



gar
agribusiness and food

SEEDS OF GROWTH

Nurturing the future
of sustainability

SUSTAINABILITY REPORT 2018

Golden Agri-Resources Ltd

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The cover photo shows workers planting germinated high-yielding and improved seeds which will eventually be replanted across our plantations.



ABOUT THIS REPORT

[102-50] [102-54] [102-55]

This is the 8th edition of the GAR Sustainability Report. It provides a summary of our progress and challenges in managing our most critical sustainability issues in FY2018. Unless otherwise stated, this report does not include the Company's activities outside of Indonesia.

We have prepared this report in accordance with Global Reporting Initiative Standards – Core option. The GRI content index can be found online on the [GAR website](#).

Assurance

[102-56]

We have not engaged a third party to provide assurance on our sustainability report. However, the information related to our material topics like High Carbon Stock (HCS), High Conservation Value (HCV) and Free, Prior and Informed Consent (FPIC) is reviewed by certification bodies such as the Roundtable on Sustainable Palm Oil (RSPO). This provides verification and credibility to the information and data submitted in this report. Furthermore, the calculations of our greenhouse gas (GHG) emissions for our subsidiary in Indonesia, PT SMART Tbk, have been independently verified by EY.

CHAIRMAN'S STATEMENT

[102-14]

Sustainability at Golden Agri-Resources (GAR) has always been about balancing conservation and development. The issues faced by the palm oil industry are complex and involve engaging multiple stakeholders. With no immediate quick fixes, cultivating and embedding responsible practices requires dedication, long-term commitment and patience. To guide our approach, we enhanced our sustainability commitments in the [GAR Social and Environmental Policy \(GSEP\)](#) in 2015. We believe that as we maintain the course laid out in our sustainability roadmap, the GSEP, we will transform ourselves and our industry. This year, we continued to make progress but still have more work ahead as we continue to face challenges in some areas.

Record palm output in 2018

Our plantations delivered 3.05 million tonnes of palm product output, a record high in GAR's history. Fruits harvested from GAR's plantation area increased by ten percent, resulting in an average yield of 22.5 tonnes per hectare, one of the highest in the industry.

Our operational performance was however overshadowed by the impact of low crude palm oil (CPO) prices as the industry experienced a declining trend throughout the year. We believe CPO prices will gradually improve supported by

its strong fundamentals and its importance for businesses and consumers worldwide.

Indonesia has fully implemented its B20 biodiesel policy and the significant new demand created is supporting the recent rebound. Biodiesel was the star performer in FY2018 for both our export and Indonesia domestic markets.

GAR is moving forward in 2019 with greater optimism, leveraging our world-class palm oil upstream capability and our expanding downstream presence in producing and merchandising a broad range of value-added products globally.

Industry transformation on track

We continued to make headway on the transformation of our supply chain. More third-party suppliers joined us in carrying out Traceability to the Plantation (TTP) exercises. As of end 2018, over 50 third-party suppliers had reported full TTP. Together with GAR-owned mills, this means that over 60 percent of our palm supply chain is fully traceable.

Traceability means we can guarantee the provenance of our raw materials. Crucially, it is also key to our wider efforts to help our suppliers change for the better. Through deeper engagement, we are supporting and training our suppliers to improve and adopt better

As of end 2018, over

50

third-party suppliers had reported full TTP.

Together with GAR-owned mills, over

60%

of our palm supply chain is fully traceable.

practices. This helps us reduce supply chain risks while making our industry more responsible and resilient. A key part of our engagement is actively assessing our suppliers for compliance with our policies and we continued these efforts in 2018, completing supplier site visits in all our downstream locations.

We also recognise the importance of supporting independent small farmers.



**Franky Oesman
Widjaja**
Chairman and Chief
Executive Officer

We actively participate in the Indonesian government programme of Perkebunan Sawit Rakyat (PSR). The programme aims to encourage independent smallholders to replant with better quality, high-yielding seeds by giving access to financing and helping them sustain their livelihoods until the trees mature.

We continue to maintain an area the size of Singapore as our conservation area. We are bolstering our forest conservation efforts through community outreach and consultation on Participatory Mapping and Participatory Conservation Planning. These innovative approaches have now matured into long-term processes with local communities as we incrementally implement our goals and commitments to responsible palm oil.

We are also strategically aligned with the UN Sustainable Development Goals (SDGs) which aim to achieve a better, more sustainable future for the world. We are supporting the achievement of targets set out in UN SDGs 2, 12 and 15 through our initiatives in yield improvement; supply chain transformation; landscape forest conservation which includes Participatory Conservation Planning; long-term fire prevention; and biodiversity protection.

Strengthening other areas

In any long-term transformation process there will be occasional setbacks. This

is normal and allows us to reassess and adjust our approaches to solving complex matters. One area where we will be doing this is our implementation of long-term fire prevention with local communities in our Desa Makmur Peduli Api (DMPA) programme. Early success encouraged us to expand the programme to more villages in 2018. However, we also note that fire incidents increased in some DMPA villages last year and we will be looking into the causes and ways to address this.

Strengthening Operational Health and Safety (OHS) awareness and practices throughout our operations is another priority, as we note with regret an increase in fatal incidents taking place in our operations. We intend to create renewed energy behind the message that every worker deserves to return home safely at the end of each day.

Ultimately, we remain committed to this long-term effort because we believe that it helps our business thrive and create value for shareholders, our employees and the community. Our Environmental, Social and Governance (ESG) performance continues to be recognised and we debuted on the [FTSE4Good Asean 5 and Developed indices](#) last year. The [NUS Centre for Governance, Institutions and Organizations](#) has also ranked GAR amongst the top 10 listed companies in Singapore in terms of transparency and sustainability reporting.

Positive developments for the industry

Looking ahead, with the successful implementation of the B20 biodiesel programme in Indonesia, we see growing enthusiasm from the Indonesian Government to achieve a higher target of B30. This would be an important catalyst to the Indonesia palm oil industry in the near-term, creating additional demand on top of the consumption for food and other sectors. Likewise, we note the increasing biodiesel demand from large countries such as China, considering the higher crude oil prices compared to biodiesel prices. We are cautiously optimistic that this positive atmosphere will promote tighter supply and demand for palm oil that eventually will have a positive impact on CPO prices. Furthermore, palm oil will continue to play a key role in addressing mounting global food demand amidst the limited availability of arable land. GAR is eager to contribute to the sustainable and responsible feeding and fueling of future generations through palm oil.



Franky Oesman Widjaja

Chairman and Chief Executive Officer
28 June 2019



KEY TARGETS AND PROGRESS

[103-2] [103-3] [406-1]

Our Most Material Sustainability Issues



CONSERVATION OF HIGH CARBON STOCK (HCS) AND PEATLANDS; CONSERVATION OF BIODIVERSITY AND HIGH CONSERVATION VALUE (HCV) AREAS; PREVENTING FIRE AND HAZE

Contributing to UN SDGs



2018 Progress

- Participatory Conservation Planning (PCP) rolled out to 22 villages as of end 2018
- Physical rehabilitation of 2,600 hectare Peat Ecosystem at PT AMNL, West Kalimantan: replanted/revegetated 356 hectares and maintained area's water levels
- Renewed partnership with Orangutan Foundation International (OFI) to rehabilitate wild ex-captive orangutans
- 0.03% of GAR area affected by fire
- Desa Makmur Peduli Api (DMPA) programme expanded to 15 more villages
- Some DMPA villages showed an increase in fire incidents in 2018

Targets

- Continue rollout of PCP with communities. See schedule on [GAR website](#)
- Continue with physical rehabilitation
- Continue implementing Integrated Ecological Farming projects for communities
- Release another 60 orangutans by 2021
- Continue to strengthen fire mitigation procedures focusing on preparedness; early warning systems; and quick response team.

Status

ON TRACK

ON TRACK

ON TRACK

NEEDS WORK

ON TRACK



RIGHTS OF COMMUNITIES AND INDIGENOUS PEOPLES

- GAR has rolled out Participatory Mapping (PM) which aims to respect and safeguard community FPIC rights in 85 villages
- No incidents of FPIC violations or violations of rights of indigenous peoples in 2018

- Continue with PM programme. See schedule on [GAR website](#)

SDG Targets

- By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
- By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world
- Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species
- Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

Our Most Material Sustainability Issues



LABOUR RELATIONS AND HUMAN RIGHTS; OCCUPATIONAL HEALTH AND SAFETY AND EMPLOYEE WELLBEING; TALENT RETENTION, DEVELOPMENT AND TRAINING

2018 Progress

- No significant incidents of discrimination or abuse reported in 2018
- Lower employee turnover rate
- 195 labour unions representing over 68,600 employees

Targets

- Continue to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace

Status

ON TRACK

- Number of fatalities increased
- Conducted thorough investigations of each accident to uncover underlying causes, using expert investigators to help develop additional safety measures
- Added safety measures and training for employees

- Reinstall awareness of OHS and safe practices

NEEDS WORK



TRACEABILITY AND SUPPLY CHAIN TRANSFORMATION; SUPPLIER INCLUSIVENESS AND SMALLHOLDER LIVELIHOODS

Contributing to UN SDGs



- 62% of palm supply chain fully traceable – 54 (out of 403) third-party mills reported 100% TTP
- Systematic site visits to all GAR downstream locations completed
- Since 2015, we stopped procuring from 7% of suppliers due to non-compliance with the GSEP and GAR policies
- Annual SMART Seed and SMART Sustainable Palm Oil Training (SPOT) workshops for suppliers on issues like labour and human rights
- Supporting conservation of 65,000 hectares of forests by third-party suppliers
- Support for 100% of plasma smallholders
- Innovative Financing and other support schemes for 4,200 independent smallholders to date

- 100% TTP for third-party mills by 2020
- Continue with capacity building events to assist and support suppliers to improve practices
- Extend engagement and sustainability support efforts beyond the mill to suppliers at plantation level including agents and smallholder farmers
- Facilitate collaborations on a landscape level between GAR, independent suppliers, farmers, government, and civil society to improve responsible practices
- Continue to promote Innovative Financing and smallholder support schemes

ON TRACK

SDG Targets

- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries

KEY TARGETS AND PROGRESS

Our Most Material Sustainability Issues

2018 Progress

Targets

Status



CORPORATE GOVERNANCE, ETHICS AND INTEGRITY

- Bribery case involving three executives of GAR subsidiary PT BAP

- Reinforce Code of Conduct amongst all employees through e-learning and signed acknowledgements
- Continue to comply with the principles and guidelines required by regulators and in line with GAR's policies and commitment to UNGC principles

NEEDS WORK



YIELD IMPROVEMENT

Contributing to UN SDGs



- New clones, Eka 1 and Eka 2 capable of producing more than 10 tonnes/ha/year of CPO being cloned for roll out in plantations over the next few years

- Continue R&D into other aspects of yield improvement including climate change resilience/adaptation

ON TRACK

SDG Targets

- By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
- By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

Our Most Material Sustainability Issues



PRODUCT QUALITY AND SAFETY

2018 Progress

- Continued reformulation of consumer products to eliminate all trans fatty acids
- Continued with mitigation processes to eliminate co-contaminants (for e.g, 3-MCPD)

Targets

- Aim to be trans-fat-free in all margarine, shortening and specialty products in 2019
- Continue to research best methods to eliminate co-contaminants

Status

ON TRACK



COMMUNITY RELATIONS AND EMPOWERMENT

- 100% of estates have social and community programmes (see p 41)

- Continue to empower communities and multiply the positive impacts of our business through a range of education, healthcare, social and economic empowerment programmes

ON TRACK



WOMEN, DIVERSITY AND INCLUSION

- No significant incidents of discrimination or harassment
- Little progress in increasing female representation in Senior Management and Board

- Continue to ensure equal opportunities regardless of race, colour of skin, religion, gender, national origin or any other class

NEEDS WORK

KEY TARGETS AND PROGRESS

Our Most Material Sustainability Issues



OPERATIONAL FOOTPRINT: GREENHOUSE GAS (GHG) EMISSIONS; WATER; USE OF FERTILISERS, PESTICIDES AND CHEMICALS; WASTE

Contributing to UN SDGs



2018 Progress

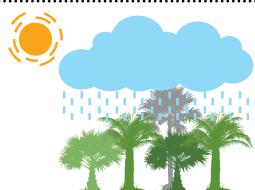
- Reduced 40-55% of methane emissions through methane capture at mills (see p 33)
- Finalised calculations of GHG emissions and started work on GHG reduction strategy
- Water consumption is not decreasing
- Continued with Integrated Pest Management to minimise use of herbicides and pesticides (see p 33)
- 100 percent of liquid and solid waste from CPO production process reused and recycled

Targets

- Set short, medium and long term reduction targets by end 2019
- Explore expansion of methane capture activities from now till 2020
- Carry out water footprint assessment to better manage water consumption
- Exploring use of advanced technology such as AI to maximise efficient use of water and fertiliser
- Intensify efforts to develop practices that reduce pesticide use
- Continue to use Integrated Pest Management to minimise herbicide and pesticide use
- Maintain 100 percent reuse of solid and liquid waste generated from CPO production process.
- Explore further reduction/recycling of waste in downstream ops
- Continue R&D on adaptive planting materials and agronomic practices

Status

NEEDS WORK
NEEDS WORK
ON TRACK
ON TRACK
ON TRACK



CLIMATE CHANGE ADAPTATION

SDG Targets

- By 2030, achieve the sustainable management and efficient use of natural resources
- By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



ABOUT GAR

[102-1] [102-2] [102-3] [102-4] [102-5]

Listed on the Singapore Exchange since 1999, GAR and its subsidiaries form one of the leading integrated palm oil plantation companies in the world. GAR's primary activities are located in Indonesia and range from cultivating and harvesting oil palm trees, through processing fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK), to refining CPO into industrial and consumer products.

GAR's shares are 49.65 percent publicly owned and 50.35 percent owned by Flambo International Ltd, an investment company owned by the Widjaja family.

A simplified corporate structure including principal operating subsidiaries can be found on our [website](#).

