and social risks from business operations. PT. BIA will continue to hold meetings on a regular basis to explore environmental and social issues and sustainable management plans.

PT. BIA Environment & Social Committee

PT. BIA E&S Committee Meeting

PT. BIA held three E&S committee meetings in 2016 and decided to establish a company-wide direction for environmental and social management and to develop enhancement project. We invited PwC Korea, a consulting firm specializing in sustainable management, to all three E&S committee meetings for consultation.

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Agenda Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st E&amp;S Committee</td>
<td>• PT. BIA E&amp;S Committee was founded</td>
</tr>
<tr>
<td>(July 2016)</td>
<td>• PT. BIA E&amp;S Management Direction and tasks developed</td>
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<tr>
<td></td>
<td>• PT. BIA resolution on enhancement of environmental and social management</td>
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<tr>
<td></td>
<td>and other associated sub-tasks</td>
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<tr>
<td>2nd E&amp;S Committee</td>
<td>• PT. BIA environmental and social policy resolution</td>
</tr>
<tr>
<td>(Sep 2016)</td>
<td>• PT. BIA to share the result of E&amp;S Management Enhancement workshop</td>
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<tr>
<td></td>
<td>and follow-up on sub-tasks progress</td>
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<tr>
<td>3rd E&amp;S Committee</td>
<td>• PT. BIA follow-up on sub-tasks progress for enhancement of E&amp;S management</td>
</tr>
<tr>
<td>(Dec 2016)</td>
<td>• PT. BIA Environmental and Social Report to be developed</td>
</tr>
</tbody>
</table>
Environmental and Social Management

Sustainable management can mature further with employees’ consistent concern and effort. PT. BIA determined that sustainable management by preserving biodiversity and managing social activities needs to be enhanced beyond mediocre level, needless to mention complying with relevant regulations.

Therefore, we launched the “Environmental and Social Enhancement Project” with PwC Korea in June 2016. This project aims to 1) develop environmental and social policy (commitment and code of conduct), 2) establish environmental and social management protocol based on ISPO and RSPO Principle & Criteria, and 3) issue PT. BIA Environmental and Social Report.

Environmental and social experts from PwC Korea visited PT. BIA sites three times during the past seven months and conducted various activities including assessment on management status, employee interviews, and workshops. As a result, we have derived enhancement plans for environmental and social management. PT. BIA will continue to implement advice from sustainable management experts for further improvement.

POSCO DAEWOO, PT. BIA and PwC Korea together conducted the following activities:

- Assessment on PT. BIA E&S Management
- Stakeholder interviews and sustainable management case analysis in the industry
- Benchmarking of global environmental and social management standards to establish E&S policy
- Development of E&S policy (Commitment and Code of Conduct)
- Establishment of E&S Management guideline for each department (Plantation, HR, CPO Mill)
- Consistent updates on the guideline with PT. BIA staff workshops
- Sustainable management training sessions and workshops for PT. BIA staffs
- PT. BIA issues its first Environmental and Social Report

PwC Korea interviews with local employees at PT. BIA
Environmental and Social Certificate Management

ISPO (Indonesian Sustainable Palm Oil)

Since 2009, it is required by law for companies to obtain the ISPO certificate, as a part of the Indonesian government’s effort (Ministry of Agriculture) to encourage Indonesian palm businesses to develop a competitive edge on sustainable management, reduce greenhouse gas emissions and grow an awareness on environmental issues. PT. BIA, as a part of the Indonesian society, plans to manage and take actions against environmental risks posed by our business operations.

Companies must have their farms assessed on both development and harvest stages to be ISPO-certified. For assessment of farms on their harvest stage, application is limited to companies equipped with CPO production system.

From 2014 to 2015, PT. BIA received an assessment of development-stage farms from the Ministry of Agriculture in the state of Papua. As the first CPO mill is scheduled to open in January 2017, PT. BIA plans to apply for an assessment on harvest-stage farm. PT. BIA has two certified employees who have completed official ISPO training for internal audit.

RSPO (Roundtable on Sustainable Palm Oil)

Sustainable management of palm businesses is becoming increasingly important in the international community, urging palm business to acquire environment and social management certificates, namely RSPO (Malaysia-based non-profit organization). Although RSPO certification is not mandatory like ISPO, many palm businesses agree that it is much needed.

PT. BIA is also aware that it is critical to manage environmental and social activities consistently; we are now gradually making progress on RSPO certification requirements. PT. BIA conducted its High Conservation Value Area (HCVA) assessment, one of the RSPO assessment criteria, with a specialist company in Indonesia in 2015. As a result of HCVA assessment, environmentally and socially valuable areas within PT. BIA operating sites have been designated as preservation zones and they will be excluded from palm business development. Additionally, we plan to proceed with HCVA delineation work with specialists to clearly distinguish HCVA zones within operating sites.

PT. BIA plans to address RSPO assessment criteria other than HCVA, including Land Use Change (LUC) Analysis, Greenhouse Gas Assessment, Social and Environmental Impact Assessment (SEIA) and Soil Suitability Survey, ultimately targeting to be a RSPO member.
Sustainable Management Achievement
Enhanced Environmental Responsibility

Environmental responsibility is the top priority for PT. BIA’s business in palm oil as a corporate citizen. Socially responsible investors and stakeholders worldwide are advocating the importance of enhancing environmental responsibility in palm oil businesses. PT. BIA, as an environmentally responsible company, listens to the stakeholder's requests and promotes eco-friendly management as follows.
The people of PT. BIA are fully aware of the values attached to the preservation of Papua area in Indonesia. To protect HVCA, PT. BIA has excluded forest and animal preservation areas during the operating site acquisition, and prepares the Environmental Management Plan (RKL) and Environmental Monitoring Plan (RPL) Reports based on biannual environment impact assessments within the PT. BIA operating sites. With such efforts, we thoroughly analyze the environmental status surrounding our business and neighboring regions for maintenance.

No Burning

By principle, PT. BIA prohibits burnings during farm developments (ground-leveling stage) to avoid potential risks on local communities and the environment due to unwanted fire. PT. BIA has developed a management procedure to prevent burnings, which must be followed by not only ground-leveling workers but also by all employees.

Each estate has its own fire prevention team and "no burning" signs are installed at fully developed operating sites to enhance awareness among the staff members. In addition, on-site supervisors are on a constant watch for fire. Fire prevention guards deployed on PT. BIA watch towers are aware of the protocols that allow prompt reporting to managers or department in charge in case of smoke or fire.

PT. BIA has purchased fire trucks in case of fires triggered by unexpected external factors. During the dry season when natural fires are frequent, we set up our own fire patrol team for regular surveillance. Heads of estates at PT. BIA communicate the importance of staying alert to fire hazards at morning meetings. In addition, we continue to conduct fire fighting and safety education programs as a measure to facilitate behavioral changes among employees.

Fire Patrol Program Status

PT. BIA operates a fire patrol program to prevent or detect fire at an early stage. Each estate has a person in charge to patrol on a regular basis.
All operating sites at PT. BIA conducted fire prevention and firefighting training. Experts from the Industrial Safety and Health Committee of PT. BIA (P2K3-Panitia Pembina Keselamatan Dan Kesehatan Kerja) are responsible for these training programs, including counteract exercises according to the Standard Operating Procedure (SOP).

