Walking Together Through the Sustainable Journey

PwC Indonesia Plantation Capability Statement
2021
The industry

In 2020, as the 14th largest country in the world with 1.9 million km² of land area, Indonesia remains a substantial global player in the plantation sector. This sector mainly involves the production of palm oil, rubber, cocoa, rice, and other plantations crops, including spices and coffee.

The palm oil industry is one of the key drivers of Indonesia’s economy. As the world’s largest exporter of Crude Palm Oil (“CPO”), the industry contributed 11% to Indonesia’s total export in 2020. With nearly 14.9 million hectares of palm oil plantation across the country and with estimated production of over 44.5 million MT of crude palm oil produced annually, Indonesia has maintained its dominance as the largest producer of palm oil in the world.

The impact of the Covid-19 pandemic on the demand for edible oils, including palm oil, has been manageable. The demand of palm oil products continued to be strong throughout the pandemic for the household consumption and demand increased for the renewable energy i.e., biodiesel. The continuation of the biodiesel mandate in Indonesia, which was followed by other countries, together with strong demand from India and China, will provide sustainable demand for crude palm oil and its derivative products. On the other hand, unfavourable weather conditions and several disruptions in the operation have limited the supply of these products. These factors have contributed to the favourable crude palm oil market price up to now.

Furthermore, with strong demand for palm oil and its derivative products and Government of Indonesia pledge to improve infrastructure development, the palm oil industry will continue to be an attractive industry.
Who we are

Our commitment to the plantation sector

The plantation sector is one of our priorities, as evidenced by our commitment to add value to plantation industry players through our services and capabilities across the spectrum of auditing, accounting, taxation and other professional services. In line with our global strategy, the New Equation, our focus is on combining human ingenuity with technological innovation to build trust and deliver a sustained outcome.

We work with a variety of plantation clients, both in public and private sectors

With 50 years of presence in Indonesia we have played an integral part in the country’s growth and progress. We have done this by working with our clients to help them succeed through both buoyant and challenging economic times. Today we continue to work with large multinationals, public sector entities and Indonesian companies including those in the plantation sector, providing tailored solutions to their complex business issues.
Our plantation credentials speak for themselves

The PwC Plantation network assists, advises, and audits many leading international and local businesses including the following:

- Astra Agro Lestari Tbk
- Dharma Satya Nusantara Tbk
- Evans Indonesia
- Felda Group
- First Borneo Plantations
- Ganda Sawit Utama
- Genting Plantation Group
- IJM Plantations
- IMC Plantations
- Karya Teknik Agri
- Minamas Gemilang
- Musim Mas
- Perkebunan Nusantara III (Persero)
- Samsung Plantations
- Sawit Sumbermas Sarana Tbk

“The team has been very engaging with management throughout the audit. This has given comfort and confidence to both parties in dealing with and resolution of issues. Very professional.”

“PwC well adapts on all information given by us. It shows their staff has strong knowledge background in our business”

“PwC has been working more like an advisor and gave good advice towards our company. PwC also work with a professional set of skills”

“The team worked together to understand the issues and provide practical solutions.”

Source: PwC Indonesia’s Client Satisfaction Survey
The trusted advisor to the plantation sector

The profound changes in the world mean that our clients can only succeed by creating a virtuous circle between earning trust and delivering sustained outcomes. By bringing our unique combination of capabilities together, we can help them do that—unlocking value for their shareholders, stakeholders, and the wider society.

Today’s challenges are complex and require something more than expected. By bringing together unexpected combinations of skills, experience, and technology, we can help shape tomorrow.
Below is an overview of the categories of services that we provide, and which may be of interest to you, whatever the size of your organisation:

**Transactions work**

We offer our clients strategic advice and assistance in all major areas, which are corporate finance services, transactions services, corporate valuation advisory and business recovery services. Our transaction services are presented in more detail below:

**Corporate finance services**
- Mergers and acquisitions (M&A)
- Divestments
- Initial public offerings (IPOs) and capital raisings
- Leveraged buy-outs
- Private equity transactions
- Strategic options analysis

**Corporate valuation advisory**
- Shares or business valuation
- Transaction negotiation in valuation
- Financial reporting valuation
- Fairness opinion
- Shareholder value management

