SEEDS OF GROWTH
Nurturing the future of sustainability
The cover photo shows workers planting germinated high-yielding and improved seeds which will eventually be replanted across our plantations.
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.
## KEY TARGETS AND PROGRESS

<table>
<thead>
<tr>
<th>Our Most Material Sustainability Issues</th>
<th>2018 Progress</th>
<th>Targets</th>
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<tbody>
<tr>
<td>CONSERVATION OF HIGH CARBON STOCK (HCS) AND PEATLANDS; CONSERVATION OF BIODIVERSITY AND HIGH CONSERVATION VALUE (HCV) AREAS; PREVENTING FIRE AND HAZE</td>
<td>• Participatory Conservation Planning (PCP) rolled out to 22 villages as of end 2018</td>
<td>• Continue rollout of PCP with communities. See schedule on GAR website</td>
<td>ON TRACK</td>
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<tr>
<td></td>
<td>• Physical rehabilitation of 2,600 hectare Peat Ecosystem at PT AMNL, West Kalimantan: replanted/revegetated 356 hectares and maintained area’s water levels</td>
<td>• Continue with physical rehabilitation&lt;br&gt;• Continue implementing Integrated Ecological Farming projects for communities</td>
<td>ON TRACK</td>
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<tr>
<td></td>
<td>• Renewed partnership with Orangutan Foundation International (OFI) to rehabilitate wild ex-captive orangutans</td>
<td>• Release another 60 orangutans by 2021</td>
<td>ON TRACK</td>
</tr>
</tbody>
</table>
### Our Most Material Sustainability Issues

<table>
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</table>
| Contributing to UN SDGs | • 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 | • Continue to strengthen fire mitigation procedures focusing on preparedness; early warning systems; and quick response team. | NEEDS WORK |

#### 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
# KEY TARGETS AND PROGRESS

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<tr>
<td><strong>RIGHTS OF COMMUNITIES AND INDIGENOUS PEOPLES</strong></td>
<td>• GAR has rolled out Participatory Mapping (PM) which aims to respect and</td>
<td>• Continue with PM programme. See schedule on GAR website</td>
<td>ON TRACK</td>
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<tr>
<td></td>
<td>and safeguard community FPIC rights in 85 villages</td>
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<tr>
<td></td>
<td>• No incidents of FPIC violations or violations of rights of indigenous</td>
<td></td>
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<tr>
<td></td>
<td>peoples in 2018</td>
<td></td>
<td></td>
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<tr>
<td>**LABOUR RELATIONS AND HUMAN RIGHTS; OCCUPATIONAL HEALTH AND SAFETY AND</td>
<td>• No significant incidents of discrimination or abuse reported in 2018</td>
<td>• Continue to maintain peaceful and productive industrial relations</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>EMPLOYEE WELLBEING; TALENT RETENTION, DEVELOPMENT AND TRAINING</td>
<td>• Lower employee turnover rate</td>
<td>through open dialogue, fair labour practices, and respectful</td>
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<tr>
<td></td>
<td>• 195 labour unions representing over 68,600 employees</td>
<td>communication in the workplace</td>
<td></td>
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<tr>
<td></td>
<td>• Number of fatalities increased</td>
<td>• Reinstill awareness of OHS and safe practices</td>
<td>NEEDS WORK</td>
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<tr>
<td></td>
<td>• Conducted thorough investigations of each accident to uncover</td>
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<tr>
<td></td>
<td>underlying causes, using expert investigators to help develop</td>
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<tr>
<td></td>
<td>additional safety measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Added safety measures and training for employees</td>
<td></td>
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Golden Agri-Resources Ltd

Seeds of Growth
### Our Most Material Sustainability Issues

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<tr>
<td>• 62% of palm supply chain fully traceable – 54 (out of 403) third-party mills reported 100% TTP</td>
<td>• 100% TTP for third-party mills by 2020</td>
<td>ON Track</td>
</tr>
<tr>
<td>• Systematic site visits to all GAR downstream locations completed</td>
<td>• Continue with capacity building events to assist and support suppliers to improve practices</td>
<td></td>
</tr>
<tr>
<td>• Since 2015, we stopped procuring from 7% of suppliers due to non-compliance with the GSEP and GAR policies</td>
<td>• Extend engagement and sustainability support efforts beyond the mill to suppliers at plantation level including agents and smallholder farmers</td>
<td></td>
</tr>
<tr>
<td>• Annual SMART Seed and SMART Sustainable Palm Oil Training (SPOT) workshops for suppliers on issues like labour and human rights</td>
<td>• Facilitate collaborations on a landscape level between GAR, independent suppliers, farmers, government, and civil society to improve responsible practices</td>
<td></td>
</tr>
<tr>
<td>• Supporting conservation of 65,000 hectares of forests by third-party suppliers</td>
<td>• Continue to promote Innovative Financing and smallholder support schemes</td>
<td></td>
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<tr>
<td>• Support for 100% of plasma smallholders</td>
<td></td>
<td></td>
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<tr>
<td>• Innovative Financing and other support schemes for 4,200 independent smallholders to date</td>
<td></td>
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</tbody>
</table>

**TRACEABILITY AND SUPPLY CHAIN TRANSFORMATION; SUPPLIER INCLUSIVENESS AND SMALLHOLDER LIVELIHOODS**

Contributing to UN SDGs

<table>
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<tr>
<td>• Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</td>
</tr>
<tr>
<td>• 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</td>
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## KEY TARGETS AND PROGRESS