ABOUT GAR

[102-7]

VALUE CHAIN OF OUR BUSINESS IN INDONESIA



manages more than **500,000** hectares of palm oil estate — **4% of Indonesia's planted estates**

403 third-party supplier mills across Indonesia



8 downstream locations in Indonesia: bulking stations, crushing plants and refineries

MORE THAN **30** CONSUMER BRANDS

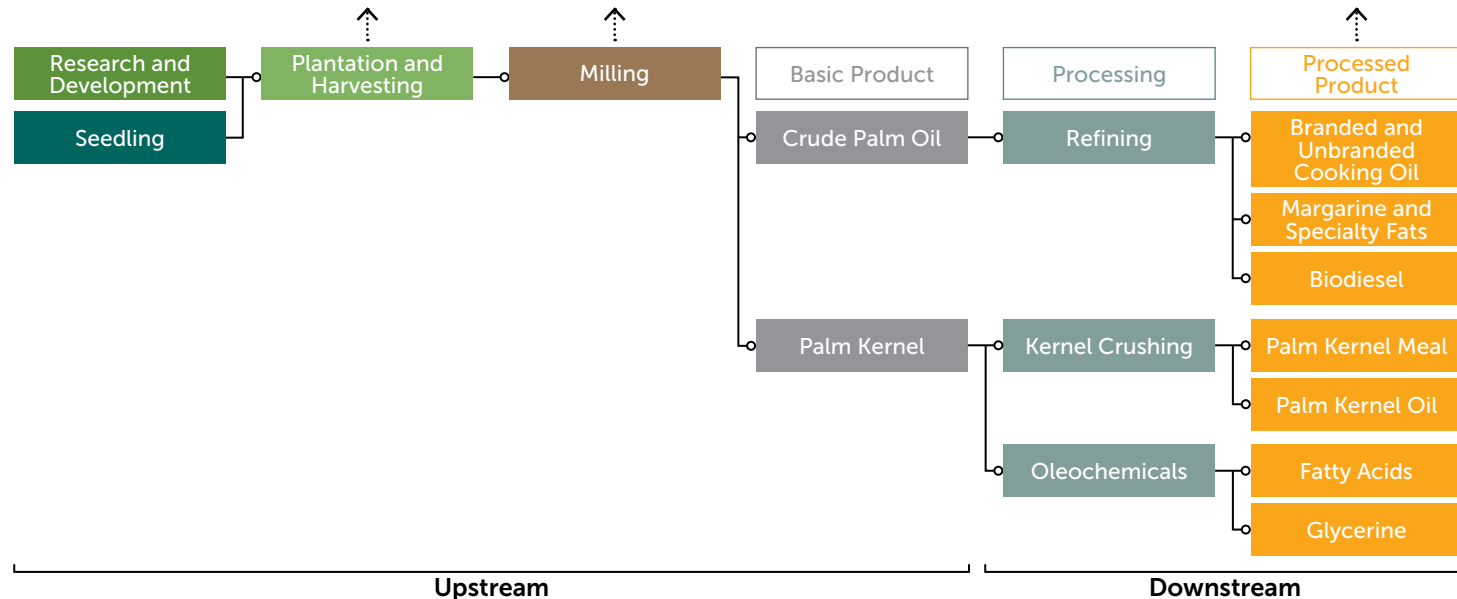


21% of our managed estates are owned by our plasma smallholders

Operates **46** palm oil mills



Products sold in more than **70** countries world-wide



OUR FINANCIAL PERFORMANCE

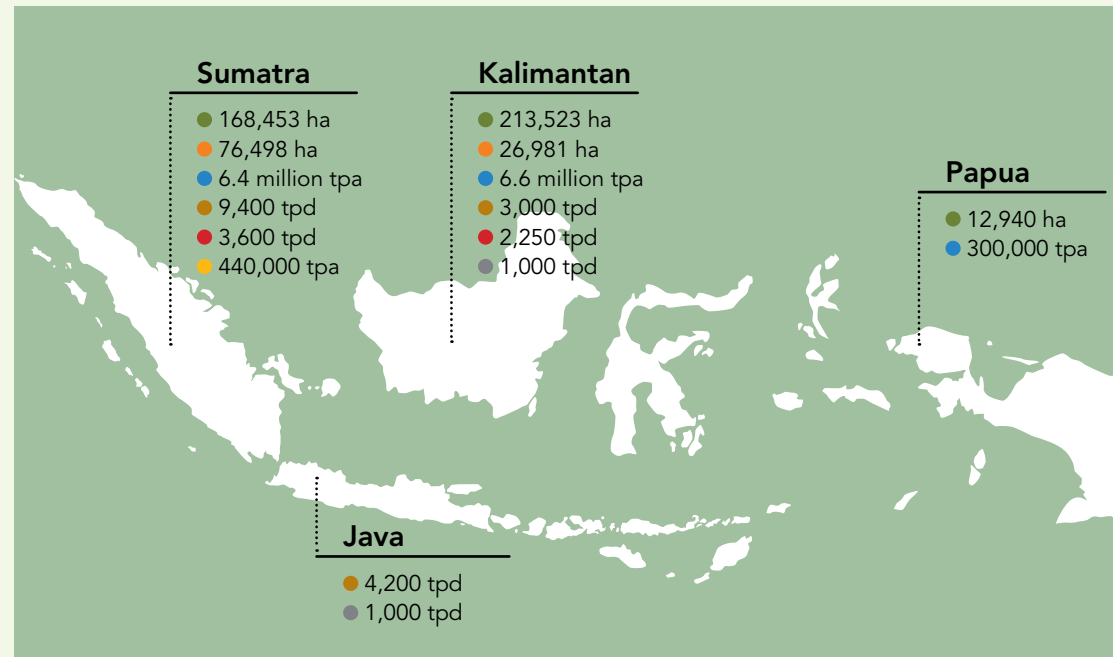
Revenue
 **USD 7.2 billion**

EBITDA^{1, 3}
USD 573 million


Underlying profit^{2, 3}
 **USD 181 million**

1 Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net loss from changes in fair value of biological assets, foreign exchange loss and exceptional items
 2 Net profit attributable to owners of the Company excluding net effect of net loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange loss and deferred tax expense)
 3 Include fair value gain on financial instruments following the adoption of IFRS9. See GAR Annual Report 2018 p 4 & 23

OUR OPERATIONAL CAPACITIES IN INDONESIA



- Nucleus planted area (in hectares)
- Plasma planted area (in hectares)
- CPO mills capacity (in tonnes per annum)
- Refinery (in tonnes per day)
- Kernel crushing plant (in tonnes per day)
- Oleo-chemicals plant (in tonnes per annum) - including operations under JV
- Biodiesel plant (in tonnes per day)

OUR JOB CREATION IN INDONESIA


171,700
 jobs in Indonesia

62,128
 permanent employees

40,175
 fixed-term employees

69,400
 plasma smallholders

ABOUT GAR

PALM OIL'S IMPACT ON INDONESIAN ECONOMY



palm oil farmer earns at least



PALM OIL – A COMMODITY THAT POSES BOTH CHALLENGES AND OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT

Palm oil is one of the most misunderstood commodities today. On the one hand, it has the highest yield of any oil crop and makes more efficient use of land in its production than any other vegetable oils. It is also highly versatile and can be processed to form a wide range of products with different melting points, consistencies and characteristics.

In Indonesia, palm oil production has helped to lift millions of rural farmers out of absolute poverty. It is estimated that a palm oil farmer can earn up to seven times more than a subsistence farmer. Palm oil estates also provide critical infrastructure and facilities for rural populations and gives them access to healthcare and education.

On the other hand, the growth in palm oil production due to increasing demand has led to unsustainable practices in parts of the industry, that if unchecked, pose serious environmental and social challenges.

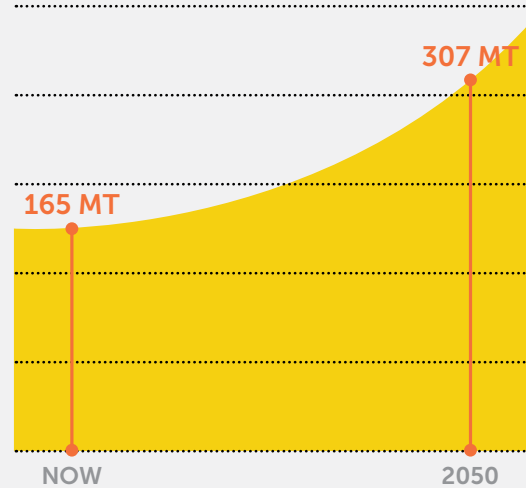
As a leader in the responsible and sustainable production of palm oil, GAR recognises these challenges and opportunities and is committed to working collaboratively with all stakeholders along our value chain to create a sustainable palm oil industry.

We believe that if done right, palm oil can take the lead, amongst agribusinesses of all types, to delink production from deforestation and contribute to a more sustainable future which is focused on conserving the environment, ending poverty, providing decent work and economic growth, reducing inequalities, and championing responsible production and consumption.

¹ Source: Bloomberg

PALM OIL CAN CONTINUE TO FEED AND FUEL THE WORLD SUSTAINABLY

Global demand for vegetable oils



Source: IUCN and Oilworld

LAND REQUIRED TO PRODUCE 1 TONNE OF MAJOR TYPES OF OIL:



= **0.28** ha



= **1.20** ha

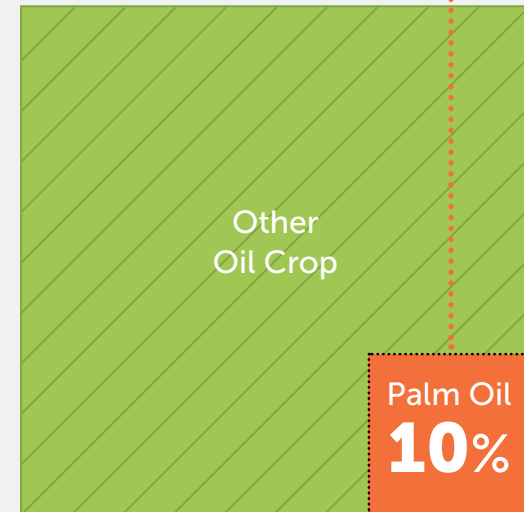
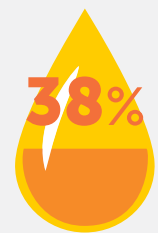


= **1.29** ha



= **1.96** ha

Oil palm produces **38%** of all vegetable oil on less than **10%** of the land allocated to oil crops



ABOUT GAR

Our achievements in 2018

- GAR debuted on FTSE4 Good ASEAN 5 and Developed Indices in mid 2018, recognising our efforts in continuously improving ESG performance
- GAR named as one of the companies with highest disclosure rate in business integrity across ASEAN, a study by ASEAN CSR Network and NUS-CGIO
- Runner up of Most Transparent Company Award in Agribusiness category at the SIAS 19th Investors' Choice Awards
- Winner of ASEAN Business Awards 2018 in the Priority Integration Sector – Agribusiness
- Winner of Singapore APEX Corporate Sustainability Award 2018
- GAR ranked sixth by NUS-CGIO for best practices in sustainability reporting amongst Singapore-listed companies
- GAR subsidiary, PT SMART Tbk received Indonesia Most Admired Companies in 2018 Award in Agribusiness category from Warta Ekonomi magazine, while its President Director, Mr Jo Daud Dharsono was awarded Green CEO 2018 in the Plantation category for the second year in a row
- PT SMART Tbk awarded Indonesia's Best Employer Award 2018 from Employer Branding Institute



RESPONSIBLE PALM OIL AT GAR

[102-11] [102-12] [103-2]

As an agribusiness operating in Indonesia, GAR understands that the long-term success of our business relies on adopting sustainable business practices.

We recognise the value of conserving the natural environment, which houses rich biodiversity and provides vital ecosystem services that are crucial to our wellbeing. We also recognise that the palm oil industry supports millions of livelihoods in Indonesia. Progress therefore requires a balanced and thoughtful approach.

At the heart of our approach to sustainability is the GAR Social and Environmental Policy or the GSEP. The GSEP embodies our belief that economic growth, social progress and environmental protection can go hand-in-hand.

The GSEP establishes firm commitments that support these beliefs and we have set stretching targets to drive progress against these commitments. Over time we will continuously update our approach to keep up with emerging concerns and trends both globally and locally.



RESPONSIBLE PALM OIL AT GAR

GAR and the UN Sustainable Development Goals (SDGs)

In September 2015, the 193 member states of the United Nations came together to adopt a new agenda for sustainable development. The SDGs represent an interrelated and holistic framework of the most pressing challenges facing humanity and which require urgent action to ensure a sustainable future.

GAR has a role to play in supporting all 17 SDGs. As a palm oil business operating in Indonesia, we have chosen to focus our efforts on the goals where we can make the most strategic and meaningful contributions.

Following an assessment of the goals and their underlying targets, we have identified four SDGs, which we believe align best with our strengths and our areas of impact as a company. They also represent the greatest opportunity to partner with others to drive progress towards sustainable development.



EXAMPLES OF HOW GAR IS CONTRIBUTING:



The world population is estimated to reach 10 billion by 2050. With limited land and resources, as well as the impacts of climate change, ensuring sustainable food production systems is crucial. GAR is committed to the sustainable production of palm oil as a key food ingredient, to meet growing demand while addressing these challenges. We have invested in developing higher-yielding seeds and planting materials which reduce pressure on the need for agricultural land expansion. We are also investing in R&D to produce seeds that are more resilient to the increasing threat of droughts and diseases from climate change. Our focus on productivity and improving agronomic practices also extends to our plasma and independent smallholders, supporting them to generate decent incomes, while adopting practices that protect the environment. (Relates to SDG Targets: 2.3; 2.4)

For more information please see p 36 & p 55-56



Achieving responsible consumption and production is essential to ensure that the natural resources we depend on are not depleted and used efficiently, while minimising the impact to human health and the environment. For GAR, this means minimising waste through recycling and reuse, as well as phasing out harmful chemical substances in our operations. Since 2015, we have recycled 100 percent of waste from the production of CPO in our upstream operations. We have stopped using the herbicide paraquat, while continuing to use a combination of natural solutions and biological controls for pests. These commitments which are in our GSEP also apply to our supply chain. (Relates to SDG Targets 12.2;12.4;12.5)

For more information please see p 34-36




























Tropical forests provide important ecosystem services, host a large amount of biodiversity and support the livelihood of indigenous peoples. As a palm oil company, we have an important role to play in ensuring the protection of forest areas. GAR has identified and set aside 72,000 hectares of HCS and HCV areas for conservation. In addition, we have taken a landscape approach to conservation, working with local communities around and beyond our concession areas, which includes Participatory Mapping (PM) and Participatory Conservation Planning (PCP). We are also supporting the conservation of 65,000 hectares of forests by our suppliers. And we continue to maintain our vigilance on fire prevention and management. (Relates to SDG Targets 15.1;15.2;15.3;15.5)

For more information please see p 28-32 & p 52



To achieve sustainable development, partnerships between governments, the private sector and civil society is required. All of our efforts are underpinned by local and global partnerships. These range from collaborations with communities and suppliers on conservation; working with top research facilities and universities on improving biodiversity; and with customers to help smallholders improve livelihoods and sustainability. (Relates to SDG Targets 17.16)

OUR SUSTAINABILITY MILESTONES

1997	January 2005	February 2010	February 2011	April 2011	May 2011	November 2011	February 2012	March 2013
First Indonesian palm producer to establish Zero Burning Policy	SMART joins RSPO	Zero development on peatland regardless of depth	GAR launches pioneering Forest Conservation Policy (FCP)	GAR joins RSPO	GAR publishes first Sustainability Report	GAR launches Social and Community Engagement Policy (SCEP)	GAR and SMART launch Yield Improvement Policy (YIP)	GAR and SMART implement HCS Forest Conservation Pilot
								
February 2014	May 2014	September 2014	March 2015	April 2015	September 2015	November 2015	November 2015	
GAR's FCP extends to downstream operations	GAR launches Sustainability Dashboard	GAR endorses New York Declaration on Forests	GAR implements Participatory Mapping as part of FPIC	GAR and HCS Approach Steering Group publish HCS Approach Toolkit	GAR rolls out updated Social and Environmental Policy (GSEP)	GAR launches peat rehabilitation project in PT AMNL	GAR launches Community Conservation Partnerships	
								
December 2015	February 2016	April 2016	January 2017	April 2017	September 2017	December 2017	June 2018	
GAR completes 100% mapping of supply chain to mills (Traceability to the Mill)	GAR launches Desa Siaga Api to help villages stay fire-free	GAR announces Traceability to the Plantation (TTP) Plan	GAR expands fire-free programme into Desa Makmur Peduli Api	Launch of super high-yielding non-GMO clonals Eka 1 & Eka 2	GAR debuts on Dow Jones Sustainability Indices	GAR-owned mills complete 100% TTP	GAR debuts on FTSE4Good Index	
								

RESPONSIBLE PALM OIL AT GAR



Governance at GAR

[102-18] [102-19] [102-20] [102-21] [102-22]
[102-23] [102-26] [103-2]

We are committed to the highest standards of corporate governance, and to complying with the principles of the Code of Corporate Governance.

The composition of our board is an important part of our approach to corporate governance. Currently, the Board has eight members, including five independent directors, who exercise objective judgment in our corporate affairs. The board is headed by GAR's Chairman and CEO, Mr Franky O. Widjaja and is responsible for overseeing all aspects of our business. A full list of our board of directors and their profiles can be found on our [website](#) and in the [GAR Annual Report](#).