Moving forward, we plan to expand fire prevention training to quarterly basis to enhance the response system. Moreover, we will continue to operate the fire patrol team on a regular basis and log their activities to prevent fire to our best ability.
Environmental Management and Monitoring Plan

Since H2 2014, PT. BIA has been submitting Environmental Management Plan (RKL) report and Environmental Monitoring Plan (RPL) report to the state government of Merauke, Forest Service at Papua, Indonesia Environment and Forest Preservation Office, and the Indonesian government on a semiannual basis. Five reports have been submitted and approved so far.

These reports cover water quality, air quality, soil erosion, biodiversity management and contributions to local communities. PT. BIA has staff members specializing in site due diligence and data analysis for each criterion, and three of them have been certified by a government-approved institution upon completing education program on RKL/RPL reporting.

Quantitative data included in the reports are analyzed by a qualified institute (SUCOFINDO) to derive accurate and reliable results in each category. Data analysis is attached to our RKL/RPL reports and submitted to relevant government offices.

PT. BIA fully complies with environmental and social standards set by the Indonesian government. PT. BIA will continue to perform activities to mitigate environmental and social risks posed by our business operation.

Environmental Impact Assessment

RKL/RPL Report Contents

- Water quality data
- Air data
- Soil data
- Waste data
- Local contribution data
- Biodiversity data
Water Resources Management

Water Quality

Because PT. BIA acknowledges that high water quality prevents environmental pollution from our business, and is also the key to stabilize life of our employees and local residents, we are committed to protecting water quality. We collect samples from rivers (Bian and Cucumit) located within PT. BIA operating sites to conduct quality testing twice a year. Additionally, quality testing on underground water is also conducted semiannually. Water quality testing on 33 samples are analyzed by SUKOFINDO, a test center approved by the Indonesian government. The water quality is managed based on standards as set by Indonesian Environment Law. In 2017, we will add a sampling area to be used for water quality testing and we plan to expand areas collect more samples.

<table>
<thead>
<tr>
<th>River</th>
<th>Index</th>
<th>2015.06</th>
<th>2015.12</th>
<th>2016.04</th>
<th>Legal Standard</th>
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<td>Bian</td>
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<tr>
<td>Cucumit</td>
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<td></td>
<td>COD(mg/L)</td>
<td>6.57</td>
<td>27.4</td>
<td>6.5</td>
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</tbody>
</table>

Underground Water Quality Testing Result

Waste Water Quality Testing Result

CPO MILL Water Management

When CPO Mill launches operation in 2017, PT. BIA plans to establish a water resource management system that is environmentally reliable by monitoring and managing the volume of water intake and waste water quality emitted from CPO Mill. Water quality testing will be conducted on a quarterly basis by requesting inspection agencies to analyze samples collected on-site.
CPO Mill is expected to generate 350-400 ton of Palm Oil Mill Effluent (POME) per day. Based on the "Water Treatment Plan", PT. BIA installed equipment to measure the inflow water quantity in the factory, and the outflow water quantity measuring equipment will be installed in the near future. We established a wastewater disposal facility (Pond) to treat POME in an eco-friendly way, while planning to construct Land Application to recycle the wastewater from CPO Mill. Instead of discharging the wastewater from CPO Mill that is rich in organic substances, we plan to use it as a fertilizer at our farms through Land Application. Reusing wastewater into organic fertilizers will also help reduce the use of nitrogen fertilizer, which is known to contribute to global warming.

Air Pollution Maintenance

PT. BIA regularly checks how our operation influences the air quality. We collect samples from 25 different points twice a year to be analyzed by specialized agencies for monitoring purposes.

Currently, dust scattering from unpaved road during the dry season is the biggest air issue in Papua region. In order to prevent our employees from respiratory diseases, PT. BIA mandates them to wear masks while driving vehicles at all times.

<table>
<thead>
<tr>
<th></th>
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<td>20.3</td>
<td>-</td>
<td>387</td>
<td>-</td>
<td>80.1</td>
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<td>Main Nursery 3 Estate B</td>
<td>4</td>
<td>2</td>
<td>21.1</td>
<td>20.5</td>
<td>341</td>
<td>393</td>
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<td>1</td>
<td>20.7</td>
<td>20.6</td>
<td>371</td>
<td>365</td>
<td>44.6</td>
<td>64.8</td>
<td>21.7</td>
<td>23.5</td>
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<tr>
<td>Tread CPO</td>
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<td>1</td>
<td>21</td>
<td>20.2</td>
<td>367</td>
<td>327</td>
<td>40.7</td>
<td>68.1</td>
<td>22</td>
<td>25.8</td>
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<tr>
<td>Sawmill</td>
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<td>2</td>
<td>20.9</td>
<td>21.4</td>
<td>404</td>
<td>410</td>
<td>42.4</td>
<td>58</td>
<td>21.5</td>
<td>25.1</td>
</tr>
<tr>
<td>Basecamp Estate B</td>
<td>2</td>
<td>2</td>
<td>21</td>
<td>20.8</td>
<td>372</td>
<td>393</td>
<td>37.8</td>
<td>75.3</td>
<td>20.5</td>
<td>23</td>
</tr>
</tbody>
</table>

*RH: Relative Humidity

**DP: Dust Particle
Chemicals and Waste Management

PT. BIA minimizes pollutants and waste by enhancing resource utilization and recycling reusable waste. Waste oils are managed by the material team, and reused as lubricants for power saws owned by the development team to prevent abrasion. We are constructing a storage for waste oils and planning agendas to manage and enhance waste treatment during 2017.

Hazardous and Toxic Waste Management

Hazardous and toxic wastes can directly or indirectly pollute or damage the environment with their density or volume. PT. BIA established a procedure to manage hazardous and toxic wastes for systematic maintenance.

Pesticides Management

PT. BIA stores pesticides only at designated areas to minimize environmental impacts and protect safety of workers. We prohibit reuse of empty pesticide containers for any purpose. Employees in charge of handling pesticides are qualified by standards of Indonesian laws and international standards, and perform their tasks strictly according to the manual.

PT. BIA also provides pesticide handlers with safety training and equipment (gloves, mask, boots, etc). In addition, we developed the emergency plan for pesticide poisoning and distributed it to all operating sites to prevent and respond promptly to any accidents caused by pesticides. Moreover, we provide regular health checks to pesticide handlers. Workers in charge at each division maintains the log of purchasing and spraying pesticides for monthly report.
Soil Management

PT. BIA aims to manage soil of frequently flooded areas efficiently by building drains. Also, plans to prevent soil loss at on sloping lands, such as constructing wooden bumps, are under way. We planted leguminous crops at surrounding plantation areas and slopes as precautious measures to prevent soil loss. We will continue our effort to prevent soil loss by facilitating landscaping around buildings within our operating sites.

Soil preservation is also an important activity for PT. BIA. We are developing fertilization program based on regular soil analysis, from which the soils are managed. PT. BIA consults with a farming consultant four times a year, to receive advice on the type of fertilizer and the amount to use, and fertilization period and the amount. Our fertilization process is based on these consultations, along with follow-up monitoring.

