

## **GAR Social and Environmental Policy**

### **Introduction**

We are committed to achieving the highest standards of quality and integrity, embedding sustainability across all our operations, and empowering society and community. We are adopting this enhanced sustainability policy to assist us in achieving these goals throughout our entire supply chain. Furthermore, we are fully committed to following the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria for the production of sustainable palm oil.

In February 2011, we issued our Forest Conservation Policy (FCP), which committed us to de-linking palm oil production from deforestation. In November 2011, we adopted our Social and Community Engagement Policy (SCEP) to guide and shape our decision making in engaging with communities. The policy addresses Free, Prior and Informed Consent (FPIC) of Indigenous peoples and Local Communities, complaints handling, conflict resolution and respecting human rights. In February 2012, we published our Yield Improvement Policy (YIP), aiming to increase production yield, thereby reducing impact on the environment. In June 2012, we implemented a Zero Tolerance Policy to contribute to the conservation and protection of rare, threatened or endangered animals.

In March 2013, we announced the implementation of a High Carbon Stock (HCS) forest conservation pilot project in West Kalimantan, Indonesia. In this project, we engaged stakeholders from the community, Government of Indonesia (GOI), civil society organisations and industry. Our objective was to establish a framework for successful HCS forest conservation for the whole palm oil industry.

We believe that collaboration is the best way to find solutions for sustainable palm oil production. We welcome the increasing number of producers and consumer companies making similar FCP commitments, referencing the HCS methodology first developed by GAR, Greenpeace and The Forest Trust (TFT).

Four years after announcing our pioneering FCP, we have reviewed our policy to address new challenges in the environmental and social landscape as our sustainability journey progresses. This policy covers Environmental Management; Social and Community Engagement; Work Environment and Industrial Relations; and Marketplace and Supply Chain. The details of our updated policy are set out in the following sections.

### **Scope**

We adopt this policy for all upstream and downstream palm oil operations that we own, manage or invest in, regardless of the stake. We also require our third-party suppliers from whom we purchase or with whom we have a trading relationship to comply with the policy.

To promote this policy across the palm oil industry, we will leverage our position in various multi-stakeholder forums and advocate this policy in partnership with our stakeholders.

### **Our Principle Commitments**

We want to ensure that GAR upstream and downstream palm oil operations are deforestation-free, traceable and bring benefits to the people and communities where we operate. Core to this are:

#### **1. Environmental Management**

- 1.1 No development of and the conservation of High Carbon Stock forests
- 1.2 No development of and the conservation of High Conservation Value areas
- 1.3 No development of and the conservation of peatlands of any depth
- 1.4 No burning for new plantings, re-plantings or other development

- 1.5 Continuous yield improvement to reduce pressure on new land development without intensification of the use of chemical pesticides and fertilisers
- 1.6 Report and reduce greenhouse gas emissions
- 1.7 Improve waste management
- 1.8 Improve energy efficiency

## **2. Social and Community Engagement**

Respect the Universal Declaration of Human Rights, national laws and ratified international treaties on human rights and indigenous peoples. This will include the following:

- 2.1 Respecting the right to Free, Prior and Informed Consent for indigenous peoples and local communities and recognizing the need for food security in new developments
  - 2.1.1 Responsible handling of complaints and grievances
  - 2.1.2 Responsible resolution of conflicts
  - 2.1.3 Open and constructive engagement with local, national and international stakeholders
- 2.2 Positive economic, social and community development
  - 2.2.1 Empowering people through community development programmes
  - 2.2.2 Involving local farmers and businesses as suppliers
  - 2.2.3 Respecting human rights
  - 2.2.4 Respecting land tenure rights

## **3. Work Environment and Industrial Relations**

- 3.1 Recognising, respecting and strengthening the rights of all our workers.

## **4. Marketplace and Supply Chain**

- 4.1 Traceable and transparent supply chains
- 4.2 Support to suppliers
- 4.3 Due diligence and grievance procedures
- 4.4 Compliance with all relevant national laws and international certifications' principles and criteria

## **1. Environmental Management**

### **1.1. No development of and the conservation of High Carbon Stock forests**

We will not develop HCS forest and will conserve all identified HCS in all our concessions.

