

**Golden Agri-Resources Action Plan in response to findings
of the Rainforest Alliance Evaluation of GAR Social and
Environmental Policy Implementation 2017**

Overview

Golden Agri-Resources (GAR) commissioned the Rainforest Alliance, a leading international not-for-profit organisation with a track record in certification, verification and bespoke sustainability evaluations to review the implementation of [GAR's Social and Environmental Policy](#), known as the GSEP.

The evaluation report, published on the [Rainforest Alliance website](#) and on a [link in the GAR Sustainability Dashboard](#), confirms that the GSEP is well understood by concession managers and staff and is generally being well executed, although in some cases implementation of the policy is still in its early stages. Of 73 indicators derived from the GSEP, 60 findings are categorised as "fully comply", 12 findings are categorised as "not fully comply", and one finding is categorised as "not comply".

This Action Plan sets out how GAR plans to address those findings where gaps in compliance were identified. While the Action Plan is specific to the three concessions evaluated by Rainforest Alliance learnings from this process will be applied across GAR's operations and contribute to improvements in our outreach programmes to suppliers to support them in meeting the GSEP.

At GAR sustainability is a journey, and the GSEP is our roadmap. The Rainforest Alliance confirms that we are on the right path and must continue our efforts as we transform our own business and the industry of which we are part.

Background

In September 2015, Golden Agri-Resources (GAR) published the GSEP. This policy brought together two decades of sustainability policies covering environmental management, social and community engagement, workforce and human rights, and marketplace and supply chain management into a single, updated, harmonised policy document that has become the roadmap for GAR's sustainability journey.

The GSEP applies to all of GAR's own operations, and to its subsidiaries, joint ventures, and investments regardless of scale, as well as to its third party supply chain. It brings together policies from [1997 on Zero Burning](#), [2011 on Forest Conservation](#) and [2012 on Social and Community Engagement](#) as well as many others, to form a cohesive and comprehensive guide to how the company sees sustainability and aspires to achieve sustainable practices within its own business and across the industry.

At the end of 2016, GAR commissioned Rainforest Alliance, a leading international not-for-profit organisation with a track record in certification, verification and bespoke sustainability evaluations to review the implementation of the GSEP within GAR's own operations. The review was focused on three concessions: PT Kartika Prima Cipta (PT KPC), PT Paramitra Internusa Pratama (PT PIP) and PT Persada Graha Mandiri (PT PGM) in West Kalimantan. These concessions were chosen because, of all the GAR estates, these three have been the focus of the most wide ranging GSEP implementation programmes. Information on the effectiveness of implementation of the GSEP in these three concessions could reasonably be expected to apply across the remainder of GAR's concessions in Indonesia.

The Process

Based on a set of agreed indicators drawn from the details of the GSEP, the Rainforest Alliance put together a team of five Indonesian auditors to conduct a field and desk-based evaluation of GAR's GSEP implementation in the three concessions. Field work was conducted between March and May 2017, and involved interviews of staff, workers, community members and other stakeholders, as well as the review of documents, maps and reports and observations made in the field.

The evaluation has resulted in a report: *Golden Agri-Resources Social and Environment Policy*

Verification Report for: *PT. Kartika Prima Cipta, PT. Paramitra Internusa Pratama, and PT. Persada Graha Mandiri in Kalimantan Barat*, published on the [Rainforest Alliance website](#).

In response to the evaluation report GAR has developed the following Action Plan to address the 12 "not fully comply" and one "not comply" findings. Lessons learned from the evaluation will be applied not only to these three concessions but across GAR's operations and inform the development of outreach programmes to our wider supply chain as we encourage and support suppliers to be compliant with the GSEP.

GSEP Indicators	Finding	Action Plan	Timeline
<p>1.1 No development on, and the conservation of, High Carbon Stock forests (criteria)</p> <p>1.1. 3 Where there is overlap between HCS set- asides and existing rights/resources of local communities, there is evidence of a negotiated agreement that optimally safeguards both the HCS areas and these rights.</p>	<p>Not Fully Comply.</p> <p>The companies shall continue and complete their PCP program for all villages surrounding their concession. Collaboration with stakeholders including local government and other companies in the areas should be intensified to distribute the responsibilities and share resources needed to safeguard the HCS areas at the landscape level. This includes providing or searching for funding to take over the ownership of the land through land compensation (GR – Ganti Rugi) when it is the only option available to safeguard the HCS.</p>	<p>The PCP has been conducted in majority of villages: 11 out of 12 villages. The only one village left is undergoing PCP process and will be completed in Q1 2018.</p>	<p>Q1 2018</p>
<p>1.1.4 Efforts are made to protect HCS forests from illegal harvesting, development, and other deforestation activities by third parties. Protection efforts include collaborating with local communities, NGOs, and</p>	<p>Not Fully Comply.</p> <p>The companies should continue and complete their PCP program for all villages surrounding their concession. Collaboration with stakeholders including local government and other companies in the areas should be intensified to distribute the responsibilities and share resources needed to safeguard the HCS areas at the landscape</p>	<p>The PCP has been conducted in majority of villages: 11 out of 12 villages. The only one village left is undergoing PCP process and will be completed in Q1 2018.</p>	<p>Q1 2018</p>