The board and senior management are fully involved in and support GAR's sustainability efforts and commitments under the GSEP. A Sustainability Committee (SC), which is chaired by Ms Jesslyne Widjaja, Corporate Strategy and Business Development Director, oversees all matters related to responsible palm oil. The SC comprises the senior leadership team from the upstream, downstream and corporate business units as well as the head and other staff members of the Sustainability Directorate. It reports

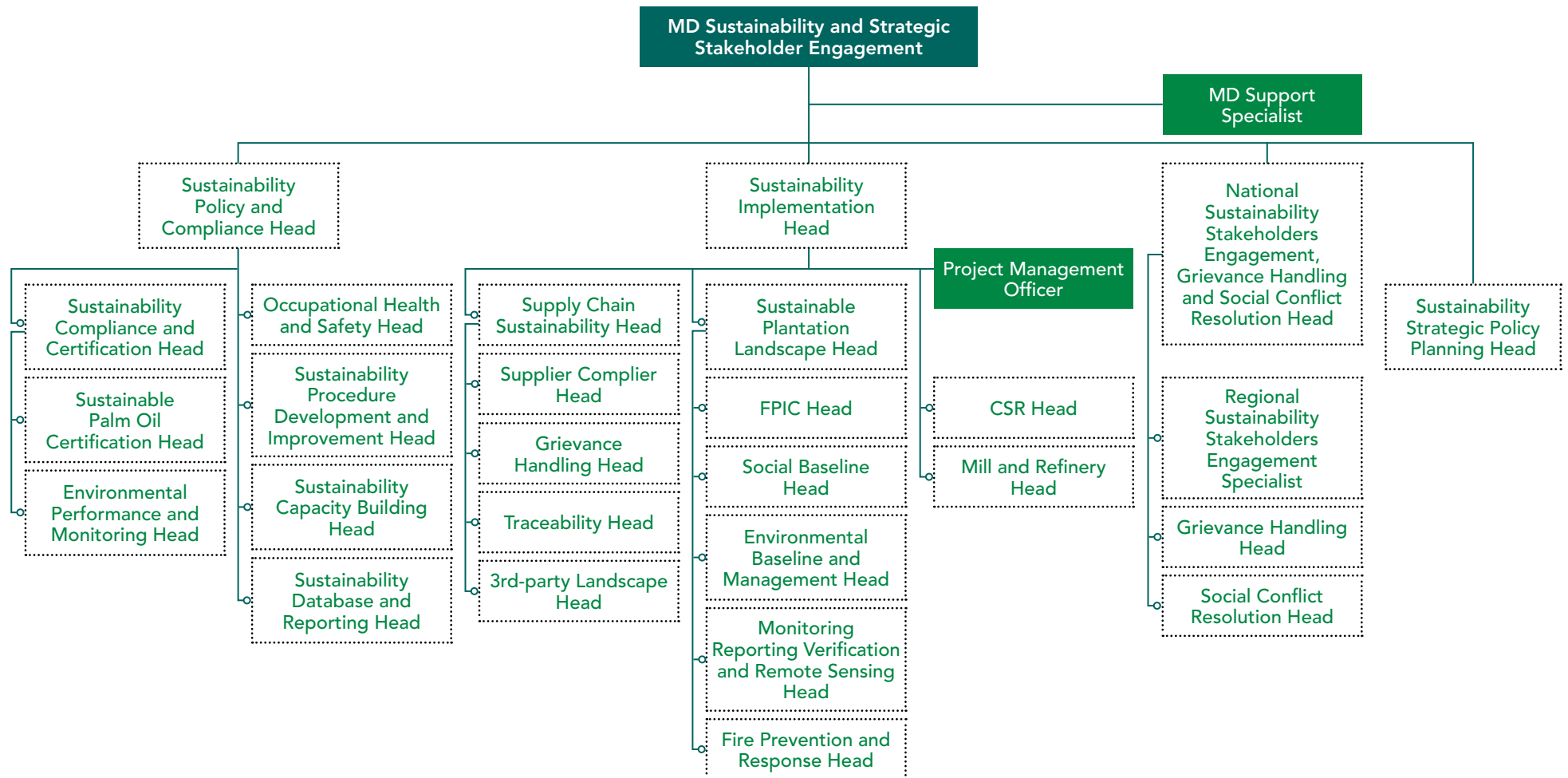
directly to Mr Franky O. Widjaja and meets regularly to oversee the development, implementation and monitoring of the GSEP and our performance across all our business operations.

Over the years we have continued to invest additional resources with the aim of embedding responsible palm practices in our day-to-day operations. The Sustainability and Strategic Stakeholder Engagement Department has over 400 staff in Jakarta and in the field.

As detailed in the Organisation Charts, we employ specialists to oversee and handle key areas such as conflict resolution, HCS/HCV management, fire prevention, community consent (FPIC), grievance management and health and safety. The department also works with colleagues in Human Resources on labour issues to ensure free and fair labour practices in line with the GSEP.

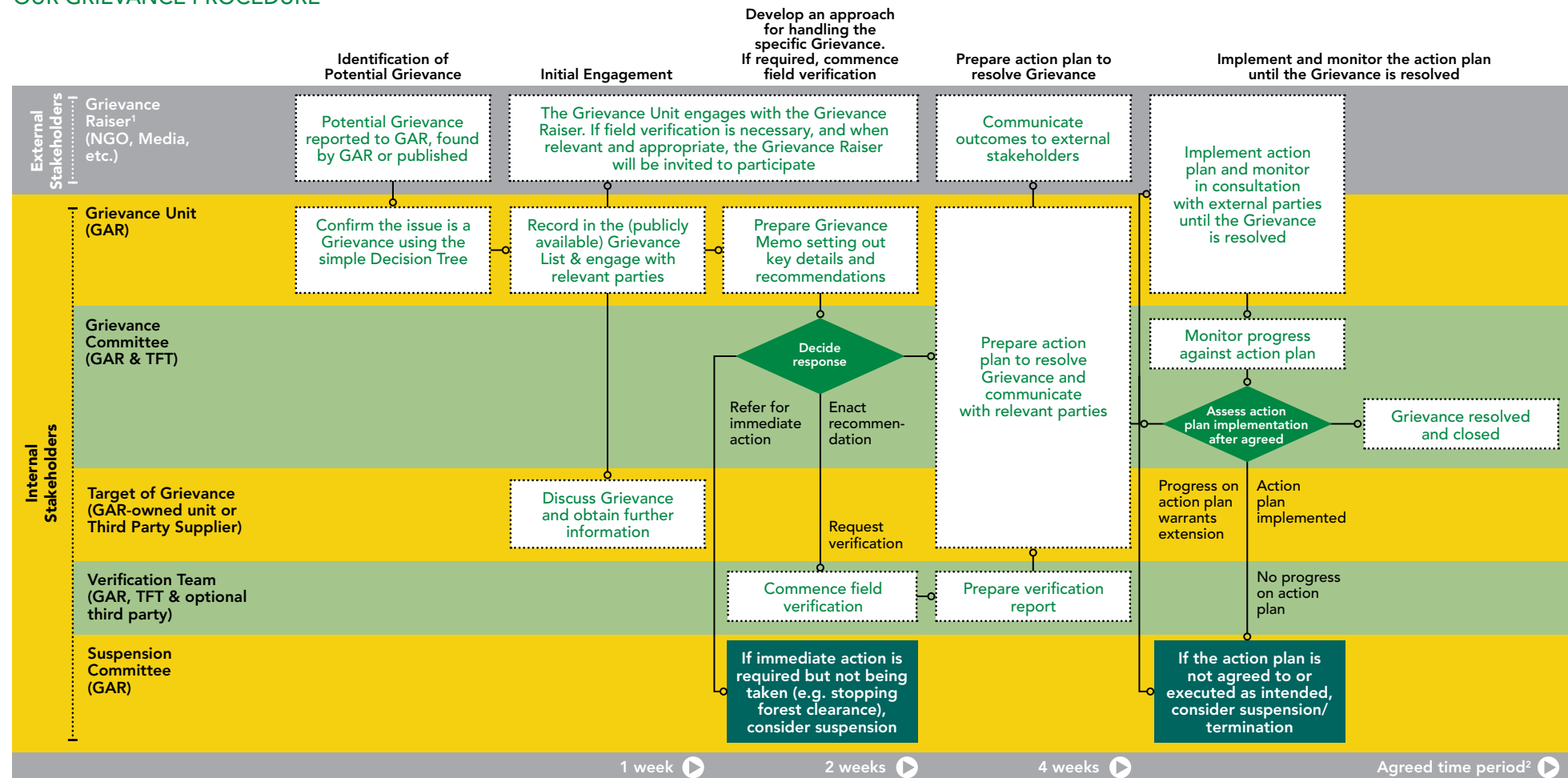
GAR provides ongoing training for employees on the GSEP. In 2018, 7,600 employees received GSEP training.

OUR SUSTAINABILITY AND STRATEGIC STAKEHOLDER DIRECTORATE



RESPONSIBLE PALM OIL AT GAR

OUR GRIEVANCE PROCEDURE



1 The Grievance Raiser may nominate a third party to act on their behalf.

2 Action plans will work to agreed timelines of no more than three months to reach resolution. However, where circumstances prevent resolution within that time – for example, where legal proceedings are involved – progress at three months will be reviewed to assess whether there is clear evidence of a resolution process being actively implemented.

Responsible handling of complaints and grievances

[103-2] [103-3]

In 2015, GAR established a Grievance Procedure to ensure that as a company, we are responsive to any grievances raised by external parties which may involve our third-party suppliers. It helps us to address a wide range of concerns, including those related to our most material issues, and covers our worldwide operations. The full Grievance List can be viewed on our [Sustainability Dashboard](#).

Grievances raised in 2018	17
Grievances closed in 2018	7
Pre-2018 grievances closed in 2018	10

We also have a [grievance mechanism](#) in place for stakeholders including employees to raise grievances involving our own operations as well as [social conflict handling procedures](#).

Ethics and compliance

[102-16] [102-17] [205-3] [415-1]

At GAR, we are committed to pursuing our business objectives with integrity and in compliance with the law. We comply with applicable laws in all the countries in which we do business, including all anti-bribery and corruption regulations. Additionally, GAR does not make any corporate political contributions.

We expect all our employees, contractors, suppliers and business partners to adhere to [GAR Code of Conduct](#) which is communicated to all our existing and new employees. The Code is purposefully designed to be practically applicable to our day-to-day business, with definite guidelines on acceptable and unacceptable behaviour and also applies to the Board members. It also details avenues for raising concerns and whistleblowing procedures, encouraging employees to report any possible improprieties in confidence and without fear of retaliation.

We take seriously the bribery case in 2018 involving [three officers of PT Binawit Abadipratama \(PT BAP\)](#), a subsidiary of GAR. The Jakarta Corruption court has ruled that this incident reflects the actions of a few individuals in breach of the state regulations as well as GAR's own Code of Conduct, which also applies to GAR subsidiaries. As a result of the court decision, PT BAP will now take appropriate action in relation to the employment of those individuals involved in the case in line with the Indonesian employment law.

Additionally, GAR took immediate steps to internally reinforce the principles of the Company's Code of Conduct. Employees were reminded of the Company's stance against corruption and bribery and

required to complete an e-learning course on the Code of Conduct, which included testing and mandatory signed acknowledgements. Executives were also required to sign an Integrity Pact committing them to behave ethically and comply with prevailing laws and regulations.

Monitoring, evaluation and reporting

[103-3]

Under the GSEP we are committed to monitoring, evaluating and reporting our performance.

We maintain and regularly update our [Sustainability Dashboard](#) which is freely accessible on our website without a separate login. We regularly report our progress on several key initiatives such as our Traceability to the Plantation (TTP) exercise, our progress in resolving social conflicts and handling grievances, fire incidents and wider sustainability efforts on the [GAR website](#) and [Sustainability Dashboard](#) as well as reports such as the [GAR Annual Report](#) and the [GAR Sustainability Report](#). We also participate in several disclosure platforms including CDP (which incorporates the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and elements of the Accountability Framework Initiative), SPOTT, FTSE4Good and DJSI.

Partnerships for responsible palm oil

All these endeavours require us to work closely and engage with multiple stakeholders. Partnership (UN SDG 17) is the cornerstone of our approach to achieving our goals. We do this in recognition of our limits as a private company and we seek to learn and gain valuable input from our stakeholders such as local communities, smallholders, government, Civil Society Organisations (CSOs), suppliers, the Roundtable on Sustainable Palm Oil (RSPO), our industry peers and implementation partners.

In several instances, we have worked with CSO stakeholders like Greenpeace to develop new guidelines and standards such as the [High Carbon Stock Approach \(HCSA\)](#) to address deforestation concerns. This approach is increasingly being adopted not only in our industry but also in other sectors such as forestry.

The GSEP was developed with feedback and input from key stakeholders including CSOs such as Greenpeace, Rainforest Action Network (RAN), Forest Peoples Programme (FPP) and our implementation partner, Earthworm Foundation (formerly The Forest Trust). We also continue to improve our Standard Operating Procedures for carrying out FPIC, handling grievances, conflict resolution and participatory mapping, often with input from external stakeholders such as CSOs.

OUR MATERIALITY ASSESSMENT

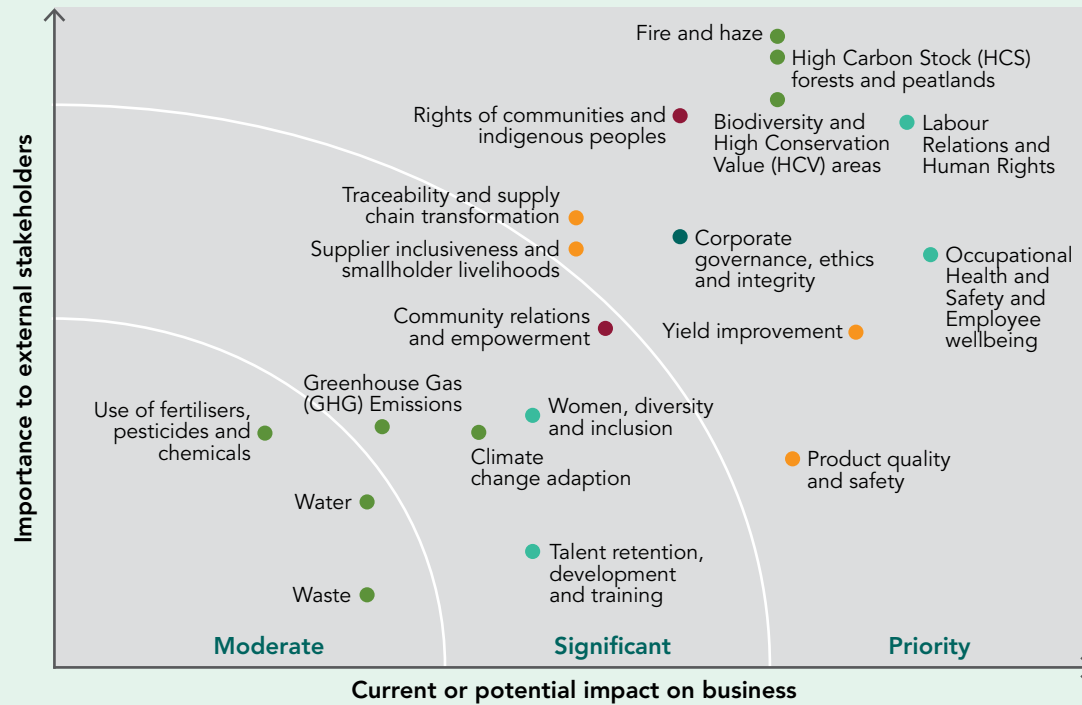
[102-46] [102-47]

Key to our approach in responsible palm oil is our identification and management of material issues. This ensures that we are prioritising and focusing on the most significant economic, environmental, social and governance issues that shape our success and that are of greatest importance to our stakeholders.

In 2017, we worked with specialist sustainability consulting firm Corporate Citizenship to update and refresh our understanding of our material sustainability issues. Our approach followed the principle of materiality as set out in the GRI Standards and included the assessment of sustainability issues across our entire value chain. We gathered a balance of internal and external stakeholder perspectives, through a mix of qualitative and quantitative methods. This included desk research, surveys and interviews. The detailed process can be seen on the [GAR website](#).