We commit to championing the HCS Approach methodology overseen and being further developed by the HCS Approach Steering Group and promoting the adoption of this pioneering and innovative concept across the palm oil industry.<sup>1</sup>

We recognise that to conserve the HCS forests:

- The Government of Indonesia, civil society organizations, indigenous peoples, local communities and other stakeholders must be engaged in the effort to conserve HCS. New regulations and relevant legislations should be in line with the HCS standard in order to enable the transformation of the palm oil industry
- All key players in the Indonesian palm oil industry should adopt HCS methodology

As defined in the current HCS Approach Toolkit, six vegetation strata have been identified:

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<sup>1</sup> [http://highcarbonstock.org/wp-content/uploads/2015/04/HCS-Approach-Toolkit\\_Full-version.pdf](http://highcarbonstock.org/wp-content/uploads/2015/04/HCS-Approach-Toolkit_Full-version.pdf)

- High Density Forest – Remnant forest or advanced secondary forest close to primary condition
- Medium Density Forest – Remnant forest but more disturbed
- Low Density Forest – Appears to be remnant forest but highly disturbed and recovering
- Young Regenerating Forest – Mostly young regrowth forest, but with occasional patches of older forest
- Scrub – Recently cleared areas, some woody regrowth and grass-like ground cover
- Cleared/Open Land – Very recently cleared land with mostly grass or crops, few woody plants.

HCS Forests consist of High, Medium, Low Density Forest and Young Regenerating Forest. GAR will continue to implement the HCS Approach toolkit and will reflect any refinements which are made to the HCS standard in the future.

The HCS Approach methodology is being continuously refined for application in some parts of the world. We will actively engage with our stakeholders on this and support the HCS Approach Steering Group to determine and implement the appropriate standard wherever we operate.

We will also seek to find ways through which existing local communities can secure livelihood benefits by participating in HCS forest conservation.

## **1.2. No development of and the conservation of High Conservation Value areas**

In line with our 4 February 2010 commitments, we will ensure that there is no conversion of High Conservation Value (HCV) areas.

HCV will be managed in accordance with the procedures and guidelines endorsed by the prevailing Indonesian HCV Toolkit, or the recognized HCV toolkit for the country where the operations are located and the HCV Resource Network.<sup>2</sup> We will ensure that HCV studies are completed by credible service providers and the results of assessments made public. We will work with the broader stakeholder community to identify and engage appropriate experts whenever competent and credible HCV assessors are not readily available.

We will conserve biodiversity and environmental services as well as respect basic needs and cultural values as part of our policy to protect HCV areas. We will:

- Conserve and protect riparian zones, water catchment areas and other environmental services
- Conserve and protect rare, threatened and endangered species as well as ecosystems and critical habitats of rare, threatened and endangered species. Conserve and protect natural areas critical to serve basic needs, including areas needed for food production and which have cultural value for local communities
- Prohibit the hunting and poaching of wildlife, including rare, threatened and endangered species within our plantations
- Investigate any infringement of this policy such as hunting, possessing, injuring, harming and killing of rare and endangered species; and enforce disciplinary measures including termination of employment
- Educate our employees, contractors and local communities as well as related stakeholders on the importance of conserving HCV areas
- Collaborate with relevant stakeholders to strengthen the management and monitoring of HCV areas inside our plantations and surrounding landscapes

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<sup>2</sup> <https://www.hcvnetwork.org/>

To achieve successful forest conservation, we will work together with local communities through negotiated agreements that optimally safeguard HCV/HCS areas and the rights of local communities.

### **1.3. No development of and the conservation and management of peatlands of any depth**

- We will not develop any peatlands<sup>3</sup> regardless of depth within our concessions
- We will adopt and implement Best Management Practices for peatlands, as developed by leading peat experts and in collaboration with stakeholders and communities, to manage the ecological functions of peatlands in our concessions and surrounding landscapes
- We will develop strategies for:
  - Reduction of greenhouse gas (GHG) emissions and prevention of subsidence in existing plantations on peatlands
  - Long-term rehabilitation of peatlands
  - Conservation of forested peatlands and critical peatlands landscape.