government authorities.	level. This includes funding for taking over ownership is necessary.		
<p>1.2 No development on, and the conservation of, High Conservation Value areas</p> <p>1.2.3 Where there is overlap between HCV set- asides and existing rights/resources of local communities, there is evidence of a negotiated agreement that optimally safeguards both the HCV areas and these rights.</p>	<p>Not Fully Comply.</p> <p>The companies shall continue and complete their PCP program for all villages surrounding their concession. Collaboration with stakeholders including local government and other companies in the areas should be intensified to distribute the responsibilities and share resources needed to safeguards the HCV areas in landscape level.</p>	The PCP has been conducted in majority of villages: 11 out of 12 villages. The only one village left is undergoing PCP process and will be completed in Q1 2018.	Q1 2018
1.2.6 Collaborate with relevant stakeholders to strengthen the management and monitoring of HCV areas inside the company area and surrounding landscape.	<p>Not Fully Comply.</p> <p>The companies shall continue and complete their PCP program for all villages surrounding their concession. In addition, the work on enhancement of HCV management and monitoring plan by Ekologika should also be completed and implemented. Collaboration with stakeholders, including local government and other companies in the areas, should be intensified to distribute the responsibilities</p>	The PCP has been conducted in majority of villages: 11 out of 12 villages. The only one village left is undergoing PCP process and will be completed in Q1 2018.	Q1 2018

	and share resources needed to safeguard the HCV areas in landscape level. This includes funding for taking over ownership or land compensation (GR – <i>Ganti Rugi</i>) is a necessary.		
<p>1.5 Continuous yield improvement to reduce pressure on new land development without intensification of the use of chemical pesticides and fertilizers</p> <p>1.5.5 The company must demonstrate by comparative agrochemical inventories and use records that it rotates chemical products and reduces their use for production.</p>	<p>Not Comply.</p> <p>The companies shall carry out analysis of chemical usage and identify and implement ways to reduce and rotate chemicals.</p>	<p>GAR is committed to continuously reduced herbicide used. Nonetheless the actual usage depends on factors which not under company control, such as:</p> <ul style="list-style-type: none"> • The level and distribution of rainfall which differs every year and has a direct impact on the growth and development of weeds • The availability of new molecules in the Indonesian market is also a parameter that guide our operations. <p>Specifically on pest and weed control, here is the action plan:</p> <p>1. Pest control (herbivories and rat control)</p> <p>a. Herbivories: Re-enforce natural solutions and biological controls are our preferred method for controlling pests across all our plantations, including beneficial plants, such <i>Antigonon leptopus</i> and <i>Turnera subulata</i> as alternative host plant that attract parasitoids and natural predators to supress pest attack.</p> <p>b. Rat control</p> <ul style="list-style-type: none"> • control the installation in each block and the effectiveness of the barn owl, ... • promote the installation of barn owls in immature plantations, through the testing of the installation of T-perch, in order to reduce the use of rodenticide. In that case we could use 1st generation of rodenticides which I less toxic. <p>2. Weed control</p> <ol style="list-style-type: none"> improve census of weed dominancy to adjust the type and rate of herbicides implement latest policies based on MCAR recommendation 	Q3 2018
<p>1.7 Improve waste management</p> <p>1.7.1 Develop and implement a waste management plan</p>	<p>Not Fully comply.</p> <p>The company should be consistent in implementing their SOP for Waste Management. Collaborate with agency that works with waste recycling so that waste or</p>	<p>Environmental Management SOP is undergoing revision process including sections related to domestic waste management. Part of the revision includes implementing a recycling program starting with source separation and utilization of the recycled materials into valuable goods.</p>	Q2 2018