OUR MATERIALITY MATRIX



- Environmental Management
- Marketplace and Supply Chain
- Work Environment and Industrial Relations
- Social and Community Engagement
- Governance

Issues that have grown in importance since our last materiality assessment

- ▲ Talent retention, development and training
- ▲ Labour relations and human rights
- ▲ Women, diversity and inclusion
- ▲ Occupational health & safety and employee wellbeing

Matrix Key

- **Priority issues** are the most material sustainability issues with high impact on society and the environment, and of high concern to stakeholders. These form the focus of GAR's sustainability policy, strategic approach to responsible palm oil, and sustainability reporting. Reporting on priority issues aims to fully meet the requirements of the GRI Standards: Core Option.
- **Significant issues** are of ongoing importance to GAR and typically of medium concern to stakeholders. They are actively managed by the business. Updates on management and performance in relation to these issues is included in external reporting as relevant, based on sustainability context and stakeholder interest.
- **Moderate issues** are of lower relative importance to both GAR and external stakeholders. However, these issues are still part of GAR's responsible business practices and are managed as part of the company's sustainability agenda. These are reported where relevant, based on sustainability context and stakeholder interest.

OUR MATERIALITY ASSESSMENT

Understanding where impacts (actual or potential) occur in our value chain

[102-47]

Material Issues	Description	Value Chain		
		Plantation	Processing	Distribution & consumption
Fire and haze	No burning in our operations, working with the community to prevent forest fires and responding to any fires that occur in order to minimise the harmful effects on the environment and people.	 ●●●	 ●	 ●
High Carbon Stock (HCS) forests and peatlands	Identifying, protecting and restoring HCS forests, as well as protecting and managing peatlands storing high levels of carbon.	●●●	●	●
Biodiversity and High Conservation Value (HCV) areas	Preventing deforestation or development of HCV areas with high biological, ecological, social or cultural values; to protect habitats and maintain biodiversity.	●●●	●	●
Labour Relations and Human Rights	Promoting fair, ethical, and positive relations with our workforce, respecting human and labour rights, ensuring no child or forced labour.	●●●	●●●	●●
Rights of communities and indigenous peoples	Respecting community rights through the Free, Prior and Informed Consent (FPIC) approach. Maintaining community dialogue and engagement, and promoting peaceful resolution of any conflicts.	●●●	●	●
Occupational health & safety and employee wellbeing	Fostering a safe and healthy work environment, preventing any work-related illness, injury and accidents, and promoting the wellbeing of employees.	●●●	●●●	●
Traceability and supply chain transformation	Achieving traceability of palm oil products to mill and to plantation, and engaging with suppliers to ensure compliance with our policy to promote responsible and ethical practices.	●●●	●●●	●
Corporate governance, ethics and integrity	Conducting all business activities with integrity and in accordance with the highest ethical and governance standards, in line with the Company Code of Conduct.	●●	●●	●●
Supplier inclusiveness and smallholder livelihoods	Supporting the socio-economic development and inclusiveness of smallholder suppliers.	●●●	●●●	●

Material Issues	Description	Value Chain		
		Plantation	Processing	Distribution & consumption
Yield improvement	Investing in research and development to improve yield and reduce pressure on opening new land.	●●●	●	●
Community relations and empowerment	Empowering the community and supporting livelihoods by employing locals, implementing community programmes in education, healthcare, and building and providing public infrastructure, housing and facilities, etc.	●●●	●●	●
Women, diversity and inclusion	Empowering women across the business and promoting a culture of diversity and inclusion in our workforce and operations.	●●	●●	●
Product quality and safety	Adherence to best practice product quality and safety standards, as well as safeguarding consumers' health.	●	●●	●●●
Greenhouse Gas (GHG) emissions	The measurement, monitoring and reduction of GHG emissions across our operations.	●●	●●	●●
Climate change adaptation	Developing crops resilient to the effects of climate change (e.g. extreme weather events such as drought, flooding). Building community resilience to climate change.	●●●	●●	●●
Use of fertilisers, pesticides and chemicals	Minimising contamination and pollution from fertiliser, pesticide and chemical use, while maintaining soil fertility and high crop yield.	●●●	●●	●
Water	Reducing water use, recycling and re-using water, management of effluents, and preventing water pollution.	●●	●●	●
Talent, retention, development and training	Managing current and future talent needs through attraction, retention, training and development.	●●	●●	●
Waste	Managing our waste by reducing, reusing and recycling waste generated, as well as the safe handling and disposal of hazardous waste.	●●	●●	●

Key (actual or potential impact): ●●● Significant impact ●● Moderate impact ● Little to no impact

STAKEHOLDER ENGAGEMENT

[102-40] [102-42] [102-43]

The issues facing palm oil production are complex and multi-faceted. This is why a key element of our approach to responsible palm oil relies on engagement and close collaboration with stakeholders.

Our stakeholder engagement focuses on trying to better understand stakeholders' needs and concerns. At the same time, we want to build our stakeholders' understanding of our business and the realities of the palm oil industry on the ground.

We believe that enhanced mutual understanding will support the development of more effective solutions and partnerships, which can better balance environmental protection with the economic and social needs of our stakeholders.

For more details on our stakeholder engagement, see our [website](#).

OUR KEY STAKEHOLDERS



Some key outcomes of our stakeholder engagement:

- Participatory Conservation Planning with the community (see p 28-29)
- Long-term fire prevention programme with the community (see p 31-32)
- Supply chain transformation (see p 50-56)
- Smallholder support programmes (see p 55-56)
- Active participation in the RSPO (see p 58)



OUR ENVIRONMENTAL MANAGEMENT

[103-2] [103-3]



Environmental management has been a key focus for us for many decades as we strive to optimise productivity and long-term sustainability. Over the years, we have implemented a number of pioneering initiatives aimed at forest conservation, protecting biodiversity and minimising harmful impacts on the environment.

Our efforts in this area help contribute to UN SDG 15 which aims to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.

OUR ENVIRONMENTAL MANAGEMENT

Forest and biodiversity conservation

[304-1] [304-2]



72,000 ha
conservation area (HCV/HCS)



Forest conservation
helps store large amounts of carbon;
also helps maintain
fresh water resources



Community conservation
planning rolled out in

22 villages

Forest protection and biodiversity conservation have been a major focus of our environmental efforts for many years. We have identified and continue to conserve 72,000 hectares of land made up of High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas. Our conservation areas are roughly equivalent to the size of Singapore and can be viewed on the Sustainability Dashboard. GAR's CDP disclosure on forests also provides further information on our forest-related issues.

We have taken a landscape approach to conservation (beyond the boundaries of our concessions), through our community conservation partnerships. These began in 2015, when we started to formally map their villages through Participatory Mapping – a process for helping villages map out critical areas such as customary boundaries and land necessary for food security. This map is then lodged with and formally recognised by the authorities, serving amongst other things to clarify land tenure rights and enabling villages to gain access to government development funds for the first time.

The mapping lays the foundation for further dialogue on conservation through our Participatory Conservation Planning process. Our intensive consultative approach takes into account local community concerns, needs and aspirations including food security requirements and continued ability to earn a decent living and maintain stable quality of life.

We have rolled out mapping in 85 villages across our concessions to date. As part of our landscape approach to forest conservation, we continued to roll out our conservation planning programmes with local communities. By end 2018, 22 villages have taken part in participatory conservation consultations for joint HCS forest conservation projects with communities. We have secured agreement with local communities in 13 villages to set aside over 7,700 hectares of HCS forests for conservation. This is in addition to the 72,000 hectares of conservation area in our concessions. Furthermore, through our efforts to transform our supply chain, we are supporting the conservation of 65,000 hectares of HCS and HCV areas by our suppliers.

Protection-production partnerships support conservation



Protection-production partnerships:

13 villages
in community conservation
partnerships to protect
>7,700 ha

Integrated
Ecological
Farming in
19 villages:
increases community income,
improves food self-sufficiency &
supports conservation goals

As part of our community conservation partnerships, we have initiated development programmes for the local communities which participate in the conservation partnerships. Integrated Ecological Farming projects have been launched in 19 villages in West Kalimantan and Central Kalimantan and are an integral part of programmes like the Peat Ecosystem Rehabilitation project and the Desa Makmur Peduli Api programme. The farming projects aim to help the local community achieve food self-sufficiency, earn extra income as well as raise awareness about alternative farming methods without the use of fire.

Each participating family can save up to IDR 300,000 per month through planting and harvesting their own vegetables. In addition, they receive about IDR 500,000 per month from selling the surplus produce to surrounding villages.



“Learning how to grow organically was life changing – the workshops changed how I farm and feed my family and my community. With the extra income, I’m able to support my children and my grandchildren. So I’m paying it forward. I’m teaching other farmers how to fertilise and grow healthier crops. I’m still learning from the workshops and this time on how to make organic pesticide and use it properly.”,

Yatimin, farmer

See more of Yatimin's story at: <https://goldenagri.com.sg/extraordinaryeveryday/#farmer> and <https://goldenagri.com.sg/farming-for-families/>

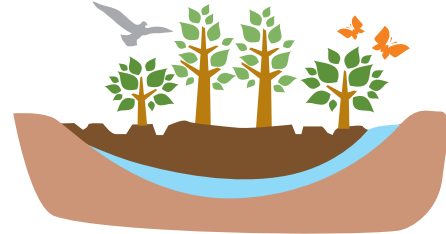
OUR ENVIRONMENTAL MANAGEMENT

Peat rehabilitation

[304-3]

Peat Ecosystem Rehabilitation Project in West Kalimantan:

>350 ha
re-vegetated; water levels maintained



We have also used this model of community partnership in our efforts to rehabilitate 2,600 hectares of degraded peatland in the PT Agrolestari Mandiri (AMNL) concession in West Kalimantan. This project was launched at the end of 2015. By end 2018, 350 hectares of the area has been re-vegetated and we continue to monitor and maintain optimum water levels. Read more about our peat management practices on our [website](#).

Riparian zone rehabilitation

2,700 ha
riparian zone rehabilitated



SMARTI and Cambridge University research
riparian zone restoration

Our management of HCV areas also involves the rehabilitation of riparian zones that have previously been cleared or planted. These riparian buffer zones have particular ecological importance, providing specific wildlife habitats and playing a key role in water systems.

Since 2015, GAR has been implementing a riparian rehabilitation programme in its 18 concessions. As of end 2018, we have rehabilitated over 2,700 hectares and the riparian zones have been replanted with native trees and vegetation.

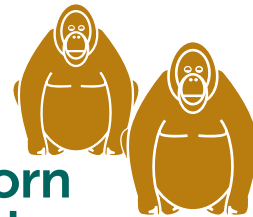
We are also participating in research with Cambridge University on riparian zone rehabilitation. Results will provide

specific recommendations on the most appropriate options for restoring riparian margins in established oil palm areas, and an evidence base to improve sustainability in tropical agricultural landscapes. Data will be collected on biodiversity, ecosystem functions, and crop yield before, during, and after riparian restoration. Outputs will be published in high-impact peer-reviewed academic and industry journals, presented at conferences, and delivered as policy guidance for the industry. For more information see the [RERTA Project](#).

Protecting biodiversity

[304-4]

100
wild-born
orangutans



rehabilitated & released since 2011;

60 more to be released
by 2021

Operating in Indonesia places us in or near areas of rich biodiversity. Through HCV assessments carried out by licensed HCV assessors, we have identified the rare and endangered species within our concessions

and surrounding areas. For our full list of threatened species under Indonesia's National Law of Protected Species (Indonesian Government Regulation No. 7 of 1999) or on the IUCN Red list, please see the [Sustainability Dashboard](#).

We continue to work to preserve and protect HCV areas and operate a strict Zero Tolerance Policy towards hunting, injuring, possessing and killing of rare and endangered wildlife.

We continuously educate our employees, local communities and related stakeholders on the importance of protecting rare and endangered species. GAR also continues to work on orangutan conservation as a special focus area. We have renewed our partnership with [Orangutan Foundation International](#) (OFI) to rehabilitate and release wild-born, formerly captive primates. We aim to release another 60 orangutans by 2021 back into the wild, specifically back to the Seruyan Forest in Central Kalimantan. In addition, the new partnership agreement focuses on local community and school education programmes on orangutan conservation. Read more about our orangutan rehabilitation efforts on our [website](#).

"I am very pleased that we can continue the third phase of collaboration with GAR which will include providing training to the company employees, counselling to the community and school students, and releasing orangutans. Since the beginning of our collaboration in 2011, I have seen the seriousness of GAR in protecting the environment and conserving orangutans,"

Prof. Dr. Birute Galdikas, OFI



Insect biodiversity in palm oil plantations

Recent [studies](#) have shown that key insects which help pollinate crops such as bees, butterflies and beetles could disappear in the next 25 – 30 years.

But it is not widely known that established palm oil plantations can still house a surprisingly diverse and abundant insect population. Maintaining and enhancing biodiversity especially of insects, arachnids and other small creatures is a particular focus of R&D being carried out by GAR's [SMART Research Institute \(SMARTRI\)](#) in collaboration with Cambridge and Southampton universities. Read more in our [blog](#) and on the [BEFTA website](#).

Long-term prevention of fire and haze

[103-2] [103-3]



32 villages

in Desa Makmur Peduli Api community programme to reduce fires

Zero Burning Policy: nearly
ZERO
fire incidents in 2018

We continue to maintain our vigilance on fire prevention and management. We have more than 10,000 fire fighters on standby across all our plantations. Our estates are also equipped with fire-fighting equipment.

 **Fire monitoring and reporting** 

In 2018, there were virtually zero fires in GAR areas. Fire incidents for GAR concessions (including plasma smallholders' area) are reported weekly on our [Sustainability Dashboard](#).



10,000

Emergency Response personnel to suppress fires

Outside our own concessions, we continue the implementation of our community collaboration programme on long-term fire prevention – [Desa Makmur Peduli Api \(DMPA\)](#). In 2018, DMPA was rolled out to 15 more villages. Aside from training and equipping local community members to suppress fires rapidly, we also work with schools to educate the younger generation and drive long-term change in the community.

OUR ENVIRONMENTAL MANAGEMENT

We note that in 2018, there was an increase in fire incidents involving some of the original pilot villages. To address this, we are strengthening mitigation plans and focusing on:

- Prevention: raise fire prevention awareness, community empowerment and improve water management system
- Preparedness: have well-trained and well-equipped personnel and improve infrastructure
- Early warning systems: hot spot maps; effective and efficient fire patrol systems; implementation of rating system for potential for fires
- Quick response teams

For more details on our fire management efforts, see our [website](#).

Reducing GHG emissions

[103-2] [103-3]

We are committed to reducing Greenhouse Gas (GHG) emissions from our operations.

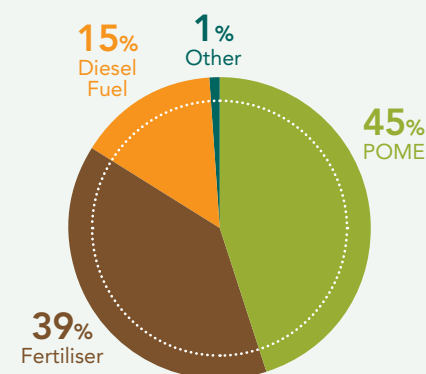
We recognise that emissions resulting from land-use change and cultivation is naturally one of the most significant impacts for any agribusiness. Our conservation of HCS forests which retain large stores of carbon is one way we are contributing to avoidance of emissions. We also carry out methane capture at some of our mills.

To better understand our footprint and the opportunities to reduce it, we have conducted a baseline study of our GHG emissions in our mills and plantations. EY was commissioned to review and verify how we calculate our carbon footprint, identify viable opportunities to reduce emissions and set short, medium and long-term reduction targets for the business. Having completed the baseline, we are in the process of designing an emission reduction strategy. Please refer to [SR2017](#) for information on the baseline calculations.

Life Cycle Assessment for GHG emissions

In 2018, we supplemented our baseline study by conducting a lifecycle assessment of our CPO, PK, and PKO products in Indonesia. The aim of this was to better understand, where the most significant impacts and opportunities for reduction are in our upstream operations. It is based on five years of operational data from 45 mills and 129 supplying estate, 26 nurseries and one seed production plant and excludes land use change calculations. Life Cycle Assessment software was used in the calculation. Based on the assessment, Palm Oil Mill Effluent (POME) contributes the most GHG emissions (45%), followed by fertiliser (39%) and diesel fuel (15%). Emissions measured included CO₂,

GHG EMISSION SOURCE FROM LIFE CYCLE ASSESSMENT 2018 OF CRUDE PALM OIL



CH₄ and N₂O. The calculations are being verified by EY. Following the final verification, we expect to have a GHG reduction strategy by the end of 2019.