### **1.4 No burning for new plantings, replantings or other development**

We maintain our long-standing no-burning policy. We commit to the strict enforcement of the policy in all our operations including preparation of new plantings, replantings or any other development.

### **1.5 Continuous yield improvement to reduce pressure on new land development without intensification of the use of chemical pesticides and fertilisers<sup>4</sup>**

We have a long-term commitment to scientific research. In particular, we are committed to continuous improvement to enhance the productivity of palm oil production in our estates as well as in smallholdings. Increasing productivity will reduce the pressure on new land opening and improve the livelihoods of smallholders.

We will continue to build on our best practices in planting material, agronomical practices, plantation management and land suitability.

We recognise concerns over the use of chemical fertilisers and pesticides and aim to reduce and minimize their use. Through collaboration with national and international institutions we will phase out the use of hazardous chemicals. We will stop the use of paraquat.

### **1.6 Report and reduce greenhouse gas emissions**

We will identify, monitor and publicly report all sources of GHG emissions in all operations in accordance with international certifications' principles and criteria. GHG emissions will be reduced progressively in all operations through the implementation of best management practices and action plans to achieve targeted reductions.

### **1.7 Improve waste management**

- Identify, reduce, reuse, recycle and dispose of waste in an environmentally responsible way

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<sup>3</sup> Peatland is currently defined as soil containing greater than 65% organic matter with depth more than 40 cm. This definition is subject to further peer review (follow Peat SOP).

<sup>4</sup> Please refer to our Yield Improvement Policy for full details of our policy commitments.

### **1.8 Improve energy efficiency**

- Promote energy efficiency across our operations.

## **2. Social and Community Engagement**

### **2.1 Respecting the right to Free, Prior and Informed Consent for indigenous peoples and local communities**

FPIC refers to the rights of local communities, particularly indigenous peoples, to give or withhold their consent about issues impacting them. GAR respects and recognises the long-term customary rights of the indigenous peoples, local and forest-dwelling communities to their traditional and community land and commits to ensuring FPIC from these communities prior to commencing any development and conservation of land. For land acquisition, the implementation of this policy will include:

- Participatory Mapping and Land Tenure Study of all indigenous peoples and local community lands prior to negotiation
- Social Impact Assessments carried out using participatory methods, the results of which will be publicly available and actively shared with relevant stakeholders
- Engaged and open negotiation processes
- Documented agreements signed by and shared with all relevant parties

FPIC, participatory Social Impact Assessments and participatory Land Use Planning with indigenous peoples and local communities seek to ensure the communities' rights to keep their forests and agricultural lands. Before any new development, we will assess their food security and ensure that land used for food crops to fulfill community needs will not be converted and planted on by the company.

#### **2.1.1 Responsible handling of complaints and grievances**

We will develop and maintain a formal grievance process for the responsible handling of all complaints and grievances at local, national and international levels. These processes will be developed in consultation with stakeholders and will be made publicly available.

#### **2.1.2 Responsible resolution of conflicts**

We commit to actively promoting and supporting the responsible resolution of any conflicts involving GAR operations with legitimate parties concerned at the time the underlying events occurred. This will include working with relevant stakeholders to ensure that a balanced, accountable, mutually agreed and documented conflict resolution system is accessible to smallholders, indigenous peoples, rural communities and other affected parties in order to deal with complaints, grievances and resolve conflicts to the mutual satisfaction of the parties based on respect for their legal and customary rights, including to lands and resources and their right to give or withhold their free, prior and informed consent to operations planned on their lands. The system will include the mapping of all conflicts in GAR's operations; the development of action plans to address identified conflicts; transparent monitoring and reporting; the option for local community and or customary groups for accessing independent legal and technical advice; the ability for complainants to choose individuals or groups to support them and/or act as observers as well as the option of a third party mediator.