PT. BIA uses organic fertilizers capable of replacing the artificial ones to promote eco-friendly and stable growth of palm trees, and plans to increase the amount of its use. We also plan to discuss with specialized consultants to develop plans for combining empty fruit bunch (EFB) and waste water from CPO mill to produce our own organic fertilizers.

Fertilization Program

[Level 1] External experts in soil management visit to take soil samples
[Level 2] Soil sample analysis
[Level 3] Develop fertilization program based on the analysis
[Level 4] Apply fertilization program for soil management

Response to Climate Changes

As stakeholders and international community show an increasing concern towards climate change, PT. BIA is responding accordingly. We are making consistent efforts to reduce greenhouse gas emissions by reviewing to introduce renewable energy. In future, we plan to analyze greenhouse gas emission level in the forest sector to build systematic greenhouse gas management.

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>Liter</td>
<td>3,457,982</td>
<td>4,373,276</td>
<td>3,490,616</td>
</tr>
<tr>
<td>Gasoline</td>
<td>Liter</td>
<td>65,530</td>
<td>65,425</td>
<td>69,441</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>GJ</strong></td>
<td><strong>127,051</strong></td>
<td><strong>160,107</strong></td>
<td><strong>128,357</strong></td>
</tr>
<tr>
<td>GHG Emission</td>
<td>tCO2e</td>
<td>9,436</td>
<td>11,894</td>
<td>9,532</td>
</tr>
</tbody>
</table>
Bio-Diversity Preservation

PT. BIA has consistently participated in preserving biodiversity. We are aware that Papua, Indonesia is a home to rare species of different kinds; our business should not lead to break of food chains and damages in habitats, and such negative consequences should be prevented in advance. Therefore, PT. BIA has performed environmental impact assessments, including AMDAL and HCVA, to identify endangered or rare species within PT. BIA’s operating sites with helps from external professional agencies.

PT. BIA formulated the list of endangered species in our operating sites with CV. Bahana Papua Mandiri, an AMDAL agency. Birds include Budut Hitam, Cendrawasi Dada Biru, Elang Bondol; mammals include Rusa, Tupai, Walabi; and reptiles include Buaya muara, Bunglon, Kadal, and Kadal kebun.

PT. BIA conducts environmental impact assessments on a quarterly basis and consistently monitors rare species inhabiting within our operating districts. More details are included in RKL/RPL.

In 2015, PT. BIA identified various kinds of species in the business district with AKSENTA, an Indonesia-based HCVA agency, and some are confirmed to be listed in IUCN Vulnerable(VU)\(^1\) and CITES Appendix I & II\(^2\). HCVA results showed that 75 species inhabit in our operating sites, and 59 of them are birds (IUCN VU : Southern Cassowary, Sclater’s Crowned Pigeon, Pesquet’s Parrot), 6 mammals (IUCN VU : Grey Dorcopsis, Dusky Pademelon, Javan Rusa), and 10 reptiles (CITES II: New Guinea Crocodile, Estuarine Crocodile, Salvadori’s monitor).

PT. BIA compiled the list and photos of rare and endangered species and distributed it to each division. PT. BIA prohibits capturing of these species during farm work.

<table>
<thead>
<tr>
<th>Bird</th>
<th>Mammal</th>
<th>Amphibian and Reptile</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Betet Paruh Besar</td>
<td>1 Codot</td>
<td>1 Biawak</td>
</tr>
<tr>
<td>2 Bulibis Kembang</td>
<td>2 Rusa</td>
<td>2 Buaya muara</td>
</tr>
<tr>
<td>3 Budut Hitam</td>
<td>3 Tupai</td>
<td>3 Bunglon</td>
</tr>
<tr>
<td>4 Cendrawasi Dada Biru</td>
<td>4 Tupai terbang</td>
<td>4 Kadal</td>
</tr>
<tr>
<td>5 Elang Bondol</td>
<td>5 Walabi/saham</td>
<td>5 Kadal kebun</td>
</tr>
<tr>
<td>6 Elang cawae</td>
<td>6 Kangguru pohon</td>
<td>6 Ular kaki empat</td>
</tr>
<tr>
<td>7 Elang alap coklat</td>
<td>7 Kus-kus</td>
<td>7 Ular taipan Papua</td>
</tr>
<tr>
<td>8 Gagak</td>
<td>8 Babi hutan</td>
<td>8 New Guinea death adders</td>
</tr>
<tr>
<td>9 Jagal Papua</td>
<td></td>
<td>9 Death adders</td>
</tr>
<tr>
<td>10 Kakatua koki</td>
<td></td>
<td>10 Ular hitam-Papua</td>
</tr>
<tr>
<td>11 Kassai gelambir ganda</td>
<td></td>
<td>11 Ular pohon</td>
</tr>
<tr>
<td>12 Nuri hujung</td>
<td></td>
<td>12 Ular semak</td>
</tr>
<tr>
<td>13 Kuntuk perak</td>
<td></td>
<td>13 Kura-kura leher ular</td>
</tr>
<tr>
<td>14 Mans brink</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Taton - taon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Kutilang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Kipasai</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Krik - krik</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: PT. BIA AMDAL, RKL/RPL

\(^1\): International Union for Conservation of Nature and Natural Resources (IUCN) Vulnerable(VU): The most endangered species in wildlife

\(^2\): CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA(CITES) Appendix I & II: Appendix for internationally endangered species I, II
Protection of the Rights of Employees

The most valuable asset of PT. BIA is our employees. PT. BIA offers fair employment opportunities to individuals who challenge themselves and provides full supports through talent development programs.

We strive to build a ground for co-existence with respect and cooperation among our people, including new employees.
Human Rights Protection Activity

Respecting Human Rights of Our Employees

PT. BIA has a policy that promotes respect of human rights of the employees and stakeholders.

On our Environmental and Social Commitment and Code of Conduct, PT. BIA has disclosed the principles of human rights protection and non-discrimination. Abiding by global human rights and ethical norms, PT. BIA strictly prohibits child labor or forced labor in all operating sites, and supports the Universal Declaration of Human Rights and subsequent international human right standards set by the United Nations.

Major Global Human Rights Standards

- The OECD Guidelines for Multinational Enterprises
- The Universal Declaration of Human Rights and United Nations covenants on human rights
- ISO 26000 (guidance on social responsibility)
- Roundtable on Sustainable Palm Oil Principles & Criteria

PT. BIA Human Rights Guidance

PT. BIA internally developed the human rights guidance in accordance with global human rights standards and Indonesian Labor Law, assuring protection of the employees’ human rights. We also deliver regular training programs to increase awareness of human rights among the employees.

- PT. BIA prohibits discrimination against race, rank, religion, nationality, disability, sex, homosexuality, union member, political preference, and age.
- PT. BIA pays the minimum wage in accordance with Indonesian Labor Law Art. 90 Para. 1.
- PT. BIA acknowledges the creation, membership and free negotiation of the labor union.
- PT. BIA does not employ any person under the age of 18, as defined by the Labor-Management Agreement.
- PT. BIA protects the right to give birth and supports child care.
- PT. BIA prohibits sexual harassment, abuse and violence.
- PT. BIA observes Indonesian Labor Law and the Labor-Management Agreement in case of any labor contract.
- PT. BIA observes relevant Indonesian Labor Law and the Labor-Management Agreement in creating adequate living and working conditions for all workers.
**Grievance Mechanism**

PT. BIA operates grievance channels for its employees and local residents to listen to their troubles and opinions. Once cases are registered to the grievance channel, they are processed through following procedure.