**Transactions Services**
- M&A negotiation support in relation to due diligence findings
- Financial and tax due diligence
- Sales and purchase agreement advisory in relation to due diligence findings
- Tax structuring for acquisition purposes
- Reviews of financial projection’s assumptions in comparison to historical balance

**Business recovery services**
- Corporate restructuring
- Debt restructuring and refinancing
- Distressed M&A
- Business turnaround

**Consulting work**

In the current dynamics of the Indonesian and global economies it is of utmost importance that an entity embraces innovation and creativity in designing its change strategies and planning, and that it executes these strategies promptly, in order to ensure a successful business. Our clients engage our internal audit, performance improvement, forensic, and strategic tax and investment advisors who help them execute effective and lasting change. We focus on building capacity of our clients' people to make any change effective and sustainable. Our consulting services are presented in more detail below:

**Performance improvement services**
- Financial effectiveness
- Operation and productivity improvement
- Supply chain improvement

**Risk & Regulatory Transformation**
- Enterprise Risk Management
- Integrated Governance
People and organisation
• Workforce management improvement
• Culture transformation and change management
• Agile organisation

Forensic services
• Fraud investigations
• Forensic accounting
• Forensic data mining
• Electronic data and document recovery
• Corporate fraud risk assessments
• Foreign Corrupt Practices Act (FCPA) Compliance
• Asset tracing
• Dispute & litigation
• Fraud risk management
• Fraud detection system
• Investigative due diligence/Corporate business intelligence
• Digital forensics

Digital transformation
• Digital strategy
• ERP implementation and transformation
• Connected planning, reporting and data analytics
• Data management and governance

Financial Risk Management
• ESG Rating
• Risk Modelling

Cybersecurity and Data Privacy
• Cybersecurity Strategy and Transformation
• Cybersecurity Architecture and Engineering
• Industrial Control System Security
• Managed Security Services
• Digital Forensics
• Identity and Access Management
• Data Privacy and Protection
• Cloud Security
• Incident response

Strategic tax and investment services
• Tax advisory services
• Tax structuring
• Transfer pricing – planning and risk assessment
• Custom advisory
• Tax audits, objections and appeals
• Customs audits
• Monthly and annual tax compliance
• Tax diagnostic reviews & due diligence
• Transfer pricing documentation
• Tax Reporting & Strategy (“TRS”) 
• International Assignment Services (“IAS”)
• Legal (“MDC”)
• Inbound investment and advisory
• Licensing
• Manpower
• Regulatory compliance review
• Global Mobility
• Bookkeeping and Cash Management
• Payroll Services
Compliance work

In an ever-changing regulatory environment we will keep you abreast of the development of Indonesian laws and regulations which impact your entity, and we will provide advice and support to assist you in identifying and managing your existing and future regulatory risks. We strongly encourage you to incorporate in your overall risk assessment strategy a proactive rather than a monitoring approach to regulatory development. Our compliance services are presented in more detail below:

Compliance Advisory
- Regulatory compliance advisory
- Environmental compliance advisory
- ISP Certification dispute

Plantation Business and Investment
- Reinvestment and business planning in accordance with ESG (carbon emission planning)
- Plantation licenses and ISPO

Strategy
- ESG Strategy & Transformation

Climate
- Mitigation & adaptation strategy
- Carbon tax advisory
- Impact measurement and management
- Climate change vulnerability assessment
- Scenario analysis
- Net zero business transformation
- Carbon reduction/abatement
- Carbon market/offset

Operations
- Sustainable operations & procurement
- Impact measurement & management
- Sustainable supply chain strategy optimisation, and management
- ESG tax risk mitigation
- ESG due diligence ("KYC")
- Training & capacity building
Disclosure
• Disclosure/reporting strategy
• Sustainability reporting (data approach, controls, quality)
• Internal audit strategy & capacity building
• Sustainability assurance
• ESG risk assurance

Finance
• ESG M&A due diligence
• ESG Value Creation in Deals
• ESG readiness assessment
• Responsible investing (framework & upskilling)
• Sustainable finance (e.g. thematic bonds, blended finance, sustainability-linked loans)