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<tr>
<td>CORPORATE GOVERNANCE, ETHICS AND INTEGRITY</td>
<td>• Bribery case involving three executives of GAR subsidiary PT BAP</td>
<td>• Reinforce Code of Conduct amongst all employees through e-learning and signed acknowledgements</td>
<td>NEEDS WORK</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Continue to comply with the principles and guidelines required by regulators and in line with GAR’s policies and commitment to UNGC principles</td>
<td></td>
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<tr>
<td>YIELD IMPROVEMENT</td>
<td>• New clonals, 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</td>
<td>• Continue R&amp;D into other aspects of yield improvement including climate change resilience/adaptation</td>
<td>ON TRACK</td>
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</tbody>
</table>

### 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

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**Seeds of Growth**

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<td><strong>PRODUCT QUALITY AND SAFETY</strong></td>
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<tr>
<td>• Continued reformulation of consumer products to eliminate all trans fatty acids</td>
<td>• Aim to be trans-fat-free in all margarine, shortening and specialty products in 2019</td>
<td>ON TRACK</td>
<td></td>
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<tr>
<td>• Continued with mitigation processes to eliminate co-contaminants (for e.g, 3-MCPD)</td>
<td>• Continue to research best methods to eliminate co-contaminants</td>
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<td></td>
</tr>
<tr>
<td><strong>COMMUNITY RELATIONS AND EMPOWERMENT</strong></td>
<td></td>
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<tr>
<td>• 100% of estates have social and community programmes (see p 41 in SR2018)</td>
<td>• Continue to empower communities and multiply the positive impacts of our business through a range of education, healthcare, social and economic empowerment programmes</td>
<td>ON TRACK</td>
<td></td>
</tr>
<tr>
<td><strong>WOMEN, DIVERSITY AND INCLUSION</strong></td>
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<tr>
<td>• No significant incidents of discrimination or harassment</td>
<td>• Continue to ensure equal opportunities regardless of race, colour of skin, religion, gender, national origin or any other class</td>
<td>NEEDS WORK</td>
<td></td>
</tr>
</tbody>
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### Our Most Material Sustainability Issues

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

#### Contributing to UN SDGs

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<tr>
<td>- By 2030, achieve the sustainable management and efficient use of natural resources</td>
<td></td>
</tr>
<tr>
<td>- 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</td>
<td></td>
</tr>
<tr>
<td>- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</td>
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</tbody>
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#### 2018 Progress

- Reduced 40-55% of methane emissions through methane capture at mills (see p 33 in SR2018)
- 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 in SR2018)

#### 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

#### Status

- NEEDS WORK
- NEEDS WORK
- ON TRACK
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<tr>
<td>• 100 percent of liquid and solid waste from CPO production process reused and recycled</td>
<td>• Maintain 100 percent reuse of solid and liquid waste generated from CPO production process. • Explore further reduction/recycling of waste in downstream ops</td>
<td>ON TRACK</td>
<td></td>
</tr>
<tr>
<td>• SMARTRI continued R&amp;D efforts to produce more drought and disease resistant seeds • SMARTRI continued R&amp;D on adaptive agronomic practices to for climate change</td>
<td>• Continue R&amp;D on adaptive planting materials and agronomic practices</td>
<td>ON TRACK</td>
<td></td>
</tr>
</tbody>
</table>

**Climate Change Adaptation**
OUR ENVIRONMENTAL MANAGEMENT

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

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
Peat Ecosystem Rehabilitation Project in West Kalimantan:

> 350 ha re-vegetated; water levels maintained

2,700 ha riparian zone rehabilitated

SMARTRI and Cambridge University research riparian zone restoration

100 wild-born orangutans rehabilitated & released since 2011;
60 more to be released by 2021

32 villages in Desa Makmur Peduli Api community programme to reduce fires

Zero Burning Policy: nearly ZERO fire incidents in 2018
OUR ENVIRONMENTAL MANAGEMENT

Fire monitoring and reporting

10,000 Emergency Response personnel to suppress fires

Methane capture facilities reduce 40-55% GHG emissions on site

No paraquat

100% organic CPO production waste reused/recycled as fuel & fertiliser

Super high-yielding non-GMO clonals Eka 1 and Eka 2 can potentially produce >10 tonnes/ha/year CPO
ENGAGING AND EMPOWERING THE COMMUNITY

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

Clinics: 100% of plantations have Social Impact Assessments & Environmental Impact Assessments

Participatory Mapping:
85 villages since 2015

Donation of books, learning materials and facilities to 6,100 recipients

Free bus service for school children

US$1.9 mil for scholarships
ENGAGING AND EMPOWERING THE COMMUNITY

>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

Free surgery, medical service & dental for
3,600 patients

Mother & child health education for
5,600 beneficiaries

Child health, vaccination & nutrition for
9,900 beneficiaries

Seeds of Growth
Aid for
>2,200
victims of natural disasters

Sale of
>216,000
litres of branded cooking oil at below market prices in impoverished areas

4,200
people donated blood

Plants
>21,000
beneficial, medicinal and fruit trees

Visits to
4,000
people in orphanages and nursing homes
We created 171,700 jobs in Indonesia including 69,400 plasma smallholders. 195 labour unions representing >68,000 employees.
TRANSFORMING OUR SUPPLY CHAIN

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

7% suppliers dropped from supply chain since 2015

SMART SPOT and SMART SEED workshops
TRANSFORMING OUR SUPPLY CHAIN

Completed site visits to all downstream locations

Dedicated Supplier Support Team

Helping 4,200 independent smallholders with financing

Support for 69,400 plasma smallholders
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.
Palm oil can continue to feed and fuel the world sustainably.

Global demand for vegetable oils:

- Now: 165 MT
- 2050: 307 MT

**Land required to produce 1 tonne of major types of oil:**

- **Palm Oil:** 0.28 ha
- **Rapeseed Oil:** 1.20 ha
- **Sunflower Oil:** 1.29 ha
- **Soybean Oil:** 1.96 ha

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

Source: IUCN and Oilworld