



CHAIRMAN'S STATEMENT

At Golden Agri-Resources ("GAR"), our vision is "to be the best" and to become the largest integrated and most profitable palm-based consumer company. For full year 2010, we witnessed the fruition of our efforts as we reported our best performance ever with a net profit which hit a historic high of US\$1.42 billion. On 2 March 2011, The Straits Times, Singapore's English national flagship newspaper, ranked GAR as the third most profitable listed company in Singapore.

However, being the best goes beyond a keen focus on profitability. The stewardship of the community and environment plays a significant role in our success. As the world's second largest palm oil plantation company, we are committed to being the leader in sustainable palm oil production by adopting the best industry practices and standards, managing the environment responsibly and empowering the communities where we operate while maximising long-term shareholder value.

In fact, sustainability has always been an integral part of our business and has the full backing of our management and the Board. GAR led the industry in being the first palm oil producer to establish a zero burning policy in 1997, ahead of the Indonesian government, which subsequently established the same policy in 1999. Since February 2010, we have strengthened our Standard Operating Procedures ("SOP") which relate to the Company's land acquisition, development and cultivation practices. This involves ensuring that palm oil is produced sustainably by not converting land with High Carbon Stock ("HCS") and High Conservation Value ("HCV"). We also made an important decision not to develop on any peat land regardless of depth even though the Government of Indonesia allows planting on peat land less than 3 metres deep.

Building on the momentum of our efforts, I am delighted to introduce GAR's inaugural sustainability report, a further step for us in establishing accountability and open communication with all our stakeholders. We hope this will help provide a better understanding of our approach to sustainable palm oil production.

STRATEGIC IMPORTANCE OF PALM OIL AND GAR'S LEADERSHIP ROLE

Palm oil is a vegetable oil with a wide range of uses in food, healthcare products, cosmetics and biofuels. A staple of the national diet in Indonesia and in many other countries, palm oil plays a vital role in a world where producing sufficient food for the ever-growing population at an affordable price is increasingly challenging.

For emerging nations in particular, palm oil plays a significant part in the development of the economy, the creation of jobs and the alleviation of poverty, thereby giving rise to an

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industry that is a critical source of employment. In Indonesia, the palm oil industry provides direct and indirect jobs for approximately 4.5 million persons and in 2010, palm oil export represented 13% of Indonesia's non oil and gas exports.

Palm oil is a very productive crop in terms of land and energy utilisation. Only 0.3 hectares of land is required to produce one tonne of palm oil. Meanwhile, soybean, sunflower and rapeseed require 2.5, 1.7 and 1.3 hectares, respectively, to produce one tonne of oil. In addition, palm oil generates nearly 10 times the energy it consumes, compared to a ratio of 2.5 for soybeans and 3.0 for rapeseed.

The strategic importance of palm oil is clear. Therefore, the issue is not so much about the viability of the industry, but about finding solutions for sustainable palm oil production. As one of the largest producers, we have a leadership role to play in working with all stakeholders to find these solutions.

MULTI-STAKEHOLDER ENGAGEMENT – ESTABLISHING A COMMON GROUND

A core aspect of our sustainability strategy focuses on engaging all our stakeholders. We share a common ground in wanting to find solutions for sustainable palm oil production. This involves reducing deforestation, greenhouse gas ("GHG") emissions and biodiversity loss, and demonstrating respect for indigenous and local communities. Processes are in place to listen to and respond to our customers, governments, key players in the palm oil industry, non-government organisations ("NGOs"), local and indigenous communities, employees and the wider society.

We comply with all relevant laws and regulations, including the National Interpretation of the Roundtable on Sustainable Palm Oil ("RSPO") Principles and Criteria. As part of this commitment, GAR was granted RSPO membership on 4 April 2011. We aim to obtain RSPO certification for all our existing palm oil operations by December 2015. The Forest Trust ("TFT"), an international NGO, has been working with us to ensure that we meet this target.

On 9 February 2011, we also collaborated with TFT to announce the Forest Conservation Policy ("FCP") to ensure a no deforestation footprint in the development of our operations. Key to the FCP is that GAR commits to taking a lead in promoting the adoption of a new HCS concept which will aid HCS conservation. We recognise that we cannot do this alone. Other stakeholders including the Government of Indonesia, key players in the Indonesian palm oil industry and civil society organisations, local and indigenous communities must all engage in the process. If we succeed in getting all stakeholders on board, we believe that we will have made great strides in conserving our forests in Indonesia and their unique biodiversity, and creating growth for the economy and the Indonesian people.

HOLISTIC APPROACH TO FINDING SOLUTIONS

As part of our continuous improvement, we have initiated a holistic approach to sustainability. While the FCP focuses on the environment, we are also in the process of developing a Yield Improvement Policy to leverage technology and innovation to improve our oil palm yield. In 2010, our average palm oil yield was 4.7 tonnes per hectare, while the average plantation in Indonesia achieved an average of 3.8 tonnes per hectare.

We recognise that local communities where we operate are an important stakeholder in our business and we want to improve social relations with them. Moving forward, we will play a more active role in facilitating a peaceful resolution with support from all stakeholders. Together with TFT, we are developing a Social and Community Engagement Policy to guide our approach to conflict resolution and will be seeking input from Indonesian palm oil industry stakeholders to ensure that it represents best practice.

As a significant player in the palm oil industry, we continue to play an active role by participating and driving our comprehensive community programmes, which include education and healthcare.

CONCLUSION

We remain in active dialogue with all our stakeholders. While we can take a leadership role in initiating change, we cannot effect real change alone. With all stakeholders working together, we believe we can achieve significant progress in the growth of economies, the improvement of livelihoods and the creation of jobs. We will also create a better world for future generations.

By focusing on these commitments, we are also creating long-term shareholder value at GAR. We are grateful to our employees, customers and partners for their support. This sustainability report is the first of many. We will continue to benchmark our sustainability commitments against best practices and to report our progress in a timely manner. We welcome your feedback and look forward to progressing on this meaningful journey with all our stakeholders.



Franky Oesman Widjaja
Chairman and Chief Executive Officer
8 April 2011