Financial reporting assurance services
PwC Assurance group provides assurance on the Financial performance and operations of your business. We can also help your business improve its external financial reporting and adapt to regulatory requirements, such as Sarbanes-Oxley (“SOX”) and International Financial Reporting Standards (“IFRS”).
• Financial statements audits
• Regulatory compliance and reporting
• SOX compliance
• Risk and Control Solutions (“RCS”)
• IFRS and US Generally Accepted Accounting Principles (“GAAP”) reporting
• Assistance with capital market transactions
• Accounting advisory services

Other assurance services
• Security and data privacy compliance and effectiveness reviews
• Sustainability reporting
• Controls advisory: standardisation, automation, integration and optimisation
• Controls design and effectiveness assessment
• Internal audit services (establishment, transformation, outsourcing/cosourcing, culture audit, agile auditing, combined assurance)
• Third party assurance using recognised Standards e.g. ISAE3402/SSAE16
• Integrated reporting
• Commercial assurance: contract risk and compliance assessments, contract reviews for value loss and benefits maximisation, capital project assurance and revenue assurance
• Business continuity
• Risk and controls advice on issues of working capital and cash management.
More insights

We realise the full capabilities and value of our solutions by directly integrating industry-specific experience and knowledge. This is an area that distinguishes us from other firms: we have a global presence and leading market position in relation to serving our clients in the plantation sector, especially here in Indonesia.

The PwC Plantation Network is considered by many to be the leading practice in the plantation sector worldwide, with engagements across a broad array of areas. PwC invests in developing points of view on the significant and emerging issues affecting plantation companies. Our publications include the following:

1. PwC Indonesia Plantation Newsflash - November 2021
3. Are you ready for the ESG revolution? - June 2021
4. Omnibus flash 2021
5. Indonesian Pocket Tax Book 2021
6. PSAK Pocket Guide 2020 - December 2020
8. IFRS and Indonesian GAAP (IFAS) Similarities and Differences - November 2020

All of these publications are available on the web at www.pwc.com/id
Corporate responsibility

Through our Corporate Responsibility (“CR”) agenda, we aim to be a catalyst for change, by using the capabilities we have and building partnerships that result in activities that will create change and result in a major impact on the world, as well as doing the right thing. We must fulfil our role in realising a responsible business, which is the focus of our business. Our firm’s broad social responsibilities focus on four areas: responsible business, inclusion and diversity, community engagement, and environmental friendliness.

Our CSR Initiatives and evidence of our commitment to CR in our social and community work:

• The Learning Farm (“TLF”) provides a four-months residential life-skills training programme. We have supported TLF for five years, funding their programs, and in 2010 our partner, Laksmi Djuwita, was invited to join the TLF Board of Trustees, helping to share insights and giving advice to the organisational strategy. Regularly in each batch of TLF programme, PwC shares knowledge and experience on financial literacy, customer service skills and interview experience, including CV preparation.

• PwC provides audit service on pro bono basis to Kick Andy Foundation. Through this partnership, Kick Andy Foundation and PwC Indonesia want to spread the virus to share to others through everyday things to do. To support distance learning as well as other educational activities, we were able to donate 300 used laptops in collaboration with several non-profit organisations. The donations cover more than 25 beneficiaries in various areas in Indonesia, including educational organisations, schools, teachers, and students.

• Bina Mandiri Indonesia Foundation is a non-profit organisation that serves the poor community through early childhood education. They operate eight kindergartens in Jakarta and cooperating with 75 other kindergartens which cater to children from poor communities in several areas in Indonesia. PwC has been serving as Socialising Volunteer in educating children and parents for several causes such as good nutrition, how to use gadgets wisely, and others.

• In collaboration with Kitabisa.com we support the ‘Hardolnas’ (‘Hari Donasi Online Nasional’) program where our fundraising campaign has attracted a large number of donors and successfully raised an outstanding amount from 7,023 donations. This donation has been distributed in a form of basic food packages (‘sembako’) to the ‘pemulung’, part of the community who are not covered by the formal social assistance program around the Greater Jakarta area.

• PwC Indonesia invited Sabang Merauke where they were able to experience PwC’s spirit by exploring tolerance and variety of our backgrounds, diversity of career, and opportunities at PwC.
Contact us for more information

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