We categorically reject the use of violence in any dispute by any parties.

### **2.1.3 Open and constructive engagement with local, national, and international stakeholders**

We commit to actively and constructively engage with GAR's stakeholders including communities, governments, customers and civil society at local, national and international levels. This includes a commitment to make information regarding the impact of our operations publicly available. We will seek to ensure that information is provided in formats and languages relevant to affected stakeholders. We also commit to open and transparent negotiation for all joint management activities.

## **2.2 Positive economic, social and community development**

### **2.2.1 Empowering people through community development programmes**

We will continue to develop and implement empowering development programmes for local communities where we operate. These programmes will be developed through open, consultative and collaborative approaches with local stakeholders. Our community development programmes will seek to empower communities in the development of sustainable livelihoods.

### **2.2.2 Involving local farmers and businesses as suppliers**

We support the inclusion of smallholders and local businesses into our sustainable supply chain and aim to help them comply with our sustainability policy in fair, transparent and accountable partnerships. We continue to fully support the development of plasma smallholders and are committed to improving the productivity of plasma smallholders. We provide them with high yielding seeds, transfer of knowledge and capacity building through training on best agricultural practices.

### **2.2.3 Respecting human rights**

We commit to upholding and promoting the United Nations Universal Declaration of Human Rights<sup>5</sup> for all workers, contractors, indigenous peoples and local communities in all company operations.

### **2.2.4 Respecting land tenure rights**

We support the Food and Agriculture Organisation's Voluntary Guidelines on the Responsible Governance of Tenure which promotes secure tenure rights and equitable access to land, fisheries and forests as a means of eradicating hunger and poverty, supporting sustainable development and protecting the environment. We respect land tenure rights in cognizance of countries' ratified international obligations and the constitutions, laws and regulations of the countries where we are operating.

## **3. Work Environment and Industrial Relations**

### **3.1 Recognising, respecting and strengthening the rights of workers**

We recognise, respect and strengthen the rights of all our workers including contract, temporary, casual and migrant workers of all genders, in line with international best practices where legal frameworks are not yet in place, e.g. the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We commit to ensuring that the rights of all people working in our operations and supply chain are respected according to local, national and international laws ratified in the countries of operations. We

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<sup>5</sup> <http://www.un.org/en/documents/udhr>

provide workers with clear access to remedy and ensure a transparent and accountable grievance mechanism.

Core to this commitment, which is also reflected in our Human Resources (HR) policies, is that the following principles apply to all workers including contract, temporary, casual and migrant workers:

- Responsible employment
  - Practice ethical recruitment including prohibiting the charging of recruitment fees to workers and retention of identity documents
  - Prohibit the use of child labour and take measures to prevent the use of such labour in connection with our activities. Employ remedial actions in the case that child labour is uncovered to ensure appropriate follow-up on and assistance for protection of the child's welfare
  - Ensure access to education for all children whose parents/guardians work on plantations
  - Prohibit the use of forced or bonded labour and take measures to prevent the use of such labour in connection with our activities. Employ remedial actions in the case that such labour is uncovered to ensure that victims are referred to the existing services for support and assistance
  - Provide employment contracts to all workers in a language they understand
  - Ensure our wage administration including distribution, schedules and language used are direct, timely and clear
  - Ensure all workers are paid a wage equal to or exceeding the legal minimum wage. Production target is used to calculate premium on top of the minimum wage.
  - Ensure working hours meet legal requirements
  - Ensure all overtime is voluntary and compensated at a premium rate consistent with national law or Collective Labor Agreement (CLA)
- Freedom of association and workplace diversity
  - Respect workers' freedom of association and the right to collective bargaining
    - We will not interfere with the organizing activities of workers, worker representatives or representatives of trade unions
    - We will allow worker representatives to use on-site facilities and access company worksites to carry out their functions efficiently, in ways that are not disruptive to regular company operations
    - We will not prohibit, restrict or otherwise interfere with lawful strike action. In the event of a lawful strike, we will refrain from hiring replacement workers
  - Ensure diversity within our workforce
  - Practice zero tolerance of sexual and all other forms of harassment and abuse
- Occupational health and safety
  - Ensure plantations and mills have an OHS policy in place
  - Ensure a full H&S Risk assessment is undertaken and an action plan is in place and is being implemented
  - Ensure all managers and workers receive suitable H&S training appropriate to the scale of the operations. Ensure all training is documented and records are kept.
  - Ensure procedures are in place for plantations and mills to report OHS performance regularly, that this is included in contractors/suppliers performance evaluations and is used for continuous improvements.
  - Ensure workers, local communities and the environment are protected from exposure to hazardous chemicals. Pesticides that are categorized as World Health Organization

