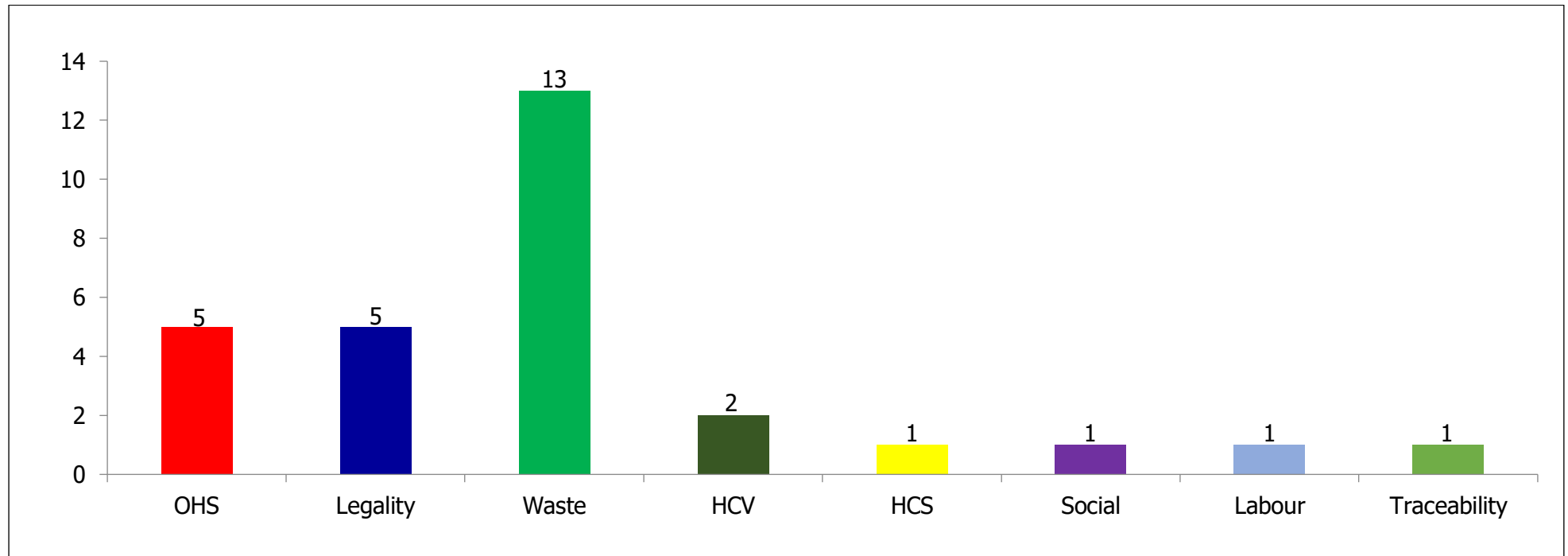


## Summary of 2018 Mill Prioritisation Process (MPP) and Assessment

In order to determine how best to support our suppliers to become more responsible and sustainable, we carry out an annual Mill Prioritisation Process (MPP). This allows us to identify High, Medium and Low Risk mills and to design appropriate intervention strategies for our suppliers.

In 2018, we conducted a MPP utilising updated spatial information on our suppliers' potential sourcing areas and publicly reported information (PRI). This spatial information included FORMA, Key Biodiversity Area, Legal Protected Area, Peat Hydrological Unit, Peat Moratorium, Moratorium Zone, Forest / Non-Forest Zone and Hotspots. We also incorporated the PRI which we found linked to 30 supplier mills.

**No. of PRI from 30 Supplier Companies (1 Jan - 31 Dec 2018)**



### Risk classification of mills supplying GAR facilities

Facility	Total Mills	Volumes Procured from Total Mills (Ton)	High Risk Mills		Volumes Procured from High Risk Mills		Medium Risk Mills		Volumes Procured from Medium Risk Mills		Low Risk Mills		Volumes Procured from Low Risk Mills	
			(unit)	(%)	(Ton)	(%)	(unit)	(%)	(Ton)	(%)	(unit)	(%)	(Ton)	(%)
Belawan	147	1021149	54	37	449348	44	33	22	212748	21	60	41	359053	35
Tarjun	85	1384359	21	25	251191	18	21	25	349059	25	43	51	784109	57
Marunda	84	1134903	22	26	230068	20	18	21	188054	17	44	52	716781	63
Surabaya	33	426121	5	15	78697	18	7	21	43165	10	21	64	304260	71
Tarahan	135	1911443	26	19	138667	7	36	27	284557	15	73	54	1488219	78
Lubuk Gaung	192	1298709	58	30	438896	34	59	31	347050	27	75	39	512763	39
Dumai	87	816833	35	40	195609	24	28	32	179329	22	24	28	441895	54
All Facilities	474	7993517	158	33	1782476	22	129	27	1603961	20	187	39	4607080	58