<p>including the documentation of the origin, approximate volume and current means of disposal for all waste streams; and activities to segregate different waste types to facilitate re-use, recycling or composting.</p>	<p>reusable materials can be utilized or possibly commercialized (plastic cup, sachet, bottle, etc.). CSR could create program for women's empowerment through the utilization of used materials/goods or turn the waste (paper, plastic, tire, clothing, etc.) into valuable goods that are saleable.</p>		
<p>1.7.4 The company areas are kept clean and free of waste accumulations outside of designated storage and disposal sites.</p>	<p>Not Fully comply.</p> <p>The companies shall regularly implement educational activities for their workers and residents with the objective of promoting cleanliness and preventing the indiscriminate disposal of waste. Sanction can be applied if necessary.</p>	<p>Cleanliness management has been incorporated into Environmental Management SOP and is undergoing revision to ensure it has covered all necessary aspects. It will be disseminated to workers after its completion.</p> <p>The implementation of Environmental Management SOP, will be evaluated during internal compliance audit in each and every unit of operations.</p>	<p>Q2 2018</p>
<p>1.7.8 The company checks service providers who remove oil, plastic and sewage waste and ensure that the contractors' disposal and recycling methods do not pose risks to natural ecosystems, drinking water supplies, or the health and safety of</p>	<p>Not Fully Comply.</p> <p>The company shall develop and implement procedure for checking the provider's compliance with the policy requirements including direct visit or inspection.</p>	<ol style="list-style-type: none"> 1. The company shall review the contract with service provider to ensure it upholds the standard based on the policy requirements 2. The company shall visit the provider's work premises to ensure its compliance to the policy requirements 3. The company shall visit the treatment facility used by service provider to ensure its compliance to the policy requirements 	<p>Q2 2018</p>

<p>people living near the disposal sites.</p>			
<p>1.8 Improve energy efficiency</p> <p>1.8.2 The company must have an energy efficiency plan with goals and implementation activities for increased efficiency, for reducing dependency on non-renewable sources and for increasing the use of renewable energy. Where appropriate, the use of on-farm energy sources must be preferred.</p>	<p>Not Fully Comply.</p> <p>The company shall develop a comprehensive documented program for energy efficiency plan which includes overview of the program, milestone, main goal, objective and planned activities. The activities can be further broken down into SOP and WI. The company can collaborate with university or hire students to conduct research on the topic of energy efficiency based on the companies' operations.</p>	<p>The company shall develop a specific energy policy and translate it into an SOP to support the implementation, including energy efficiency programme and target.</p>	<p>Q3 2018</p>
<p>2.2 Positive economic, social and community development</p> <p>a. Empowering people through community development programs</p> <p>b. Involving local farmers and businesses as</p>	<p>Not Fully Comply.</p> <p>The companies shall continuously consult the affected communities and local government regarding their CSR program. It is noted that some stakeholders will not be able to participate in every consultation thus the companies shall make sure the outcome of every consultation is disseminated in other forms accessible by all stakeholders.</p>	<p>The FPIC has been conducted in majority of villages: 11 out of 12 villages. The remaining village is undergoing the preparation process and will be completed in Q1 2018.</p> <p>Company will also ensure sufficient information is shared with the affected communities both in Communication & Consultation SOP and FPIC SOP.</p>	<p>Q2 2018</p>

<p>suppliers</p> <p>c. Respecting human rights</p> <p>d. Respecting land tenure rights</p> <p>2.2.2 There is a Community Development Programme which implements activities and projects based on consultations with local communities and related stakeholders.</p>	<p>The companies shall not ignore the possibilities of misinterpretation and negative image of their CSR program due to the lack of information provided to the communities.</p>		
<p>3.1 Recognizing, respecting and strengthening the rights of all our workers</p> <p>3.1.14 Full health and safety risk assessment is undertaken and an action plan is in place and implemented.</p>	<p>Not Fully Comply.</p> <p>The companies shall provide all needed PPE according to the health and safety risk assessment. Socialization for consistently using PPE appropriately for all workers shall be continuously conducted. Sanction might be applied if necessary.</p>	<ol style="list-style-type: none"> 1. The company has provided PPE to all employees based on the Hazard Identification, Risk Assessment and Control (HIRAC) 2. The company shall monitor and supervise the PPE use, ensure to replace damaged PPE, and provide 10 percent stockpile 	<p>Q4 2017</p>
<p>3.1.17 Ensure humans and the environment are protected from exposure</p>	<p>Not Fully Comply.</p> <p>The companies shall provide sufficient sanitation facilities for worker handling</p>	<ol style="list-style-type: none"> 1. The company has built separated decontamination shower room for workers (men and women) who work on chemical spraying. 2. The company has built sedimentation basin to contain decontamination wastewater 	<p>Q4 2017</p>

<p>to hazardous chemicals.</p> <p>(on progress)</p>	<p>chemicals and dedicated facilities for showering and washing contaminated clothes and PPE. All facilities shall be equipped with proper wastewater treatment.</p>		
<p>4.4 Compliance with all relevant national laws and international certifications' principles and criteria</p> <p>4.4.2 Compliance with all international certifications' principles and criteria.</p>	<p>Not Fully Comply.</p> <p>The compliance can only be proven after the companies obtain the RSPO certificate.</p>	<p>RSPO certification plan for Belian Mill and its suppliers has been incorporated into GAR's RSPO Certification timebound plan 2016-2020</p>	<p>2019</p>