First, our labor department investigates the case based on applicable regulations or precedents. Second, we actively collect opinions from interviews with the applicant and relevant stakeholders. Third, we arrive at solutions through internal discussions and pass on results to the applicant. The applicant remains anonymous throughout the entire process.
Current Employment Status

PT. BIA operates its HR system according to the Indonesian Labor Law and international standards. We observe what international organizations require, such as prohibiting child labor, discrimination and forced labor. The total number of full-time employees PT. BIA is 825 (Male: 726 Female: 99) as of June 2016, excluding 1,500 subcontractors.

In addition, we manage each number of male/female staffs and minorities separately to respect diversity.

Full-time Employment by Region (June 2016)

<table>
<thead>
<tr>
<th>Tribe</th>
<th>BASE CAMP &amp; LOGGING</th>
<th>ESTATE A</th>
<th>ESTATE B</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAPUA</td>
<td>23</td>
<td>55</td>
<td>23</td>
<td>101</td>
</tr>
<tr>
<td>JAWA</td>
<td>157</td>
<td>83</td>
<td>77</td>
<td>317</td>
</tr>
<tr>
<td>SULAWESI</td>
<td>74</td>
<td>48</td>
<td>19</td>
<td>141</td>
</tr>
<tr>
<td>NTT</td>
<td>38</td>
<td>82</td>
<td>49</td>
<td>169</td>
</tr>
<tr>
<td>NTB</td>
<td>9</td>
<td>19</td>
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<td>35</td>
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<tr>
<td>MALUKU</td>
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<tr>
<td>SUMATRA</td>
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<td>1</td>
<td>2</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>316</strong></td>
<td><strong>184</strong></td>
<td><strong>825</strong></td>
</tr>
</tbody>
</table>

(※ as of June 2016; 1,500 subcontractors are not included)

Full-time Employment by Gender (June 2016)

<table>
<thead>
<tr>
<th></th>
<th>BASE CAMP &amp; LOGGING</th>
<th>ESTATE A</th>
<th>ESTATE B</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>282</td>
<td>276</td>
<td>168</td>
<td>726</td>
</tr>
<tr>
<td>Female</td>
<td>43</td>
<td>40</td>
<td>16</td>
<td>99</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>325</strong></td>
<td><strong>316</strong></td>
<td><strong>184</strong></td>
<td><strong>825</strong></td>
</tr>
</tbody>
</table>
Activities to Improve Labor-Management Culture

Stable Employment

In order to secure status of the employees, PT. BIA explicitly states in its agreement with the labor and rules of employment that an employee shall not be dismissed without reasonable cause. We give a 30-day notice prior to dismissal and provides compensation according to the Indonesian Labor Law. We will continue to improve regulations and relevant procedures to stabilize employment of our employees.

Co-Existence and Communication

PT. BIA operates labor union system based on relevant Indonesian regulations and collective agreements. PT. BIA guarantees lawful union activities to the extent permitted by the collective agreement, labor hours and Labor-Management Agreement. As of the year-end 2016, 100% of our employees have joined the labor union.

PT. BIA Labor-Management Council promotes efficient communication between the parties and shares up-to-date management issues. We host Labor-Management Council meetings annually to maintain the cooperative relationship and improve management.

In April 2015, we signed the first Labor-Management Agreement and shared it with the local employees.

Open Employment

PT. BIA offers fair employment opportunities to the local community by posting openings in employment programs provided by local governments, to secure talented individuals for sustainable growth. We take a step-by-step approach, from reviewing applications to personality test and interview.
Higher Satisfaction for Staffs

Education Facility

In recognition that growth of our employee’s children not only brings job satisfaction, but also contributes to local development, PT. BIA has built its own managing kindergarten and elementary schools. As of June 2016, 66 kindergarten and 190 elementary school students are enrolled. We plan to expand our education facilities and provide our full educational supports to an increasing number of employees.

Kindergarten (June 2016)

<table>
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<tr>
<th>Class</th>
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<th>Female</th>
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<tbody>
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Elementary School (June 2016)

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</tr>
<tr>
<td>Total</td>
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<td>190</td>
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Teachers (June 2016)

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<tr>
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<td>1</td>
</tr>
<tr>
<td>PRINCIPAL SD*</td>
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<td>1</td>
</tr>
<tr>
<td>TEACHER TK</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>TEACHER SD</td>
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<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>

* TK: Taman Kanak-kanak(Kindergarten), SD: Sekolah Dasar(Elementary School)
Living Supports for the Employees

PT. BIA offers various welfare benefits to our people to improve their job satisfaction and help them lead a stable lifestyle. PT. BIA ensures convenience of workers by providing dormitory housing to those who moved from other regions. In addition, facilities for physical activities are available where employees can play sports.

Dormitory

PT. BIA provides free dormitory, water, and electricity to support stable life of our employees. We will expand our efforts to improve their life after work as well.

School Facility

PT. BIA opened schools to help our staff’s children grow and support different education programs in a kindergarten and elementary school. As of now, we support 66 kindergarten and 167 elementary school students.

Sports Facility

PT. BIA operates two sports facilities for our workers. They can play badminton, ping pong, basketball in the gym, while the soccer field is available for free after work. In addition, the gym is utilized for other events and help our employees remain satisfied.
Supporting Different Religions and Religious Activities

PT. BIA supports freedom of religion as requested by international standards, including the Universal Declaration of Human Rights.

All PT. BIA employees shall have freedom to choose, change, express and renounce religions. PT. BIA built different religious facilities within our operating sites to support religious diversity.

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**Mosque**
In 2015, PT. BIA built a mosque, used by approximately 400 staff members.

---

**Protestant Church**
In 2015, PT. BIA built a church, regularly used by approximately 130 staff members.

---

**Catholic Church**
In 2016, PT. BIA built a catholic church, used by approximately 250 staff members.
Staff Safety and Health

Industrial Safety and Health Committee

PT. BIA organized Industrial Safety and Health Committee for safe business operations. The committee is the top decision making organization responsible for planning, executing, monitoring and improving safety and health programs. The committee is composed of the head of safety and health department, members in charge of safety and health for each estate, PT. BIA hospital doctor, and port manager. Industrial Safety and Health Committee is held semiannually.

[Industrial Safety and Health Committee Organization Chart]

Our Efforts to Create Safe Working Environment

PT. BIA consistently monitors on safety issues and makes full efforts to prevent accidents.

PT. BIA analyzed major accidents that occurred during the past 6 months in the operating sites, and determined that vehicle related accidents were frequent. Therefore, we have mandated the staffs to fasten their seatbelt while driving, and provided consistent vehicle safety educations. Especially, we installed vehicle warning signs at intersections in our operating sites to keep drivers alert.