Emission intensity by product*

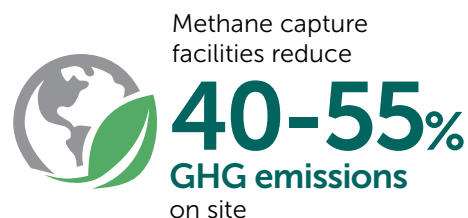
[305-4]

Product	Unit	GHG Emission
Crude Palm Oil (CPO)	kg CO ₂ eq / t-CPO	675
Palm Kernel (PK)	kg CO ₂ eq / t-PK	517
Palm Kernel Oil (PKO)	kg CO ₂ eq / t-PKO	1,109

* Based on the average calculation of 30 mills which are ISCC-certified. GHG emission intensity calculations based on emissions from plantation, POME, CPO processed, transportation and excludes land use change.

Emission reduction from methane capture and composting

[305-5]



Meanwhile, we continued to reduce GHG emissions in our operations through our facilities to capture methane gas at seven mills in Central Kalimantan, Jambi and Riau. The facilities capture methane gas which is then used as an alternative energy source, generating electricity for our palm oil mills. These facilities can reduce between 40 – 55 percent of operational emissions on site.

Emission reduction from methane capture 2018*

Biogas Plant	Emission Reduction (tCO ₂ eq)
Pelakar Biogas Plant (PLKF)	25,217
Libo Biogas Plant (LIBF)	46,746
Ramarama Biogas Plant (RRMF)	73,025
Sungai Rungau Biogas Plant (SRUF)	91,305
Semilar Biogas Plant (SMLF)	88,413
Perdana Biogas Plant (PRDF)	120,993
Belian Biogas Plant (BLNF)	13,288
Total	458,987

* Methodology for methane capture: CDM AMS III.H ver 18

We also reduced GHG emissions through composting:

Emission reduction from composting 2018*

Composting Plant	Emission Reduction (tCO ₂ eq)
Jelatang Composting	9,089
Sako Composting	77,571
Kuayan Composting	84,028
Total	170,688

* Methodology for composting: CDM AMS III.F ver 12

Please see our [CDP disclosure on climate change](#) for more information on our GHG emissions.

Waste recycling and reuse

[103-2] [103-3]



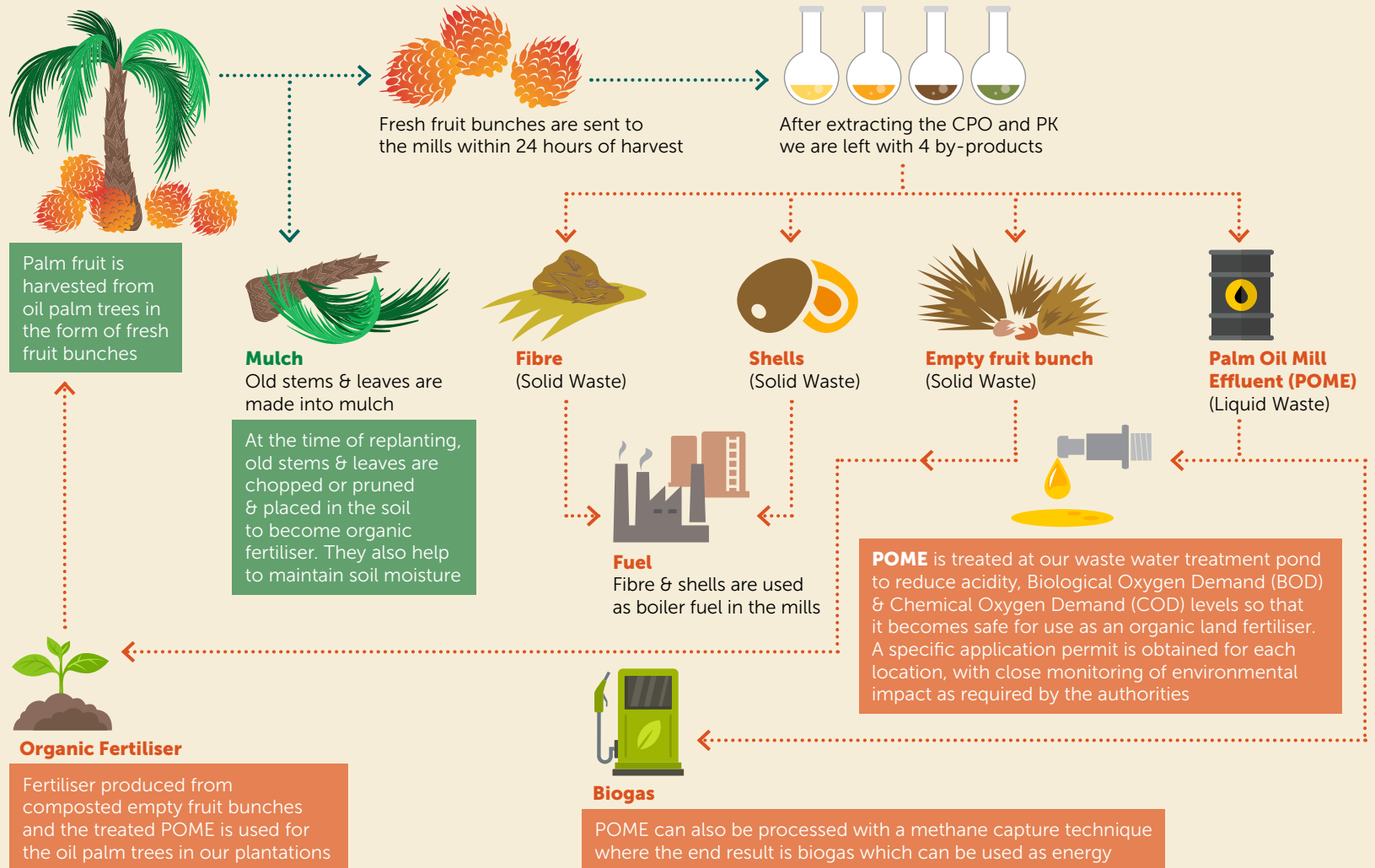
Under our Zero Waste Policy we aim to reuse, recover and recycle. Since 2015, we have achieved 100 percent recycling of waste from the CPO production process in our upstream operations.

The waste includes solid and liquid waste. Solid waste consists of empty fruit bunches (EFB) of oil palm, fibre and shells. Liquid waste or Palm Oil Mill Effluent (POME) is generated from the processing of FFB to CPO. We use both types of waste as organic fertiliser and fuel.

Our downstream waste is disposed of through municipal landfills or incinerators. Hazardous waste is collected for proper disposal by authorised third-parties.

OUR ENVIRONMENTAL MANAGEMENT

RECYCLING WASTE AT EACH CPO PRODUCTION STAGE



Managing our water footprint

[103-2] [103-3]

Water is a vital resource for our operations and the communities where we operate. We recognise that water availability is becoming an increasingly important issue in the face of climate change and we are looking at ways to minimise our water footprint.

We strive to meet all our water needs through surface water that is processed to meet the quality standards required for the production process and use ground water only in very limited quantities in locations where no surface water is available. We continue to improve our water efficiency by recycling and reusing where appropriate.

Oil palm trees require adequate amounts of water in order to grow. As such we have not developed plantations in water-stressed areas and our plantations are rain-fed and not irrigated.

We also take steps to minimise any risk of pollution of surface and ground water, following strict land management practices that are designed to reduce these risks. In particular, we do not apply herbicides, chemicals or POME (which is treated and used as organic fertiliser) near and around rivers and riparian zones; and we plant vetiver grass to minimise soil erosion. We submit water sample analyses

to the environmental agencies at least twice yearly.

We have noted the increasing occurrence of extreme weather phenomena like El Niño which can lead to severe draught. We are now exploring ways to optimise water use in our plantations through the use of advanced technology including AI.

For more information on our water footprint please see our [CDP disclosure on water](#).

Maintaining soil fertility

[103-2] [103-3]

GAR implements best agricultural management practices to maintain and enhance soil fertility through a comprehensive mineral nutrition management plan. We aim to minimise the quantity of fertiliser applied while maximising yields. This reduces the pressure to open more land and minimises the risk of soil degradation from oil palm cultivation.

We have SOPs which specify that the use of fertilisers should be tailored to the texture of the soil and its capacity for retaining nutrients; that fertilisers should not be applied during periods of heavy rain; and that there should always be an appropriate interval between applications. We also recycle palm fronds and other organic products to increase the fixing capacity of soils.

R&D on soil fertility

Our upstream R&D facility, SMARTRI, is increasing research and monitoring related to the physical fertility of soils. This is important in light of the current trend to develop mechanisation of several field practices, especially regarding relatively heavy jobs such as moving and applying fertiliser and removing FFB from the fields. Mechanisation can lead to risk of soil compaction due to repeated runs of tractors with a potential risk of damaging the physical fertility of soils.

SMARTRI is measuring several indicators of soil biological activities and studying the links between agricultural practices and biological fertility components. Biological activities in soil are widely recognised as playing a vital part in nutrient cycling and availability to plants and in developing and maintaining soil structure, and contributing to soil health.

An example of such a measurement would be looking at how a good soil vegetation cover that reduces run-off and erosion results in a higher biological activity as measured through the population of insects as well as measurements of soil feeding activities of soil micro and meso fauna.

Over the years, SMARTRI's recommended practice of spreading cut oil palm fronds on the soil surface has resulted in the presence of more insects and it also facilitates their feeding activities. Similarly, recycling empty fruit bunches, fresh or after composting, also enhances soil feeding activities of insects, a good indicator of soil health.

OUR ENVIRONMENTAL MANAGEMENT



Integrated Pest Management

[103-2] [103-3]

We have adopted an Integrated Pest Management (IPM) approach which combines cultural, mechanical, biological and chemical means to control pests while minimising economic, public health and environmental risks.

Natural solutions and biological controls are our preferred method for controlling pests across all our plantations, including beneficial plants that attract parasitoids to control pests, pathogens or bacteria, and natural predators. We supplement this approach using handpicking and mechanical traps.

Examples of this include barn owls, which are bred on our estates, to control the rat population; leaf-eating caterpillars are controlled through diversity of flora and encouraging beneficial plants; and pheromones are used to control rhinoceros beetles.

Monitoring and minimising the use of pesticides



IPM and selective weed control are the basis of the utilisation of pesticides in GAR plantations:

- Insecticides and rodenticides are used only as a final resort, when the population of herbivories and rat are above an acceptable level and are no longer controllable through natural or biological solutions.
- The utilisation of herbicides is mainly to maintain an appropriate access to the palms, for their maintenance and for harvesting. A selective strategy is implemented in order to minimise the use of herbicides.
- In addition, SMARTRI is continuously looking for alternative solutions in order to reduce the utilisation of herbicides, through the utilisation of more efficient and less environmental damaging new molecules, or through innovative products.

Due to this approach we recorded a significant reduction of 23 percent of the total pesticides used in 2018 compared to the previous years.

In 2016, GAR stopped using paraquat. In addition, pesticides that are categorised as World Health Organization Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions are not used, except in specific situations identified in national best practice guidelines, such as during an extreme pest infestation.

In parallel to minimising the use of chemical pesticides, GAR is promoting the use of biopesticides, to enhance the health condition of the soils and the palm trees.

Yield improvement

Super high-yielding non-GMO clonals Eka 1 and Eka 2 can potentially produce

>10 tonnes/ha/year CPO



Improving yields of oil palm is a key part of our long-term strategy for responsible and sustainable agriculture. The ability to obtain higher yields from existing agricultural land through better seed stock means higher revenue for farmers, lessening the need to open new land for agriculture.

Following the development and launch of the super high-yielding clonals Eka 1 and Eka 2 capable of producing over 10 tonnes/hectare/year of CPO in 2017, SMARTRI and SMART Biotechnology Centre are now working on creating sufficient clonal stock to be planted in the estates in the next few years.

In light of climate change, SMARTRI is also continuing to work on developing more climate-resilient seed stocks such as seeds which are more drought-resistant as well as looking at strains which can better adapt to high CO₂ content in the atmosphere.

Monitoring environmental impact

[103-3] [307-1]

We manage and regularly monitor every aspect of our operations in order to minimise adverse impact on the natural environment. The monitoring is in accordance with the Environment Management Plan (*Rencana Pengelolaan Lingkungan*) and the Environment Monitoring Plan (*Rencana Pemantauan Lingkungan*), as set out in the Environmental Impact Assessment (*Analisa Mengenai Dampak Lingkungan*) documents submitted to the Government of Indonesia.

Assessment of the environmental parameters is conducted by SMARTRI, our ISO 9001:2008 and ISO 17025 accredited internal laboratory, as well as external laboratories referred by the Indonesian authorities.

Our regular internal monitoring and assessments are guided by the ISO 14001:2004 Environment Management Systems and ISO 9001:2008 Quality Management Systems.

In 2018, there were no violations of environmental regulations, and GAR did not incur any fines or penalties.

PROPER achievement

Since 2007, GAR has participated in the Indonesian Ministry of Environment's national public environmental reporting initiative known as the Programme for Pollution Control, Evaluation and Rating (PROPER). The programme uses a colour-coded rating to assess water and air pollution control, hazardous waste management and environmental impact. PROPER also considers other indicators, including the impact of a company's community development programmes; progress of biodiversity conservation efforts; efficiency of water management; and innovations in emissions reduction, waste management and energy efficiency.

In 2018, 30 of our mills passed the PROPER assessment with Blue rating. Four of our downstream facilities have also achieved Blue rating.

To ensure that we are aligned with PROPER requirements, internal audits and training are carried out in the company's mills.

PROPER rating system

Gold	For businesses/activities that have successfully displayed environmental management effort and achieved excellent results.
Green	For businesses/activities that have displayed environmental management effort and achieved results better than those required by regulation.
Blue	For businesses/activities that have displayed environmental management effort, and have achieved the minimum standard required by regulation.
Red	For businesses/activities that have displayed environmental management effort, but have achieved only part of the minimum standard required by regulation.
Black	For businesses/activities that do not display significant environmental management effort.



OUR ENVIRONMENTAL MANAGEMENT

Data summary

Scope 1 GHG emissions (kgCO₂eq)¹

[305-1]

	2016	2017	2018
Gross direct Scope 1 GHG emissions	–	–	19,457.15
Biogenic CO ₂ emissions separately from the gross direct Scope 1 GHG emissions (kgCO ₂ eq)	–	–	7,303.67

Water consumed and recycled (m³)

[303-5]

	2016	2017	2018
Upstream water consumption ² (flowmeters)	–	12,799,740	13,396,056
Downstream water consumption (flowmeters)	–	3,187,089	5,436,157
Water consumption per metric ton of CPO	3.39	3.39	3.46
Upstream water recycled	–	–	1,428,601
Downstream water recycled	–	182,426	284,800

Hazardous waste (tonnes)

[306-2]

	2016	2017	2018
Upstream hazardous waste ³	–	–	558
Downstream hazardous waste ⁴	–	80,684	107,340

1 GHG emissions are calculated using the ISCC methodology and includes data from 30 mills under ISCC certification

2 Based on water use in the palm oil mills operated (46 mills)

3 80 percent disposed by authorised third party

4 100 percent disposed by authorised third party

Upstream non-hazardous waste (tonnes or m³)

[306-2]

	Unit	Total waste produced in 2018	Total waste reused 2018
Fibre ⁵	Tonnes	1,376,860.16	1,357,033.87
Shell ⁵	Tonnes	628,438.81	543,312.87
EFB	Tonnes	2,374,910.80	2,334,861.75
POME	m ³	5,526,485.78	7,504,286.70

Pesticides and herbicides used (kg or litre/ha)

Type	2016	2017	2018
Acaricides	< 0.001	< 0.001	< 0.001
Fungicides ⁶	0.015	0.025	0.003
Herbicides ⁷	0.433	0.484	0.414
Insecticides	0.035	0.034	0.004
Rodenticides	0.008	0.007	0.004
Total	0.491	0.551	0.424

Biopesticides used

Type of biopesticides	2016	2017	2018
Bacillus thuringiensis	2,527	385	0
Cordyceps	156	1	100
Mycorhyza	281,282	238,548	404,291
Trichoderma	131,148	206,266	287,236
Virus	0	1	0
Total	415,113	445,201	691,627

5 Some fibre and shell is sold to other organisations to be reused

6 Used only in nurseries

7 Zero paraquat since January 2016



ENGAGING AND EMPOWERING THE COMMUNITY

[413-1]

100%



plantations have Social Impact Assessments & Environmental Impact Assessments

100%



plantations have social and community development programmes

Providing public infrastructure:

roads, bridges, places of worship, community halls



In the past few decades, the palm oil sector has played a critical role in helping to raise incomes and improve livelihoods of small farmers in tropical developing countries like Indonesia and Malaysia. Communities living in rural remote areas in particular have benefitted from palm oil development.