The information from the MPP is used to design our supplier support efforts which aim to help high risk suppliers achieve compliance with the [GAR Social and Environmental Policy \(GSEP\)](#). This support includes site visits to supplier mills to help them undertake time bound action plans; training/capacity building support through Broad Engagement such as SMART SEED (Social and Environmental Excellence Development); Deep Engagement activities which include SMART SPOT (Sustainable Palm Oil Training), company/issue specific trainings; SMART STAR (Supplier Training for Action Request); and other thematic and targeted activities. We also collaborate with relevant parties on our supply chain transformation efforts.

Using the results of our monitoring, we carried out support activities in 2018 for 67.09% High Risk mills, 63.28% Medium Risk mills and 68.09% Low Risk mills as can be seen in the tables below. We also developed time bound action plans for mills to improve their practices. Examples of actions required from suppliers included Traceability to the Plantation (TTP) declaration and revision of the company's sustainability policy. The tables below also show the improvement of mills on time bound action plans: 42.45% for High Risk mills, 54.32% for Medium Risk mills and 38.28% for Low Risk mills.

Facility	Total High Risk Mills (number of mills categorised as High Risk)	High Risk Mills engaged via Deep Engagement: Site Visits, CFT, SMART STAR, SMART SPOT		High Risk Mills engaged via Broad Engagement: SMART SEED		Time Bound Action Plan		Total High Risk Mills Engaged	
		Number	%	Number	%	Number	%	Number	%
Belawan	54	31	57.41	42	77.78	10	21.74	46	85.19
Tarjun	21	6	28.57	15	71.43	5	33.33	15	71.43
Marunda	22	5	22.73	11	50	11	91.67	12	54.55
Surabaya	5	1	20	3	60	2	66.67	3	60
Tarahan	26	4	15.38	11	42.31	8	66.67	12	46.15
Lubuk Gaung	58	12	20.69	26	44.83	21	58.33	36	62.07
Dumai	35	9	25.71	21	60	15	53.57	28	80
<b>All Facilities</b>	<b>158</b>	<b>66</b>	<b>41.77</b>	<b>91</b>	<b>57.59</b>	<b>45</b>	<b>42.45</b>	<b>106</b>	<b>67.09</b>

Facility	Total Medium Risk Mills (number of mills categorised as Medium Risk)	Medium Risk Mills (%) engaged via Deep Engagement: Site Visits, CFT, SMART STAR, SMART SPOT		Medium Risk Mills (%) engaged via Broad Engagement: SMART SEED		Time Bound Action Plan		Total Medium Risk Mills Engaged	
		Number	%	Number	%	Number	%	Number	%
Belawan	32	8	25	19	59.38	14	66.67	21	65.63
Tarjun	21	5	23.80	13	61.90	8	61.54	13	61.90
Marunda	18	2	11.11	11	61.11	11	91.67	12	66.67
Surabaya	7	3	42.86	7	100	2	28.57	7	100
Tarahan	36	7	19.44	25	69.44	14	51.85	27	75
Lubuk Gaung	58	12	20.69	29	50	18	47.37	38	65.52
Dumai	28	7	25	16	57.14	9	40.91	22	78.57
<b>All Facilities</b>	<b>128</b>	<b>26</b>	<b>20.31</b>	<b>70</b>	<b>54.69</b>	<b>44</b>	<b>54.32</b>	<b>81</b>	<b>63.28</b>

Facility	Total Low Risk Mills (number of mills categorised as Low Risk)	Low Risk Mills (%) engaged via Deep Engagement: Site Visits, CFT, SMART STAR, SMART SPOT		Low Risk Mills (%) engaged via Broad Engagement: SMART SEED		Time Bound Action Plan		Total Low Risk Mills Engaged	
		Number	%	Number	%	Number	%	Number	%
Belawan	61	15	24.59	32	52.46	10	28.57	35	57.38
Tarjun	43	27	62.79	40	93.02	14	35	40	93.02
Marunda	44	21	47.73	35	79.55	20	55.56	36	81.82
Surabaya	21	15	71.43	20	95.24	6	30	20	95.24
Tarahan	73	37	50.68	56	76.71	24	42.86	56	76.71
Lubuk Gaung	76	31	40.79	42	55.26	10	22.22	45	59.21
Dumai	24	12	50	17	70.83	5	26.32	19	79.17
<b>All Facilities</b>	<b>188</b>	<b>65</b>	<b>34.57</b>	<b>123</b>	<b>65.43</b>	<b>49</b>	<b>38.28</b>	<b>128</b>	<b>68.09</b>