PT. BIA requires the workers to wear gloves and safety shoes to prevent accidents that frequently occur during plantation works, while providing safety equipment training to subcontractor staffs.
Safety Education

Increasing awareness on safety among the employees is essential. PT. BIA provides safety training on a regular basis, and training and educational materials are offered in languages that they are able to understand. PT. BIA performs safety training for workers operating heavy equipment and machinery every quarter. The Development team also provides regular safety training to prevent fire accidents in the farms. We plan to enhance the awareness of safe operation among our employees with consistent safety training and monitoring programs.

Preparation for Emergency

PT. BIA has prepared an emergency manual to suggest countermeasures in case of an emergency. Emergency cases include fires at farms and office/dormitory, chemical explosion, and POME leakage. PT. BIA prepared the emergency training guide that enables the entire staff to take quick and efficient measures should such accidents occur.

In November 2016, PT. BIA conducted emergency evacuation and fire fighting training to take prompt actions against emergency situations such as fire at farms and office/dormitory. In addition, we established a safety inspection team composed of experts from fire prevention team and Health, Safety and Environment (HSE) team for each estate, and plan to conduct safety inspections semiannually.

Furthermore, PT. BIA organized a fire prevention team and purchased two fire trucks and other equipments as infrastructure that allows us to take quick countermeasure in case of fire.
Base Camp Evacuation and Firefighting Training

In November 2016, PT. BIA conducted its internal firefighting training at base camp. Our employees learned how to use fire extinguishers and steps to take in case of fire alarm. We developed capabilities to cope with real fire cases that may take place in future.

Estate A Firefighting Training

On 26 September 2016, Estate A at PT. BIA conducted a training on fire extinguishing equipment to learn to quickly respond to fire, with helps from the fire prevention team.

Estate B Firefighting Training

On 30 September 2016, the fire prevention team and employees at PT. BIA Estate B conducted a successful fire fighting training using fire trucks. This developed capabilities to respond to real emergency cases.
PT. BIA Hospital and Medical Staff

PT. BIA operates two hospitals internally to ensure our employees’ health and safety. Doctors and nurses are stationed 24/7, and the hospitals are equipped with blood analyzer, ultrasonic test equipment, and x-ray machines. Moreover, PT. BIA completed its infrastructure to make quick responses to emergency by having its own ambulances on site.

<table>
<thead>
<tr>
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<th>Female</th>
<th>Total</th>
</tr>
</thead>
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<td>Admin</td>
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<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Janitor</td>
<td>-</td>
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<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td>4</td>
<td>7</td>
<td>11</td>
</tr>
</tbody>
</table>

Hospital Facility
- Ultrasonic test equipment
- Blood analyzer
- Bed
- Emergency kit

Emergency Patient Transportation System

An emergency patient is immediately reported to Industrial Safety and Health Committee and the general affairs team. Once the patient receives emergency treatments at PT. BIA hospital, it will be determined whether to transport the patient to a bigger hospital. The patient is transported by a PT. BIA ambulance. Emergency equipment are available in the ambulance to make full protection of the patient during transportation. PT. BIA engages our best effort to help the patient’s stable recovery.
Protection of the Rights of Local Communities and Indigenous People

PT. BIA concluded FPIC to protect rights of indigenous residents prior to farm developments. We listen to their opinions with multiple public hearings since 2007. PT. BIA will continue to find ways to co-exist with the local communities.
Co-Existence with Local Communities

Free, prior and informed consent (FPIC) based Farm

PT. BIA understands that any business development process unexpected or disagreed by local communities and indigenous people in Papua should be strictly prohibited. Prior to the farm development, PT. BIA made sure to receive Free, Prior and Informed Consent (FPIC) to prevent unwanted impacts or damages to the local communities and indigenous people in Papua. PT. BIA also promises to follow the FPIC procedure for further farm developments.

PT. BIA respects historical traditions, customs and rights of the local communities and indigenous people. In this regard, PT. BIA concluded FPIC prior to any farm development in respect of their legal and traditional rights, and to prevent damages to their wealth and living. On August 4th 2011, PT. BIA was approved by the state office of Merauke that the company has no issue or violation in farm developments regarding local residents and society.

- **Major Public Hearings History**
  - 2007.01 PT. BIA acquired local permit for farm development
  - 2007.01 Public hearing with the local community for land compensation
  - 2007.07 Public hearing with the local community for land compensation (District B)
  - 2007.07 Public hearing with the local community for environmental and social impact assessment
  - 2007.07 1st public hearing with the local community for environmental and social impact assessment
  - 2009.03 2nd public hearing with the local community for environmental and social impact assessment
  - 2010.12 Public hearing with the local community for land compensation (District A)
  - 2011.03 Public hearing for land compensation in port areas
  - 2013.04 1st public hearing with the local community for A-B district road construction
  - 2013.07 2nd public hearing with the local community for A-B district road construction
  - 2014.04 Public hearing with the local community to agree on land compensations for alternative access road
  - 2014.08 Public hearing for local census
  - 2014.09 Public hearing with the local community for road compensation
  - 2015.12 Plasma union member head counts
  - 2016.03 Plasma program orientation
  - 2016.09 Public hearing on Plasma construction

Human Rights at Partners

Further expanding from educating our own staff, PT. BIA continues to educate the partners (subcontractors) to emphasize the importance of human rights.
Plasma

Plasma is a government-driven, community support activity to pursue co-existence with small-scale farmers neighboring the operating sites. Based on the Indonesian Farm Law and Ministerial Decree of the Ministry of Agriculture, this program provides at least 20% of the land area (effective) of the holding company (Inti) to small farmers to support their farm development.

PT. BIA has been discussing Plasma plans with local residents since 2014. In order to formulate transparent and fair Plasma plans, officials from the state of Merauke, local press media, and external Plasma consultants were accompanied during the meetings.

As a part of Plasma activity, PT. BIA offers training, operation funds and technical supports to cultivate palm trees. In addition, we plan to purchase palm fruits (FFB) from local unions at the price set by the Price Committee of local governments, providing stable sources of income for local farmers. In 2016, PT. BIA agreed on the 1st Plasma area (1,500ha) with the local union in a transparent manner, and plans to determine additional areas through further discussions with the local union.

Issue Resolution Mechanism based on Communication

PT. BIA developed standards and processes to resolve issues with the local community based on communication and participation from the stakeholders.

[PT. BIA Process to Resolve Conflicts in Local Community]
Issue Registration and Confirmation
Document issues raised by local residents.

1st Meeting
Understand issues in detail by holding individual meetings with the relevant tribe. Tune PT. BIA’s 1st opinion on the issue.

Site Check
On-site investigation and listen to local residents to clarify the site boundary between the tribes.

2nd Meeting
Conduct public hearing to listen and coordinate opinions from major stakeholder (local residents).

Agreement and Recording
Reach an agreement based on communication and participation, and record the process, if necessary.
PT. BIA seeks co-existence with the local community, which is the very foundation of our business operation. We engage a wide range of social contribution activities to develop and promote the value of local communities.

We will grow with the stakeholders in the local community by making social contributions closely attached to the community.
Principle of Social Contribution

Since its foundation, PT. BIA has advocated a mission to make our business contribute to creating shared values with local communities, and has organized various social contribution programs that truly engage the local communities. Under the principles of Sustainability, Responsibility, and Transparency, PT. BIA aims to participate in creating practical values for local communities.

