

UPDATED: Rawa Singkil Wildlife Reserve: addressing deforestation risk in the GAR supply chain

30 September 2019

Golden Agri-Resources (GAR) sees progress and remains committed to engagement with our suppliers in Aceh to help them overcome the specific challenges of the region, contrary to the allegations in the [latest report from the Rainforest Action Network \(RAN\)](#).

GAR responded to RAN based on information provided to us in an email on 16 September and again on 24 September, regarding allegations of illegal sourcing of fresh fruit bunches (FFB) from within the Rawa Singkil Wildlife Reserve. RAN did not provide information regarding the specific broker, named in the report published today, at that time.

Having seen the full RAN report we are taking the following actions:

- Engaging with both PTs to seek responses to the allegations contained in the RAN report
- Sending grievance teams to conduct on-site field verification of the allegations with specific focus on the claims that both mills are sourcing via the named broker.

Already, one of the mills has declared that they do not buy from the broker CV Buana Indah, and has agreed to be audited by our grievance team. We are awaiting a response from the second mill.

Pending results of those investigations GAR reserves the right to take further actions against these two suppliers which may include suspension.

Engagement of suppliers near the Leuser Ecosystem

GAR has been actively engaging its suppliers operating in Aceh, near the Leuser Ecosystem, including those near to Rawa Singkil Wildlife Reserve since the introduction of our GAR Social and Environmental Policy (GSEP) in 2015.

GAR currently procures from seven (7) supplier mills relatively near to the Rawa Singkil Wildlife Reserve:

1. Perkebunan Lembah Bhakti 1
2. Samudera Sawit Nabati
3. Nafasindo
4. Ensem Lestari (Singkil)
5. Runding Putra Persada
6. Global Sawit Semesta
7. Bangun Sempurna Lestari

Recognising the need for our suppliers to establish stronger responsible sourcing practices and in line with our own commitments to establish Traceability to Plantation (TTP) by end 2020, we have worked with these mills, and others in our supply chain outside of the Leuser Ecosystem, to implement TTP themselves.

While engagement is our priority we reserve the right to suspend suppliers who are demonstrably not moving forward.

Monitoring of the supply chain enabled by traceability-to-plantation (TTP)

All supplier mills in Singkil have agreed to establish traceability based on time-bound action plans. One has already achieved 96 percent traceability to plantation. However, the other supplier mills have struggled due to a lack of capacity and more intervention is needed.

These mills had achieved partial traceability to plantation but have not reached 100 percent TTP by the original target date of February 2019. Specifically these mills faced difficulties in registering and mapping fresh fruit bunches coming from independent smallholder farmers who make up a significant proportion of the supply in the region. The mills do not buy directly from these farmers but through brokers or agents.

Recognising this challenge, one that is not unique to Aceh, this year GAR launched a new supplier support programme, KSATRIA Sawit. This programme pairs supplier mills with traceability specialist KOLTIVA. KOLTIVA has already helped GAR map more than 11,000 independent smallholders within our owned mill supply chain, helping us to achieve 100 percent traceability to plantation for our owned mills at the end of 2017.

GAR and KOLTIVA conducted the first workshop for Singkil and other suppliers in June 2019. Programme details can be found in [the link](#).

KOLTIVA has confirmed the PT SSN has commenced work and hired four (4) field agents who are assisting two dealer registering an estimated 600 farmers. So far 137 farmers have been registered.

Critically, traceability feeds in and enables supply chain monitoring. Therefore, despite the challenges faced by our supplier mills, GAR maintains the target of achieving 85 percent TTP by end of 2019 and 100 percent TTP by end of 2020.

Partnering with local stakeholders to monitor and protect forests at the landscape level

GAR is participating in an Earthworm Foundation-led initiative to build a stakeholder consensus on how to bring sustainable development and sustainable land-use to the Singkil landscape. Under the Areas for Priority Transformations (APT) programme, Earthworm has successfully reached out to community-, private- and public-sector stakeholders.

Twenty mills and plantation companies, various local government agencies, GAR and other buyers convened on 25 September 2019 to discuss the transformation of the local palm oil industry. The programme calls for companies to adopt the Indonesian Sustainable Palm Oil standard thereby establishing basic legality and sustainability in accordance with national laws and regulations.

Like with traceability, GAR and Earthworm will help companies to identify capacity weaknesses in order to design specific interventions and accelerate the transformation process. Programme details can be found [here](#).

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About Golden Agri-Resources Ltd (GAR)

GAR is one of the leading palm oil plantation companies with a total planted area of 499,235 hectares (including plasma smallholders) as at 30 June 2019, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996, GAR was listed on the Singapore Exchange in 1999 and has a market capitalisation of US\$2.7 billion as at 30 June 2019. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on responsible palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine, shortening, biodiesel and oleo-chemicals; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plant, production capabilities for refined edible oil products as well as other food products such as noodles.

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