As one of the largest palm oil companies in Indonesia, we have created thousands of jobs in rural and remote areas. We have also helped provide public infrastructure such as roads, bridges, community halls and places of worship. Prior to developing an estate, we carry out Environmental and Social Impact Assessments (EIA

and SIA). The results are shared with the local communities. All our plantations also have social community engagement and development plans. This has helped advance the aims of UN SDGs especially in terms of tackling poverty, improving infrastructure and reducing inequalities.

At the same time, we recognise that the establishment of plantations creates changes for local communities and indigenous people. As stated in the GSEP, we are committed to respecting human rights and fulfilling Free, Prior and Informed Consent (FPIC) requirements before any operations begin. GAR is also committed to improving its processes and

ENGAGING AND EMPOWERING THE COMMUNITY

procedures with regards to respecting the customary rights of local and indigenous communities.

Respecting human rights and Free, Prior and Informed Consent (FPIC)

[103-2] [103-3] [411-1]

Participatory Mapping:

85 villages since 2015



FPIC is a central tenet of the GSEP and part of our commitment to upholding human and community rights. We implement FPIC in all our plantations. Respecting FPIC means we ensure that decision-making by indigenous peoples and local communities regarding the presence of our operations is done without pressure and intimidation (free), performed before an activity that has impact on the surrounding communities is carried out (prior), and with sufficient knowledge about the activity and its impact on the surrounding communities (informed), so they may express agreement or disagreement to such activity (consent).

Our rollout of Participatory Mapping (PM) seeks to ensure FPIC is implemented

properly. See the section on [Environmental Management](#) for further details. Further information about PM can also be viewed on our [website](#).

We continue to carry out FPIC remediation in our concessions in Central and West Kalimantan following feedback that initial FPIC requirements were not fully met with local CSO, LINKS and Ekologika consultants. It involves fresh consultations with local communities and conducting PM to ensure that the community's land rights are fully respected.

In 2018, there were no incidents of FPIC violations or violations of the rights of indigenous peoples.

See our SOP on FPIC on our [Sustainability Dashboard](#).

Responsible conflict resolution

Our policies and practices are designed to minimise the likelihood of any conflicts arising from our operations. However, when these conflicts do arise, we are committed to working towards a responsible resolution.

Our conflict management system maps all conflicts related to our operations and develops action plans to address them. It incorporates transparent monitoring and reporting, the option for local community

and customary groups to access independent legal and technical advice, the ability for complainants to choose individuals or groups to support them or act as observers, as well as the option of a third party mediator. We categorically reject the use of violence in any dispute.

Our SOP for conflict resolution can be viewed on our [Sustainability Dashboard](#).

Investing in communities

[103-2] [103-3]

GAR aims to help communities and

multiply the positive impacts of the palm oil business through a range of education, healthcare, social and economic programmes.

Aside from government agencies and local communities, we work with the Eka Tjipta Foundation (a non-profit social organisation founded by the family of the late Eka Tjipta Widjaja in 2006) and the Tzu Chi Foundation in Indonesia (affiliated with the non-denominational global Tzu Chi organisation established in Taiwan) on some of these programmes.



Ensuring access to education and healthcare

Donation of books, learning materials and facilities to

6,100
recipients



Free

bus service for school children



US\$ 1.9 mil
for scholarships



Aid for

>2,200

victims of natural disasters



>250

schools



>2,100

teachers



>36,000

students

36

Rumah Pintar (Smart Houses) for community training



240

medical personnel treat



300

patients daily at



>150

clinics



Visits to

4,000

people in orphanages and nursing homes



Child health, vaccination & nutrition for

9,900

beneficiaries

Free

surgery, medical service & dental for

3,600

patients



Mother & child health education for

5,600

beneficiaries



GAR believes education is a powerful enabler which helps to break the cycle of poverty in rural areas and as such, we strive to provide quality education to children and young adults living in and around our concessions.

All children of the workers living on our estates receive free education from kindergarten to junior high school and heavily subsidised higher education. We also offer heavily subsidised education

ENGAGING AND EMPOWERING THE COMMUNITY

[413-1]

Sale of

>216,000

litres of branded cooking oil at below market prices in impoverished areas



Planting

>21,000

beneficial, medicinal and fruit trees



at all levels for children living near and around our estates.

In line with the nine years of compulsory education required by the Indonesian government, we ensure that each estate has educational facilities ranging from kindergarten to sixth grade. Additionally, we make sure that every region has a junior high school for the children of our employees and local communities. Currently GAR supports over 250 schools with over 2,100 teachers for more than 36,000 students across our concessions. We also donated books and educational materials to over 6,000 students.

In 2018, we also provided around USD \$1.9 million in scholarships for higher education at Indonesian and international universities and institutes.

We have also constructed 36 Rumah Pintar or Smart Houses since 2011 to support community training programmes. Each Rumah Pintar has a library and play room and is equipped with computers. There is a particular focus on early childhood and women's education.

We help improve the well-being of local communities by providing access to healthcare in remote and rural areas and we currently mobilise 240 medical personnel at over 150 clinics which serve approximately 300 patients daily. Our other annual programmes include free medical and dental services to 3,600 patients and other initiatives as illustrated above.

Promoting small and micro enterprises

Our operations and plantations play an important role as an economic driver and multiplier and have helped in the development of various businesses in the remote areas of Indonesia.

We actively help promote small and micro enterprises that contribute to increased income for the community. One such programme is our ongoing goat breeding programme in eight villages around PT Ivo Mas Tunggal in Riau. The company has donated 160 goats to the villages to date. Local communities are able to earn extra income through the sale of milk and meat. As the villagers breed more goats, these will then be given to a Farmers Group in another village to grow and expand the scheme.

Our employees in the community



4,200

people donated blood

We involve and mobilise our staff for various causes. For example, we urge employees and tenants at our corporate headquarters in Jakarta and our operations units in Bangka, Belitung, Central Kalimantan, South Kalimantan, East Kalimantan, Lampung, Riau and West Kalimantan to participate in regular blood donation drives for the Indonesian Red Cross. Some 4,200 blood donors comprising employees and members of local community participated in 2018. We also encourage our employees to contribute funds regularly to the Tzu Chi Foundation. A dedicated team oversees the distribution and responsible use of these donations.

OUR PEOPLE

The palm oil industry supports economic growth, especially in rural areas, helping to lift incomes and living standards of farming communities. We create employment for about 171,700 people in Indonesia including 69,400 plasma scheme smallholders.

Improving employment opportunities

Traditionally, the sector employed a large portion of workers on a fixed-term basis due to the seasonal nature of oil palm cultivation. To improve workers' conditions and opportunities, GAR is progressively transitioning fixed-term workers, who meet hiring requirements, to permanent staff status, based on their skills and qualifications. By becoming permanent staff, employees will have more stable incomes and improved job opportunities. This process is in line with our GSEP commitment to improve workers' rights and conditions and various NGOs demands to improve workers' job security in the sector.



OUR PEOPLE

[102-7] [102-8] [401-1]

We created
171,700
jobs in Indonesia



including
69,400
plasma smallholders



In the impacted areas, GAR welcomes interested fixed-term workers who want to undergo the selection process to become permanent staff subject to meeting the required criteria for the job. The process will include basic requirement assessment (good working performance, legal identity document and passing health test) followed by further assessment by the recruitment committee.

GAR has complied with all labour regulations during this exercise including fulfilling severance payments for affected workers. GAR has also worked closely with the relevant government agencies during this transition. This process has also been fully explained to the affected workers.

Diversity and gender equality

[103-2] [103-3] [406-1]

We believe in promoting gender equality in the workplace. However, the manual nature of agricultural work means that there is a clear division of tasks between male and female workers in certain jobs. For instance, male workers perform heavier physical tasks such as harvesting FFB (which can weigh between 23 - 27 kg) and carrying them to trucks for transport to the mills. Women generally work on weeding and collecting loose fruits that have fallen on the ground.

Traditional rural employment patterns also mean that many women prefer to take on part-time jobs, as it gives them the flexibility and time for other

responsibilities such as childcare; looking after the household; tending family gardens and other income-earning businesses.

We have zero tolerance for sexual harassment and we conduct extensive training and socialisation for all estate and mill workers to ensure this is understood. Gender committees with representatives from labour unions and management have been set up to promote female participation and advancement in the workplace. These committees also handle sexual harassment complaints. When a case of harassment is reported either formally or informally, the relevant committee investigates the situation to determine whether further sanctions or

law enforcement actions are needed. During the investigation, the committee also provides assistance and support to the victim. In 2018, no significant cases of harassment or abuse were reported.

Paying fair wages and employee benefits

[103-2] [103-3] [401-2] [403-6]

We are committed to ensuring that all employees of GAR receive a wage that is equal to or above the minimum wage set for their respective province, in addition to a range of additional benefits.

Minimum wages in Indonesia are set by provincial and district authorities, by taking into account the local prices of goods and services and the amount therefore required for living.

In terms of benefits, full-time workers receive free healthcare for themselves and their family, company housing, water, electricity and free education for their children from kindergarten to junior high. GAR also provides its full-time workers with basic necessities such as rice.

Our part-time workers receive free medical services at our polyclinics and their children have access to education at our estate schools.

Recognising, respecting and strengthening workers' rights

[103-2] [103-3] [409-1]

We believe in the fair, equal and respectful treatment for all our employees. Through the GSEP, we have also reinforced our commitment to ensuring that the rights of all people working in our operations are respected. The company also fully complied with local, national and ratified international laws. We adhere to all Indonesian labour laws covering issues such as freedom of association for our employees, decent pay and working hours,

non-discrimination and the complete elimination of child and forced labour. Where legal frameworks are not yet in place we defer to the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Our commitment to fair labour practices is also emphasised in our company Code of Conduct and employment practices. We have an equal opportunities policy on employment, banning discrimination based on race, national origin, religion, disability, gender, sexual orientation,

union membership and political affiliation. Employees enter into employment freely. We do not require our employees to deposit identity papers or money.

We are also engaging our supply chain on our labour standards, including prohibiting child labour, as part of our efforts to help them comply with the GSEP and adopt responsible practices. For more information on how we respect human rights in our supply chain, see the section on [Transforming our Supply Chain](#).

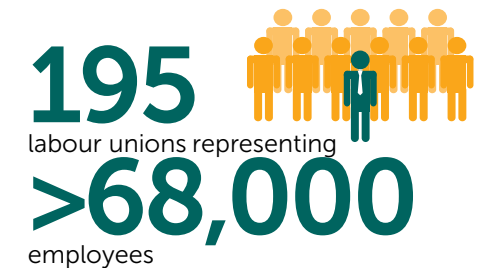
Prohibiting child labour

[408-1]

In accordance to the regulation, the minimum age for employment in GAR in any capacity is 18 years. We aim to prevent all forms of child labour, and we rigorously enforce these principles at all our plantations, mills and other places of work. Our recruitment officers verify all required documents such as identification cards and school diplomas, to ensure that we do not employ children. We also provide schools and day care centres for our workers' children to ensure that parents have somewhere safe to send their children and do not feel the need to take their children to work with them.

Freedom of association and trade union membership

[102-41] [407-1]



Freedom of association is mandated by Indonesian Law and Regulation No. 21/2000 on Trade/ Labour Unions and is in line with International Labour Organization Convention No. 98 on the freedom of organisation and collective bargaining.

Each of our units has union representatives, elected by members, who meet with local management representatives regularly in bipartite forums, to discuss and resolve issues. In 2018, there were 195 labour unions in each operational unit representing over 68,600 employees across our plantations in Indonesia. We seek to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace.



OUR PEOPLE

Creating a safe and healthy workplace

[103-2] [103-3] [403-1] [403-4] [403-5] [403-6] [403-9]



With hundreds of thousands of employees across our operations, we take our responsibility in providing a safe and healthy workplace very seriously. Our Occupational Health and Safety (OHS) management system is aimed at minimising workplace accidents, fatalities and other negative health impacts and covers all employees. The OHS systems that we implement are based on national and international frameworks. National requirements include Indonesian national OHS standards (regulation no. 50 (2012)). We also base our OHS system on various certifications including ISO 14001, OHSAS 18001 and ISO 45001. Sustainable palm oil certification OHS requirements are also taken into consideration including the Principles and Criteria of RSPO, ISCC and ISPO certification.

We currently have nearly 40 OHS experts within our workforce and conduct periodic

training for all employees in accordance with national regulations. In 2018, more than 660 of our employees received OHS training conducted and certified by Ministry of Manpower of the Republic of Indonesia.

Each of our units has an OHS Supervisory Committee, which promotes co-operation between management and employees on OHS and complies with Law No. 1 of 1970 on Occupational Safety. On average, the committees for our plantations and mills have 40 members, with 60 percent worker representation. The committee

meets monthly to review OHS data and performance. Monthly safety briefings are held for employees.

Additionally, our Indonesian operations under SMART are certified under the SMK3 (Sistem Manajemen Keselamatan dan Kesehatan Kerja) OHS management system, in recognition of good OHS management and implementation. Fifteen mills and one estate have been reviewed and certified under SMK3. These certifications are valid for three years and a fresh audit is carried out prior to renewal.



Fatalities

[403-2] [403-9]

This year we regret to report that we recorded 11 fatalities including that of two contractors. (There are over 171,000 people working for us in our Indonesian operations, not including contractors.) We have unfortunately seen an upward trend of work-related fatalities. We take the health and safety of our employees and contractors very seriously and to address this, we have investigated each accident thoroughly and implemented various action plans to safeguard against future occurrences. We will work on instilling stronger OHS awareness and practices throughout our operations to create renewed energy behind the message that every worker deserves to return home safely at the end of each day.

The main types of work-related injuries include road accidents, being struck by falling FFB, falls and electrocutions.

We assess work-related hazards through Hazard Identification and Risk Analysis and by conducting OHS Cross Inspection to record unsafe actions and conditions. Examples include no/inadequate covers on rotating objects, lack of employee awareness and knowledge. The Safety Committee meeting will consider these hazards and risks and determine suitable action to address gaps such as additional



training; reviewing/strengthening safety SOPs; and ensuring Personal Protective Equipment is adequate and is worn.

Security guards

[410-1]

The safety of our workers and their families is of utmost importance, particularly in isolated rural areas. We employ security guards for our operations in Indonesia to ensure that the plantations and surrounding communities are secure. Our security guards are required to undergo a 21-day comprehensive training programme by the Bhakti Manunggal Karya Centre of Education and Training (BMK). Upon completion, they receive a certificate

from the Indonesian National Police. The programme covers human rights standards as well as professional ethics.

Our security guards do not carry firearms but are equipped with standard defensive security tools such as batons and handcuffs.

Healthcare and well-being

[403-6]

We are committed to providing our entire workforce with access to healthcare, including in remote rural areas where there is less incentive for healthcare professionals to practice. All our estates have polyclinics where workers can get free healthcare. We have over 150 clinics

and approximately 240 medical personnel providing medical services for our workers.

The medical care that our facilities provide includes pre-employment medical check-ups for new recruits, and special medical check-ups for workers who are exposed to potential health and safety hazards. The medical check-up programme is part of our effort to prevent and treat work-related illnesses through early detection.

To promote employee wellness, talks on various health topics are held regularly, for example on the dangers of HIV and drug addiction. Information is also disseminated regarding ergonomics and work fatigue.