Class 1A or 1B listed by the Stockholm or Rotterdam Conventions, are not used, except in specific situations.

- Provide workplace accident insurance to all workers on site covering medical treatment for work-related illness and injury; and compensation for work-related illness and injury causing death or permanent disability.
- Ensure a process is in place for the rightful disbursement of insurance claims to the next of kin in the event of death or workers being repatriated. Ensure all payments are fully documented.
- Provide at the plantations adequate housing or housing allowances, medical and welfare amenities to directly employed workers and their families.

We provide equal opportunities for all workers, and embrace diversity regardless of ethnicity, religion, disability, gender, political affiliation, sexual orientation or union membership. We shall ensure that workers are protected from any discrimination in all stages of the employment relationship.

We value and support the participation and advancement of women in our workplace.

## **4. Marketplace and Supply Chain**

### **4.1 Traceable and transparent supply chain**

We commit to building a fully traceable and transparent supply chain which includes smallholders. We aim to achieve full traceability to palm oil mills by end of 2015. We will publish a time-bound plan by Q1 2016 for traceability to plantations.

### **4.2 Support to suppliers**

Our suppliers are important and we will continue to constructively engage with them particularly with regards to improving and implementing sustainable palm oil practices.

We will review our business dealings with all suppliers who are found to be in breach of our policy. We recognise that suppliers may need time to comply with our policy requirements. We will work with them through direct engagement to encourage and support them in taking remedial time-bound actions to correct any violations.

We shall not knowingly source from any suppliers who refuse to comply with this policy. We will cease to do business with repeat non-compliant suppliers or suppliers who fail to demonstrate any commitment or effort to rectify any non-compliance with our policies including failure to implement corrective action plans.

### **4.3 Due diligence and grievance procedures**

We will implement a robust due diligence system that will identify non-compliant suppliers. We will set up a transparent and accountable system where stakeholders can inform us of issues within our supply chain. We will respond to any issues using our grievance process in a timely and transparent manner.

### **4.4 Compliance with all relevant laws and international certifications' principles and criteria**

GAR will continue to comply with all relevant national laws and regulations as well as international certifications' principles and criteria.

### **4.5 Implementation**

We recognize that suppliers and partners will need time to adapt practices to comply with the full extent of our policies. The speed of implementation will depend in some cases on national context. However, we recognize the immediate need to ensure no further clearance of High Conservation Value areas, High Carbon Stock forests and peatlands in our supply chain, hence we require all suppliers and partners to immediately shift development activities away from HCV, HCS and peatlands areas.

## **Monitoring, Evaluation and Reporting**

We understand that as new issues arise and new technologies become available, new policies and practices will need to be developed or adapted. We commit to maintaining an open learning approach to management and responding to new issues arising from monitoring and evaluation processes.

We commit to evaluating and reporting our performance regularly against this policy in a transparent manner through our website, sustainability report, GAR Sustainability Dashboard <sup>6</sup>and on-going engagement with key stakeholders.

We will work with credible independent third parties to verify compliance of our suppliers as well as to audit and evaluate the implementation and performance of this policy.

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<sup>6</sup> [http://www.goldenagri.com.sg/sustainable\\_dashboard.php](http://www.goldenagri.com.sg/sustainable_dashboard.php)