- Three Principles of Social Contribution

**Sustainability**
- PT. BIA makes social contributions in consideration of sustainability of future resources

**Responsibility**
- PT. BIA takes responsibility of the actions to build greater trust with the stakeholders.

**Transparency**
- PT. BIA discloses social contributions with transparency to prevent potential conflicts with the stakeholders that may arise from information asymmetry.

Direction of Social Contribution

Employees and local residents are the two major stakeholder groups of PT. BIA. We seek to bring greater values to the communities by vitalizing the local economy, providing educational and medical supports and donations, mainly in Merauke where the foundation of our operation lies.

Social Contribution Team

PT. BIA has HUMAS & CSR team dedicated to the entire process of social contribution activities, including planning, execution and assessment, to optimize its performance. PT. BIA cooperates with each Estate to collect different ideas and implement contribution plans.
**CSR Excellence Award**

Approximately 2,800 employees have been locally hired in Indonesia. PT. BIA provides housing to local residents and workers within operating sites, and built schools, medical facilities and religious institutions (Protestant church, Catholic church and mosque). In addition, PT. BIA plans phase-by-phase social contribution activities during business development to prioritize co-existence with stakeholders.

On 11 October 2016, the state governor of Papua awarded a CSR Excellence Award to PT. BIA in acknowledgment of our consistent contributions to local development educational and medical supports to local residents.

PT. BIA prioritizes mutual growth with the local communities when operating the business. We support Plasma program driven by the Indonesian government to support local farmers. Since 2014, PT. BIA has discussed with officials from Merauke, press, consultants, and local unions to organize the same program in a fair and transparent manner. In addition, PT. BIA is aware of the importance of environmental and social management, and is working on a range of activities to enhance such aspect.

**Social Contribution Program**

PT. BIA develops and operates social contribution programs that can help local stakeholders create greater values. PT. BIA provides social contributions to bring higher social values to the communities in terms of economy, health, education and social activity support to improve the quality of life for local people.

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[Four Major Pillars of PT. BIA Social Contribution Program]
1. Health and Medical Treatment

Medical Support

PT. BIA established a hospital within the farm to provide better accessibility to the workers and local residents. PT. BIA also offers basic medical support and insurance to our employees. We strive to improve well-being of the local community by providing financial support to local residents without a health insurance if necessary.

[Number of Hospital Visitors (as of June 2016)]

![Number of Hospital Visitors](Image)

- HIV AIDS Prevention and Management

PT. BIA provided fundamental medical background overview of HIV/AIDS to the employees and local residents, and conducted HIV/AIDS test. PT. BIA is now equipped with foundation to provide better healthcare support for local residents and consistent follow-up cares.

[HIV/AIDS Prevention Session] [HIV/AIDS Test]

- Medical Support to Local Communities

PT. BIA provides medical support to local communities in partnership with the state government of Merauke. For patients unable to be treated within our capacity, we provide transportation to external hospitals along with a small sum of medical fee.

[Medical Supports to Kindiki Village (November 2016)]
POSYANDU

PT. BIA is a participant of POSYANDU program, which aims to provide medical support for disease prevention and maternal health, and offers financial resources. POSYANDU is a medical support program run by public health center of Ulilin District for pregnant people and infants.

- Pregnant, Women and Infants

There have been increasing supports to improve health conditions for infants nationally and abroad, and PT. BIA is also taking the lead. We provided medical support for child birth and care (44 cases in 2015 and 9 cases as of June 2016), and organized improvement in nutrition and healthcare for infants (84 case in 2015 and 168 cases as of June 2016).

- Infant Treatments
PT. BIA supports medical treatments for infants with local clinics.

- Infant Examination
PT. BIA examines health of local children to constantly monitor their conditions.

- Child Care Support
PT. BIA provides medicines and baby products to local communities to support their child care.

- Vaccination and other Medical Support
PT. BIA helped local residents get vaccinated to prevent diseases in advance, and monitors disease updates on a regular basis.

- Medical Satisfaction Survey
PT. BIA conducted a survey on hospital visitors to study the current status of hospital visits and establish improvement plans. As a result, 61% of the respondents were highly satisfied with medical services provided by PT. BIA. 69% of the respondents said that they had visited a local hospital before and 50% received assistance for their visit (such as transportation). In addition, 38% of the respondents participated in PT. BIA’s medical consultation program (such as HIV/AIDS, infant health, hygiene).
2. Education

Education Expense Support

PT. BIA offers scholarships to local residents attending elementary, middle, and high schools and university in order to enhance our educational support to students with excellent performance. HR specialists at PT. BIA assess the applications based on their attendance and performances and select beneficiaries accordingly. Moreover, we offer employment opportunities to the selected recipients, and provide an internship program in partnership with vocational schools in Papua. We expect these activities will expand educational capability of the local communities and become the foundation for PT. BIA to grow more competitive.

PT. BIA offered scholarships to 67 students in 2015-2016 and regularly monitors academic performances of the recipients.

[2016 Scholarship Applications. 67 as of September 2016]

1) SMU : High school 2) SMP : Middle school 3) SD : Elementary school

Educational Facilities and Training Specialists

PT. BIA operates schools within the farms to help provide necessary education to children and youth. We train experts such as teachers to make the education program effective.
Special Support Program

PT. BIA offers education and other special programs for local residents to help them increase sociality and reach their potentials. Employees at PT. BIA receive separate training on delivering social contribution to local communities more effectively.

Sports Events
In October 2016, a sports event was held for the local residents to participate.

Fire Prevention Workshop
In October, 2016, we held a workshop for local residents to spread fire prevention and how to react in real case.

Improving Local Capability
In November 2016, local residents were trained on storing food and preventing infections, such as drying fish.
3. Financial Support

Local residents had been experiencing difficulties in securing infrastructure for economic activities and sanitary facilities at the time when PT. BIA began the farm development. PT. BIA is continuously expanding infrastructure for local communities to vitalize their economic activities while providing financial supports for stable independence.

Food Support

PT. BIA continues to provide groceries such as rice, oil, and sugar to support the lives of local communities.

Food Support

We provide food and beverage to local communities based on their economic status.

Supplies

PT. BIA provides transportation to support economic and social activities of local people, in consideration of current status in Papua and Merauke. We provide vehicles (car, motorcycle, etc.), fuel, and other financial supports related to transportation (rental fee, etc.). Also, we provide local communities with construction materials and other supplies (power saw and tools).

Others

PT. BIA offers consultation for psychological relief and stipends for local residents who suffer accidents or otherwise experience difficulties.
4. Economic Independence

PT. BIA has established a variety of support activities to help social and economic living of local residents.

Education for Local Independence

- **Farming Education**: PT. BIA provides regular farming education to local residents. Ten local residents who benefited from our education now run their own farms based on the course’s contents. If the farming education program leads to improved capability of local farmers, it will also contribute to the local economy with enhanced productivity and effectiveness. Our farming experts run these courses.

- **Meat Processing Education**: PT. BIA invites special instructors to provide courses on meat processing for local residents. We host female instructors, promoting financial independence for females.