All our downstream facilities have Occupational Health Service Centres. The centres conduct Health Risk Assessments (HRA) annually to identify occupational health hazards and establish control measures to minimise such risks.

Training and developing our people's skills

[103-2] [103-3] [404-2] [404-3]

GAR sees training and development as an investment that delivers benefits to both employees and the employer.

We spent a total of USD 4.6 million in 2018 on training and development in our Indonesian operations. We deliver training both formally and informally, with the

formal training curriculum taught at six regional training centres across Indonesia.

Our training and development programmes have two main objectives: equipping employees with the skills and capabilities they need to excel in their roles at GAR, and ensuring that all employees embrace our corporate values.

Our learning and development department works closely with our business leaders to identify training needs and develop high quality training materials and programmes to meet those needs.

Training is compulsory for management employees at every level starting from the Basic Management Development Programme for new hires to the Supervisory Management Development programme, Middle Management Development Programme and Executive Development Programme. The Individual Development Plan and Staff Development Discussion provided by Talent Centre are trainings that are offered regularly for all employees, with public training also available to those requiring additional, external training.

Other training programmes include sales training, managerial coaching as well as improving and ensuring product knowledge through e-learning and training.

OUR PEOPLE

To nurture our workforce, we seek to identify high performing candidates for leadership development and provide them with relevant training to help them progress in their careers. We are guided by ISO 10015 (Quality Management – Guidelines for Training), for which we received certification in 2013. All GAR employees undergo a career development and Key Performance Indicator (KPI) review at least once a year.

To strengthen our talent acquisition, we are launching the GAR Future Leader Programme, our signature management trainee programme with the aim to prepare future leaders with strong leadership capability driven by the Company's values and culture. The programme is designed to equip the participants with knowledge and skills in upstream and downstream business, complemented with strategic agility, commercial acumen, innovative mindset and leadership capability.

Data summary Profile of employees

[102-8] [401-1]

	2016		2017		2018	
	Male	Female	Male	Female	Male	Female
Permanent	40,660 (87.8%)	5,640 (12.2%)	44,382 (87.1%)	6,600 (12.9%)	45,897 (73.9%)	16,231 (26.1%)
Fixed-term	30,400 (54.5%)	25,400 (45.5%)	28,196 (52.6%)	25,452 (47.4%)	23,788 (59.2%)	16,387 (40.8%)
Full-time	58,020 (83.2%)	11,740 (16.8%)	64,300 (78.9%)	17,167 (21.1%)	64,735 (71.5%)	25,749 (28.5%)
Part-time	13,040 (40.3%)	19,300 (59.7%)	8,278 (35.7%)	14,885 (64.3%)	4,950 (41.9%)	6,869 (58.1%)
New hires	773	257	2,646	1,014	1,937	502
New hire rate	1.9%	4.6%	6.0%	15.4%	4.2%	3.1%
Turnover	5,247	1,117	3,387	669	1,821	470
Turnover rate	12.9%	19.8%	7.6%	10.1%	4.0%	2.9%

Diversity indicators

[405-1]

GAR workforce

Age group	Permanent	Fixed-term
<30	21%	36%
30 – 50	73%	61%
>50	6%	3%
Total	100%	100%

Gender of management

	Male	Female
Senior management	83.5%	16.5%
Middle management	83.4%	16.6%
Junior management	82.2%	17.8%

GAR Board of Directors

[405-1]

Gender	Ratio	Age group	Percentage	Ratio
Male	100%	<30	0%	0%
Female	0%	30 - 50	0%	0%
		>50	100%	100%

Lowest wage rate and minimum legal wage¹

[202-1]

Region	GAR lowest monthly wage (IDR)	Provincial minimum wage (IDR)	Ratio of GAR's lowest monthly wage and provincial minimum wage
Sumatra	2,084,323	2,084,323	1:1
Kalimantan	2,490,000	2,460,000	1:0.99
Papua	3,118,007	3,118,007	1:1

¹ This refers to the lowest legal minimum wage listed among the provinces where GAR has operations. Indonesia's 2018 list of legal minimum wages in different provinces can be found at wageindicator.org

OHS (Upstream and Downstream)

[403-9]

	2016	2017	2018
Number of fatalities (US)	4	6	9
Rate of fatalities (US)	–	–	0.05
Number of fatalities (US contractors)	–	–	0
Rate of fatalities (US contractors)	–	–	0
Number of fatalities (DS)	0	0	0
Rate of fatalities (DS)	0	0	0
Number of fatalities (DS contractors)	1	0	2
Rate of fatalities (DS contractors)	6.6	0	0.45
Number of recordable work-related injuries (US)	805	1,861	717
Rate of recordable work-related injuries (per 1,000,000 work hours) (US)	4.67	9.97	4
Number of recordable work-related injuries (DS)	15	47	25
Rate of recordable work-related injuries (per 1,000,000 work hours) (DS)	0.88	4.81	2.8
Number of recordable work-related injuries (US contractors)	–	–	0
Rate of recordable work-related injuries (US contractors)	–	–	0

	2016	2017	2018
Number of recordable work-related injuries (DS contractors)	10	24	6
Rate of recordable work-related injuries (DS contractors)	66.6	51.06	1.36
Lost time injury frequency rate (US)	0.02	0.03	0.05
Lost time injury frequency rate (DS)	0	0	0

Average hours of training in 2018 by employee level

[404-1]

Category	Hours
Staff	28.23
Middle management	17.81
Senior management	20.67

Average hours of training in 2018 by gender

[404-1]

Male	20.62
Female	86.99

TRANSFORMING OUR SUPPLY CHAIN



Our commitment to responsible palm oil requires us to work closely with our supply chain to ensure they too operate responsibly and in line with our commitments in the GSEP. This helps to minimise supply chain risks for GAR and contributes to a palm industry that is more responsible and resilient. Our supply chain transformation efforts also contribute to targets under UN SDGs 12 and 15.

Our palm supply chain

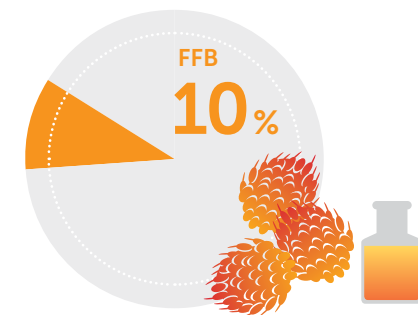
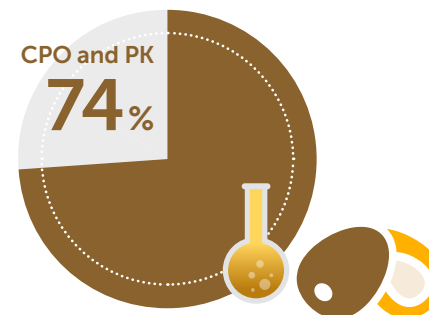
[102-9]

The bulk of our procurement comprises crude palm oil (CPO) and palm kernel (PK) for our downstream business in Indonesia. In 2018, these raw materials

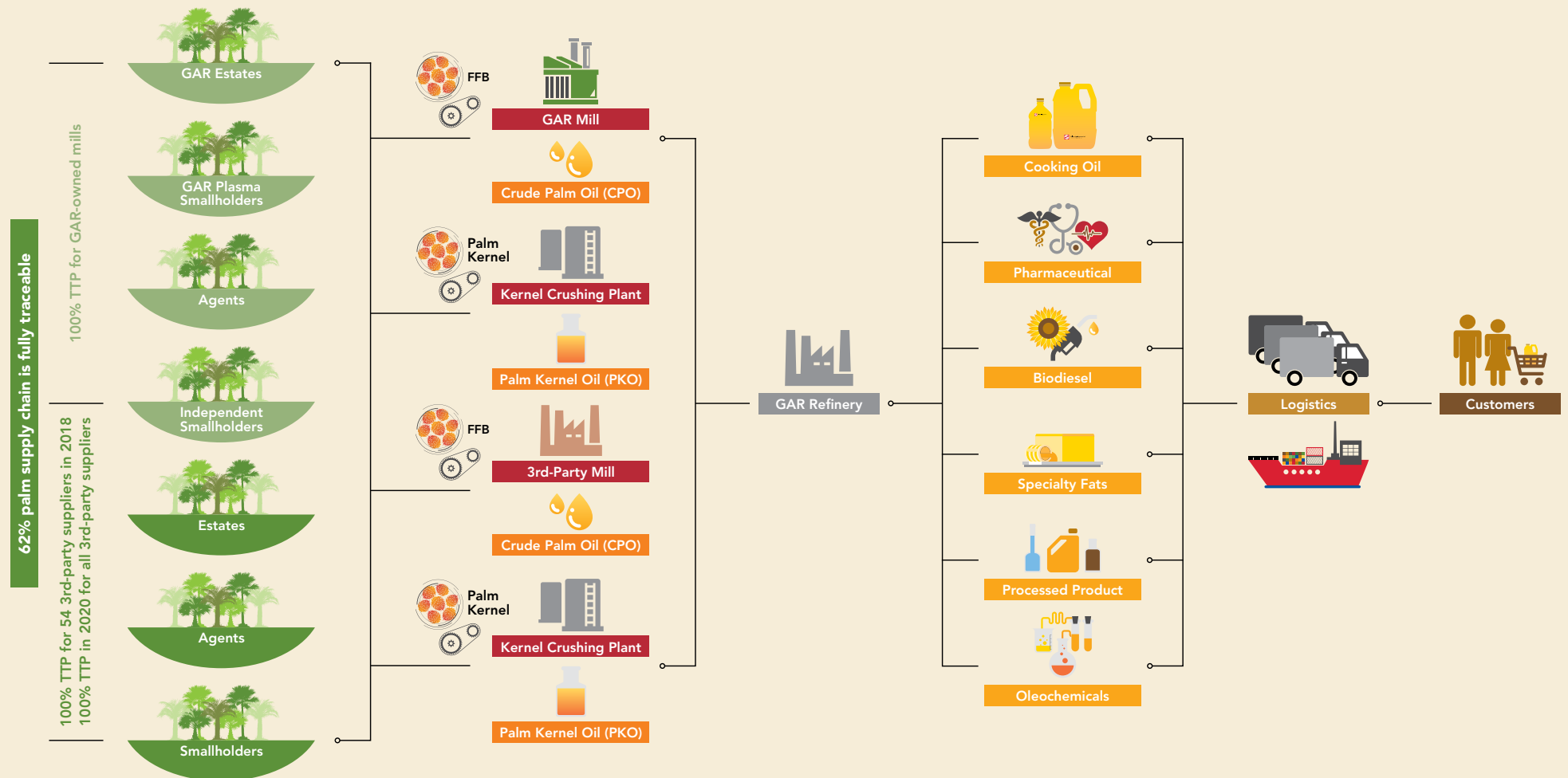
were sourced from 403 third-party mills and 46 GAR-owned mills in Indonesia. The feedstock for the mills or fresh fruit bunches (FFB) are in turn supplied by our own nucleus estates, third-party estates, thousands of individual farmers (plasma and independent), as well as brokers and agents who buy from farmers. Procurement of CPO and PK, and procurement of FFB, accounts for around 74 and 10 percent respectively of our Indonesian subsidiaries' procurement spend.

These producers of FFB, CPO and PK make up GAR's critical suppliers and we are focused on helping them transform and operate more responsibly.

SHARE OF PROCUREMENT SPEND ON CRITICAL RAW MATERIALS



PALM SUPPLY CHAIN



TRANSFORMING OUR SUPPLY CHAIN

Other suppliers

[102-9] [204-1]

Aside from our palm supply chain, we procure a number of other products and services to run our business. Of our non-palm procurement, our most significant spend for our upstream operations is on fertilisers sourced from 33 Indonesian companies. Other procurement spend categories include materials, spare parts and services; chemicals; packaging; fuel and tires; food; tools and consumables. The procurement of food such as rice, noodles and milk is for our employees and forms part of their non-monetary benefits. In 2018, we spent about IDR 120 billion to procure over 12 Kilo tonnes of food.

Over 55 percent of products and services are purchased by our local and representative offices from local vendors close to our operational sites. We also support many small businesses and suppliers with more 80 percent of our procurement sourced from small vendors.

Traceability to the Plantation

[103-2] [103-3]

Full traceability to the mill:

403

third-party supplier mills;

46

GAR-owned mills



62%

of palm oil supply chain fully traceable (GAR-owned mills and third-party mills)



Target

100%

TTP for third-party mills by 2020

Supporting conservation of

65,000 ha

of forests (HCS/HCV) by our suppliers

Working closely with our critical tier one suppliers, represented by over 400 third-party mills, we continued to make progress on achieving full Traceability to the Plantation (TTP) or origin for our raw materials. This is a notable achievement given that agricultural supply chains are notoriously complex.

As at end 2018, we recorded full TTP for 54 third-party suppliers. Together with the TTP of GAR-owned mills, we achieved full traceability for 62 percent of our key supply chain, putting us on track to achieve full TTP by 2020.

Traceability is a crucial first step for us in relationship building with our third-party suppliers. Through engagement and gaining their trust, we have been able to spearhead our supply chain transformation efforts.

Our efforts in this area are translating into tangible results. One such example can be seen in forest conservation. Through our engagement with our suppliers and the sharing of best practices and commitments to no deforestation, we are currently supporting the conservation of 65,000 hectares of HCS and HCV areas by our suppliers.

Supplier assessment, support and training

[308-1] [308-2] [414-1] [414-2]

7% suppliers dropped from supply chain since 2015



Completed site visits

to all downstream locations



Dedicated Supplier Support Team



In 2018, aside from commercial considerations, we also screened 60 potential new supplier mills based on environmental and social criteria through spatial analysis and desk research¹. Out of these, 16 mills qualified as GAR suppliers. We also assess existing suppliers for GSEP compliance and follow up with engagement efforts as required. We have completed site visits to all our downstream processing locations and reports can be viewed on the [Sustainability Dashboard](#). We also assessed all our 403 third-party mill suppliers through desk research and visited 25 of them in 2018.

Through our site visits and assessments since 2015, we have determined that 86 suppliers are compliant with the GSEP. In 2018, the 25 mills we visited had significant impacts in the following areas:

- Environmental: waste management, potential for deforestation and GHG emissions
- Social: labour practices, OHS and implementation of FPIC

All the assessed mills are working on their remedial action plans with more than half of these mills showing good progress².

Suppliers who are participating in the assessment process are generally receptive to proposals for improvement and we have not had to disengage from

any of the suppliers assessed. However, suppliers deemed non-compliant will no longer form part of our supply chain. Since 2015 we have stopped procuring from about seven percent of our suppliers due to non-compliance with our GSEP commitments.

We operate a transparent and accountable system where stakeholders can inform us of issues within our supply chain using our grievance process. As part of this process, we conduct ad-hoc site visits where an issue has been raised by an external stakeholder or discovered through our own monitoring. Our engagement is reported in our updated [Grievance List](#). In 2018, 12 new grievances were raised related to our third-party suppliers with five resolved. We also closed another ten cases from previous years. Case studies which highlight action plans for our suppliers are published on our [website](#) and [Sustainability Dashboard](#).

We continue to extend support and training to our suppliers through SMART SEED and SPOT (Sustainable Palm Oil Training) workshops. Topics include current issues such as labour and human rights and traceability. As part of our continuous support to our suppliers, a dedicated GAR Supplier Support Team is available to respond to queries from suppliers. They can be reached at supplier.support@sinarmas-agri.com

¹ Spatial analysis refers to analysing the mill location relative to areas of sensitive eco-systems such as peat areas, key biodiversity habitats and forest areas. Desk research involves looking for any publicly reported information on environmental and social issues linked to the potential supplier.

² We have also stopped procuring from nine of the assessed mills due to commercial and other reasons.