Communication for Local Independence

PT. BIA communicates with different stakeholder groups to support substantial economic growth in local communities. In addition, we monitor economic activities of local residents and offer professional advice.
Social Contribution Program Affiliated with POSCO DAEWOO

PT. BIA has planned and delivered medium and long-term volunteer programs every year in medical and educational fields with POSCO DAEWOO since 2015.

■ Medical Support

Through the headquarter office’s social contribution programs, PT. BIA has established a fundamental medical record system in tandem with Abicha Medika health center, including issuing personal medical record card, to improve local medical welfare. PT. BIA provides annual health examination and aims to combat diseases of local residents by consulting the local medical staff. In particular, we provide regular check-ups via the local healthcare centers to prevent hazardous diseases such as Malaria and HIV. Furthermore, we enhance awareness of the local residents on health and hygiene with relevant education, and provide health education materials and hygiene items.

■ Education Support

Through the headquarter office’s social contribution programs, PT. BIA has designed a number of education programs, including extra-curricular activities after school, in cooperation with SD Negara BIA-1 to improve local education environments. PT. BIA dispatches a volunteer group once a year to help music, art, and sports classes after school, and enables the local teachers to lead the classes based on the program training. Moreover, we offer opportunities to experience cultural diversity, such as showing movies on a projector, to students with little access to such activities.
Appendix
1. POSCO DAEWOO Rules of Conduct

Chapter 1 General Provisions

Article 1 (Purpose)
This Code of Conduct is intended to realize an exemplary and ideal vision of the enterprise by ensuring that all stakeholders of POSCO DAEWOO Corp. (“Company”) including its directors, employees, customers, shareholders, investors, competitors and society can prosper together through creative, rational and efficient operations, delivering fair transactions and higher customer satisfaction.

Article 2 (Scope)
① The Company and employees and officers of the Company must understand and comply with the ethics regulations.
② The regulations are applicable to all officers, employees and local contractors who work at the main office of the Company, domestic divisions, overseas branch companies, and investment corporations, and other third parties dealing with the Company must be actively encouraged to understand and comply with the details of the ethics regulations.

Chapter 2. Commitment to Customers

Article 3 (Operational Visibility)
① Respect the right-to-know of all of its customers including local and international suppliers and trading partners and shall make readily and accurately available through various media channels including the Internet any information that its customers need to know, or should otherwise know, except for information that the Company regards as confidential for business needs such as trade secrets.
② Let its customers know in good faith anything that they need to know for their benefits and safety.
③ Let its customers know the purpose and background of the Code of Conduct and join forces with them to ensure clear and visible trade practices and fair transactions.
④ Refuse to do business with companies that have committed unlawful acts, including, but not limited to, tax evasion, accounting fraud, and environmental pollution.

Article 4 (Highest Level of Service)
① With the belief that customers form the very bedrock of our business and the source of our profit and growth, the Company shall work to create value for its customers. This is in line with the belief that customer satisfaction lays the groundwork for prosperity.
② The Company shall provide its customers with the best products and services available and make sure that complaints will not be raised by its customers regarding any product or service received from the Company.

Article 5 (Protection of Customer Interest)
① Any promise made to customers will be fully honored.
② Unless otherwise stipulated in the relevant law or agreement, information regarding any of its customers under its custody or control will be kept as strictly confidential and only be used for business purposes with regard to
that customer, including, but not limited to, transactions with him/her.

③ Customers’ property received or acquired in the course of business, including their assets, copyrights and trade secrets, will be protected by measures as powerful as those applied to its own property.

Chapter 3. Commitment to Shareholders and Investors

Article 6 (Protection of the Interests of the Shareholder and Investor)

① The Company shall do its best to create profits through acting with integrity and implementing efficient business practices, by making reasonable investments and adding value.

② The Company shall put first stability, profitability, liquidity and fairness in the management of our assets, promote efficiency in asset management and maximize the rate of return by organizing the optimal portfolio.

Article 7 (Fair Treatment of Shareholders)

Unless otherwise required by the relevant laws or regulations, the Company shall ensure that all of its shareholders will be given fair voting rights and provided with information on the Company on an equal basis.

Article 8 (Timely Provision of Reliable and Useful Information)

① The Company shall offer shareholders and investors any trustworthy and pertinent information that might be necessary regarding overall business processes at the appropriate time. This is in order to realize profits with integrity.

② The Company shall work to make its value adequately evaluated in the market through active public and investor relations activities.

Article 9 (Transparent Accounting)

① The Company shall maintain honest and accurate records of its financial situation in accordance with the fair and legal accounting standards.

② The Company shall operate its property in accordance with the relevant laws and regulations. The Company shall not operate it in a way that it circumvents restrictions set out in the relevant laws and regulations.

③ The Company shall ensure that company funds are properly spent for designated purposes and no other and that the funds are not unduly stashed away.

Article 10 (No Unfair Practices Using Internal Information)

The Company shall not engage in unfair business practices including but not limited to insider trading. This is in order to ensure fairness and soundness for the stock market and avoid loss of trust from shareholders and investors.

Chapter 4. Commitment to Competitors

Article 11 (Righteous collection and use of information)

The Company shall ensure that information on competitors is collected in accordance with relevant laws and business practices and used for ethical purposes.

Article 12 (Fair competition)

① The Company shall not use or infringe competitors’ tangible and intangible assets without prior authorization to do so.

② The Company shall secure competitive advantage in a fair manner and without slandering its competitors or taking advantage of their weaknesses.
Article 13 (Fair Trade)
① The Company shall comply with the principles of free market economy.
② The Company shall not engage in anti-competitive practices such as collusion with competitors with respect to production, price, bidding or market segmentation.
③ The Company shall not demand any form of compensation or make inappropriate request to customers or business partners by using its dominant position.

Article 14 (Compliance with laws and practices)
The Company shall compete in accordance with local laws and regulations as well as local business practices.

Chapter 5. Commitment to Employees
Article 15 (HR development)
① The Company shall take every measure necessary to develop its members into people who demonstrate self-control and creativity.
② Senior members shall be committed to helping nurture juniors into those who display tenacity and a will to challenge themselves and provide support based on their aptitude and talent.

Article 16 (Treatment based on performance and competence)
① The Company shall provide its members with the opportunity to improve their competence and not discriminate any of them based on his/her educational background, gender, age or place of origin.
② The Company shall publicly define the criteria for the evaluation of member competence and performance and adhere to the criteria set in order to give its members motivation to develop themselves and foster fair competition.
③ The Company shall reward its members strictly based on their competence and performance and not discriminate any of them for any other reason.

Article 17 (Rights to express)
The Company shall have procedures in place for its members to freely make suggestions or recommendations and file complaints without prejudice.

Article 18 (Responsibility for health and safety)
① The Company shall take measures necessary for its members to work in healthy and safe conditions.
② The Company shall ensure that its members work safely by removing any dangerous or harmful things from the workplace.

Chapter 6. Ethics of Company Members
Article 19 (Fair dealings)
① All members of the Company shall perform their own jobs fairly and in accordance with the Company’s bylaws and rules and use their own common sense to deal with matters not covered by the bylaws or rules.
② No member of the Company shall engage in any act that violates laws or social norms, including bribery of interested parties, whether such an act serves the benefit of the Company or not.
③ No member shall accept any economic benefit from any interested party, including money/gift, entertainment or convenience, that may impair partiality in connection with the performance of his or her
If unavoidable, the member shall report to the Office of Ethics any economic benefit received in accordance with these Guidelines.