TRANSFORMING OUR SUPPLY CHAIN

Insights from site visits to tier one and tier two suppliers around Lubuk Gaung Refinery and Dumai Bulking Station:

Overarching issues faced by all suppliers

We found that all 21 mills, 24 estates and 26 smallholders assessed had challenges in fulfilling most of the principles set forth in the GSEP. This is largely due to:

- Lack of understanding of sustainability as a strategic asset**
 Suppliers had yet to fully embrace sustainability as a key differentiator in the market place and link their organisation's values to triple bottom line concerns: social, environmental and financial. Push factors from market players related to socialising sustainability policies across suppliers as well as pull factors such as offering rewards for sustainable practices, have also not yet been optimally rolled out.
- Absence of sustainability systems and policies**
 While suppliers had developed some procedures related to sustainability, they were often developed merely to pursue compliance with regulation or other acceptable norms. Suppliers had not yet developed integrated sustainability policies that move beyond basic regulations or institutionalised them into their operational practices.
- Limited structural organisational support**
 Lack of internal leadership to catalyse and integrate sustainability within their organisation has prevented suppliers from adopting a clear vision and the necessary focus to embrace sustainability. Suppliers demonstrated an insular culture and an unwillingness to collaborate with their peers to find multi-stakeholder solutions.

In order for suppliers to close gaps in complying with the GSEP, embedding all three elements into their modus operandi is essential to ensure their transformation journey will not be shortlived and will continue to contribute long term and sustainability benefits.

Spotlight on SMART SPOT (Sustainable Palm Oil Training)



Participants at Kutai National Park learning about High Conservation Value (HCV) management

"My hope in the long term, is for oil palm industry players in East Kutai to be able to add value to such conservation areas, and learn to coexist with these protected animals,"

Nur Patria, Head of Kutai National Park

Read more about GAR's training programmes for the palm oil industry:
[Learning to manage high conservation value areas through SMARTSPOT East Kutai](#)

Supporting smallholders

[103-2] [103-3]

Support for

69,400

plasma smallholders



Helping
4,200
independent smallholders
with financing



Smallholders form a large proportion of the palm oil industry and control more than 40 percent of palm oil estates in Indonesia. There are an estimated two million small farmers in Indonesia alone. Helping smallholders improve their livelihoods as well as adopt more responsible practices is one of the major challenges in the industry.

We have been supporting and helping all our plasma smallholders achieve responsible palm oil for almost three decades. In 2018, around 69,400 plasma smallholders supplied FFB to GAR, about 22 percent of our total intake of FFB.

While GAR does not own the plasma plantations, they are closely integrated into our management system and we take the lead in promoting their success

while adhering to the GSEP. In 2018, our smallholders achieved a CPO yield of around 5.2 tonnes per hectare, which is among the highest in the industry in Indonesia.

Through our partnership, we provide our plasma smallholders access to high-yielding seeds and good quality fertilisers. We also ensure knowledge transfer and capacity building through regular training on Good Agricultural Practices.

We are also extending support to independent smallholders. These farmers usually have small plots and due to the lack of access to quality seeds and best agronomic practices, generally produce very low yields. Inefficient production negatively impacts a farmer's livelihood which can lead to increased pressure to

clear more forests for agriculture in the hopes of boosting earnings.

One of the ways in which we continue to tackle this is through our support of the Innovative Financing scheme for independent smallholders. The programme aims to encourage more independent smallholders to replant with better quality, higher-yielding seed by giving them access to financing and helping them sustain their livelihoods during the four years it takes for the new seedlings to mature.

More independent smallholders joined the Innovative Financing scheme in 2018. Since the scheme began in 2014, GAR has helped independent farmers in Riau and Jambi secure loans of approximately IDR 240 billion from state-owned banks. As at end 2018, around 1,400 farmers had enrolled in the scheme.

Concurrently we run other finance and support programmes for independent smallholders. Through the Smallholders Development Programme, GAR has



TRANSFORMING OUR SUPPLY CHAIN

provided technical assistance and long tenure interest-free credit to more than 2,800 independent farmers in East Kalimantan since 2013. They also have access to high-yielding seeds, fertiliser, and herbicides and rent heavy equipment, at below market rates. To date, we have disbursed more than IDR 25 billion in interest-free loans.

Our R&D division, SMARTRI runs regular training programmes for smallholders. Each year they train several hundred farmers in agronomic practices focusing especially on integrated pest management and fertiliser management. Beneficial plants are given to the farmers at the end of the training session, to be planted in their field to contribute to the biological control of herbivories. In addition, SMARTRI staff also visit smallholder farms when requested to help solve pest outbreak issues or nutrient deficiency cases.

Partnerships with customers to help smallholders

GAR is also partnering with customers on projects aimed at helping the transformation of the palm oil industry.

GAR, Nestlé and Earthworm Foundation (formerly known as The Forest Trust) are collaborating on a project which seeks to empower small farmers and improve their resilience. Using interviews and

Participatory Mapping involving dealers, agents, independent smallholders, their families and their workers, the project seeks to understand the smallholders' farming systems, household economics, challenges and needs. Over 140 farmers took part in Land Tenure studies and Participatory Mapping in 2018. The project aims to help farmers achieve legality as well as ISPO certification. It also seeks to help them improve their product marketing skills and to enhance their natural environment and key habitat areas.

We are also collaborating with BASF on Innovative Financing where BASF will provide the four-year stipend for farmers enrolled in the scheme. This collaboration will support two cooperatives and target nearly 400 hectares for replanting in Riau.

Respecting human rights in our supply chain

[412-1]

As we continue to progress with our palm supply chain mapping and develop deeper support for our key suppliers, we have started initial steps to address salient labour and human rights issues within our supply chain. In 2018, we conducted a special workshop for suppliers on human rights together with the Indonesian Commission for Human Rights (Komnas HAM) and the International Labour Organisation (ILO).



The training provided participants with insights into the reform of various rules and regulations related to employment and occupational health and safety, as well as encouraged them to adopt and put key human rights principles into practice. In addition, participants used this platform to share their thoughts on the implementation of these human rights principles in their own companies.

Together with Nestlé and Verité, we are also carrying out an assessment of our suppliers on labour and human rights issues. Five mills have been chosen for the assessment. Amongst other things, the assessment aims to verify progress against any corrective action plan developed and monitored by GAR; determine risks of noncompliance with the GSEP, Nestlé's Responsible Sourcing Standard and provide concrete recommendations for remediation. We will report results in later reports.



CARING FOR OUR CUSTOMERS AND CONSUMERS

Our customers

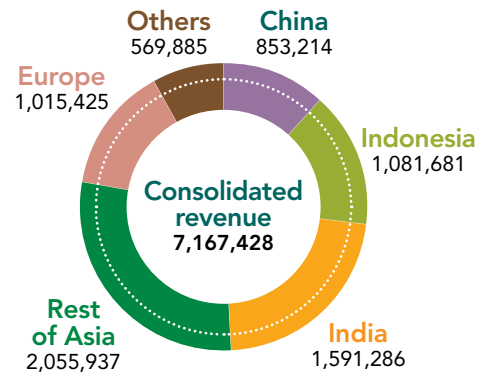
[102-6]

The bulk of our palm oil is distributed through our customers, which include traders, distributors, wholesalers, retailers as well as other businesses in the food and manufacturing industries that use our oil as a raw material in the production of secondary goods. Palm oil is an extremely versatile raw material used to make many daily products ranging from cooking oil to household cleaners – view the wide range of products on our [website](#).

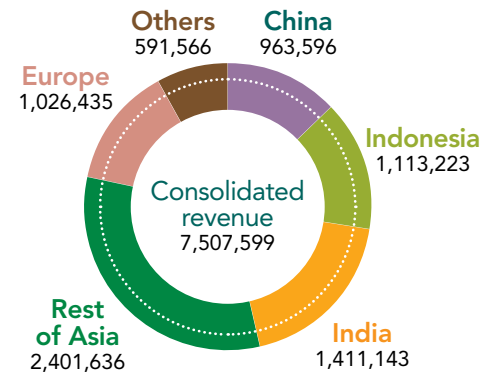
We sell our products across the world, deriving the bulk of our revenue from markets in Asia.

REVENUE BASED ON GEOGRAPHICAL LOCATION OF CUSTOMERS

2018
US\$'000



2017
US\$'000



CARING FOR OUR CUSTOMERS AND CONSUMERS



We aim to offer an extensive range of products that meet the varying needs of our different customers. In recent years this has involved extending our product range into high-value areas such as palm-based oleochemicals, which are used to manufacture soaps, detergents and other personal care products.

GAR is also proactively responding to the growing market demand for traceable and certified sustainable palm oil.

Providing certified sustainable palm oil

[103-2] [103-3] [102-12] [102-13]

Our Indonesian operations were early adopters of certification of sustainably produced palm oil - SMART became a member of the Roundtable on Sustainable Palm Oil (RSPO) in 2005, shortly after it was founded.

Industry certification is part of GAR's on-going commitment to adopt best practices and standards in responsible production, while allowing us to meet growing demand for certified sustainable palm oil.

Roundtable on Sustainable Palm Oil (RSPO) certification

To date, over 257,600 hectares of plantations including over 51,000 hectares of smallholder estates, 29 mills, nine kernel crushing plants, six refineries, seven bulking stations and one oleo-chemicals plant have received RSPO certification. Our RSPO certification progress can be viewed on our [website](#).

GAR continues to play an active role in the RSPO. In 2017, Mr Agus Purnomo, GAR's Managing Director of Sustainability and Strategic Stakeholder Engagement was

elected to the RSPO Board of Governors. He is also the Chair of Indonesian Growers Caucus (IGC) representing Indonesian Palm Oil Members within RSPO. GAR also participates in the RSPO working groups on peatland; biodiversity; human rights; and smallholders as well as the Principles and Criteria (P&C) Task Force and the Dispute Settlement Facility Advisory Group.

International Sustainability and Carbon (ISCC) certification

GAR maintains ISCC certification, a global certification which aims to ensure sustainable production and use of all kinds of biomass in global supply chains. ISCC is based on the implementation of the highest sustainability requirements in ecological sustainability, social sustainability, compliance with laws and international treaties, monitoring of GHG emissions and good management practices.

To date, over 288,500 hectares of plantations including smallholder plantations of over 54,200 hectares, 30 mills, five refineries and 15 bulking stations have received ISCC certification.

All biomass intended for biofuels in destinations like Europe are ISCC certified, ensuring that our products meet the highest responsible palm oil standards in the international market.

Indonesian Sustainable Palm Oil (ISPO) certification

GAR also supports the ISPO Scheme developed by the Indonesian Ministry of Agriculture to improve the competitiveness of Indonesian palm oil in world markets and to meet Indonesia's commitment to reduce greenhouse gases and focus on environmental issues.

To date, over 205,700 hectares of plantations and 32 mills have received ISPO certification.

Developing a biofuel market for palm oil

We have a biodiesel plant near Jakarta and another in South Kalimantan. Biodiesel in Indonesia is a growing market with the government's commitment to implement a larger biodiesel mixture mandate. Accordingly, we have received a larger allocation from the government for 2019 delivery. Likewise, we note the increasing biodiesel demand from countries such as China. We are therefore evaluating our long-term expansion plan in this industry.

Our consumers

[102-2]

Aside from distributing palm oil to industrial customers, we also sell edible oil and food products directly to the end consumer in large markets like Indonesia, China and India.

For a full list of our products and brands, please see our [website](#). Please refer to the [GAR Annual Report 2018](#) for more information on our consumer markets and future business strategy.

Ensuring consumer safety, wellbeing and product quality

[103-2] [103-3] [416-1]

Our consumers rely on GAR brands for safe and high quality products that they can trust. We use international standards to ensure the quality of our products, bar codes for traceability, and we systematically record expiry dates and batch data.

All six palm oil refineries in Indonesia are accredited with ISO 9001 and ISO 22000 certification, which recognises that they adhere to strict international food safety standards. The Marunda refinery also has FSSC 22000 food safety certification. The six facilities also have OHSAS 18001, ISO 14001, Halal and Kosher certification. In addition, the refineries in Lampung and Belawan have FDA accreditation and we have GMP+B2 certification for lauric products at the Belawan, Lampung, Lubuk Gaung and Surabaya plants. Lubuk Gaung also has CPPOB certification (Good Manufacturing Practices for Processed Food).

We are also committed to rolling out the Hazards Analysis and Critical Control Point

or HACCP food safety system across our operations.

We are aware of consumer concerns about the health and safety aspects of our end products and our Downstream R&D department is actively addressing this area. In 2018, the European Food Standards Authority (EFSA) revised 3-MCPD and GE ester levels and GAR continues to focus on minimising occurrence of MCPD precursors. Our business is successfully tackling the 3MCPD/GE issue holistically, for example by minimising Free Fatty Acids (FFA) in CPO and optimising refining techniques. We are also continuing to optimise identification methods for 3-MCPD and GE esters.

We are also on track in our efforts to remove trans fatty acids from our products. We aim to be trans-fat-free in all margarine and shortening and specialty products in 2019.

Cooking oil fortification is also another focus area with the Government of Indonesia implementing mandatory fortification using Vitamin A in cooking oil. GAR meets this requirement in all our products distributed in Indonesia and we have also taken further steps to enhance our impact on consumer health. Besides Vitamin A, our Filma Margarine is also fortified with vitamins B1, B2 and B3.



UNITED NATIONS GLOBAL COMPACT COP

United Nations Global Compact (UNGC) [102-12]

The United Nations Global Compact (UNGC) is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. GAR, through its subsidiary SMART has subscribed to the UNGC principles since 2006. In 2018, GAR became a signatory of the UNGC signifying our continuing commitment.

Progressively, we take appropriate actions in line with the principles as fundamental guidelines for the sustainable development of our business. We continue to support UNGC by incorporating the ten principles in the way we do business, which helps make us a better corporate citizen.

As an active participant of the UNGC, this report also serves as our Communication on Progress Report (COP) to the UNGC. In our opinion, we meet the requirements for the Global Compact Active reporting level. Please refer to the UNGC reference table below for our implementation of the ten principles of UNGC.

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	p 3 , 4 , 7 , 40 , 55
	Principle 2: make sure that they are not complicit in human rights abuses.	
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	p 4 , 7 , 43-45 , 52
	Principle 4: the elimination of all forms of forced and compulsory labour;	
	Principle 5: the effective abolition of child labour; and	
	Principle 6: the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	p 4 , 6 , 8 , 15 , 29-39
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	p 6 , 21



Our sustainability efforts also support these specific UN SDGs:



GLOSSARY

AR	– GAR Annual Report	ISPO	– Indonesian Sustainable Palm Oil
CFA	– Carbon Footprint Assessment	PCP	– Participatory Conservation Planning
CPO	– Crude Palm Oil	PK	– Palm Kernel
CSO	– Civil Society Organisation	PM	– Participatory Mapping
CSR	– Corporate Social Responsibility	POME	– Palm Oil Mill Effluent
EFB	– Empty Fruit Bunch	PT	– Perseroan Terbatas (Limited Liability Company)
FFB	– Fresh Fruit Bunch	PT AMNL	– PT Agrolestari Mandiri
FPIC	– Free, Prior and Informed Consent	PT BAP	– PT Binasawit Abadipratama
GAR	– Golden Agri-Resources Ltd	RSPO	– Roundtable on Sustainable Palm Oil
GHG	– Greenhouse Gas	SDGs	– Sustainable Development Goals
GRI	– Global Reporting Initiative	SMART	– PT SMART Tbk
GSEP	– GAR Social and Environmental Policy	SMARTRI	– SMART Research Institute
HCS	– High Carbon Stock	SOP	– Standard Operating Procedure
HCV	– High Conservation Value	TTP	– Traceability to the Plantation
HGU	– Hak Guna Usaha (Right to Cultivate)	UNGC	– United Nations Global Compact
IPM	– Integrated Pest Management		
ISCC	– International Sustainability and Carbon Certification		

Feedback and Contact

[102-53]

We see our Sustainability Report as part of our continuous engagement with our stakeholders and would welcome your feedback.

Please contact our Head of Sustainability Reporting and Disclosure, Lim Shu Ling, at shuling.lim@goldenagri.com.sg

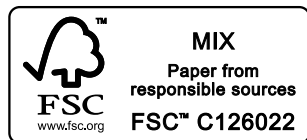
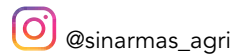
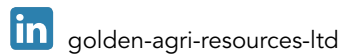
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