4. In order to ensure the fairness in performing his or her job, no member of the Company shall:
   1. Pedal influence to help any entity owned by him/her or anyone related to him/her to be selected as the Company's supplier or trading partner.
   2. Make an investment or acquire assets together with any affiliate or make borrowings from or loans to him or her.
   3. Seek personal gains using his/her job.
   4. Fabricate documents or numbers; or
   5. Engage in any act that may interfere with the fair conduct of his/her job.

Article 20 (High standard of morality)

1. Members of the Company shall keep a high standard of morality and continuously strive to maintain their personal dignity and uphold the company's good standing.

2. No member shall engage in any act that may cause his/her colleagues not to trust each other or ruin the work environment by, for example, spreading groundless rumors.

3. Members of the Company shall neither give nor accept any gift in connection with their promotion or transfer, including congratulatory wreaths or telegrams.

Article 21 (Self Development)

1. Members of the Company shall formulate their respective ideal image of an exemplary employee and constantly strive to conform to the image through continuous self development.

2. Members of the Company shall have good business ethics and a high standard of morality and shall have full understanding of the laws, culture and practices of the country in which they do business.

Article 22 (Protection of company assets)

1. No member of the Company shall use, or cause any third party to use, any of the Company’s assets for his/her own or a third party’s benefits.

2. Members of the Company shall report to the Company anything that has happened or is likely to happen that may cause significant damage to the Company’s assets and help the Company to take appropriate measures in response.

3. Members of the Company shall handle the Company’s confidential information in accordance with the Company’s security rules and not disclose any of it without prior consent from the Company.

Article 23 (Avoidance of conflict of interest)

1. No member of the Company shall engage in any act or relationship that may cause a conflict of interest between the Company and him/her.

2. No member of the Company shall have stake in any company directly or indirectly competing with the Company or become involved in the operation of such a company.
Article 24 (Respect for fellow workers)

① Members of the Company shall honor business etiquette at workplaces and not talk impolitely or slander others.

② Members of the Company shall not give money or gifts to fellow members, except for gifts for birthdays or other family affairs that are acceptable by social standards.

③ Members of the Company shall not make loans to or borrow money from each other.

④ No member of the Company shall engage in any act that may be regarded as sexual harassment.

Chapter 7. Commitment to Society

Article 25 (Protection and Respect for Human Rights)

① The Company ensures that the right to life, to freedom and all other human rights are fully protected within the Company, and that it will maintain work environment that respects political, economical, social and cultural diversity.

② The Company ensures that equal opportunities are given to all members irrespective of their educational background, gender, religion, origin, age, disability, marital status or anything; and

③ The Company will support and respect internationally recognized standards such as Universal Declaration of Human Rights, and establish clear policy and system for protection of human rights and endeavor not to violate human rights in its management activities.

④ The Company may, at its discretion, conduct due diligence on management activities that might violate human rights or cause complaints.

⑤ The Company will endeavor to find reasonable resolutions if, upon conclusion of the human rights due diligence, we believe our management activities have violated human rights or caused complaints.

⑥ The Company will communicate with the relevant interested parties regarding human rights related activities and results thereof.

⑦ The Company will strictly comply with the safety regulations, and will take appropriate actions upon discovery of risk factors.

Article 26 (Sustainable businesses)

① The Company shall not engage in any act that may harm the national economy or cause disharmony among the public, including, but not limited to, real estate speculation.

② The Company shall, whether inside or outside Korea, honor local values and put the safety of local people first when doing business.

③ The Company will comply with the local labor laws and international standards with respect to the age and labor conditions of minor.
Article 27 (Contribution to Country and Society)

1. The Company shall pursue continuous innovation and keep challenging itself to contribute to the growth of national exports and trade surplus. It shall strive to create new value for the country and society through the development of resources overseas.

2. The Company shall fulfill its social responsibilities including job creation and good faith tax returns and payments; and, it shall actively participate in activities to help society including through aiding with disaster relief, volunteering and social education.

3. The Company will respect the laws and regulations of the local country, as well as the traditions and culture of local society and endeavor for mutual development with the country and society.

4. The Company will encourage business partners to participate in activities for the development of the country and the society.

Article 28 (Environmental protection)

1. The Company will evaluate the impacts and risks of business activities on the environment, and manage the results of environmental management.

2. The Company will jointly carry out environmental protection activities with various interested parties.

3. The Company will convince business partners to believe that protection of environment is responsibility of a company, and support business partners to comply with laws and regulations related to the environmental protection.

4. The Company will endeavor to comply with the environment laws and regulations and to improve impacts on the environment in the overall process of developing, producing and using products.

5. The Company will minimize the discharge of pollutants by introducing eco-friendly manufacturing process and applying the optimal technology for prevention of environmental pollution.

6. The Company will endeavor to reduce consumption of fossil fuels or materials, and to minimize discharge of greenhouse gas by improving energy efficiency.

7. The Company will endeavor to restore the natural eco-system and preserve biological diversity through effective use of natural resources and by-products.

Article 29 (No involvement in politics)

1. The Company shall not get involved in politics and ensure that no political activity takes place within its workplaces. The Company shall, however, respect its members’ rights to vote.

2. The Company shall, whether directly or indirectly, give or offer to give any illegal donation to, or bear any expenses for, any candidate for a public post or any political party.

3. Members of the Company may express their political stance or make contributions to candidates or parties of their own choosing only as
individuals. No member shall engage in any act that can be deemed as a stance or contribution on behalf of the Company.

Chapter 8. Compliance & Violation of the matters stipulated in the Code of Conduct

Article 30 (Office of Ethics)

① Company shall maintain an Office of Ethics to ensure that its members comply with all matters stipulated in the Code of Conduct and, more generally, to fully implement business ethics.

② The Office of Ethics shall adopt guidelines to help the Company’s members fully comply with the matters stipulated in the Code of Conduct and properly put them into practice.

③ The Company’s audit department shall serve as the Office of Ethics.

Article 31 (Disciplinary action)

① All members of the Company shall fully comply with the matters stipulated in the Code of Conduct. Any member who violates any matter specified in the Code of Conduct shall be subject to disciplinary action in accordance with the Company’s regulations.

② Any member who is forced to violate the matters stipulated in the Code of Conduct or learns about any violation thereof shall report it to the Office of Ethics. Any question regarding the application of, compliance with, or interpretation of, the matters stipulated in the Code of Conduct shall be directed to the Office of Ethics immediately. Upon receipt of any compliant, report, notification or protest, the Office of Ethics shall take all measures necessary to protect the member who has filed such compliant, report, notification or protest.

Article 32 (Guidelines for compliance with FCPA)

The Company shall i) set up guidelines for compliance with the Foreign Corrupt Practices Act in order to comply with relevant laws and regulations including anti-corruption laws and ii) define detailed criteria for setting up such guidelines.
### 2. GRI G4 Index

#### General Standard Disclosures

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