

# STRATEGY IN PURSUING SUSTAINABLE GROWTH



## PALM OIL CONTINUES TO FEED THE WORLD SUSTAINABLY

Natural food is a critical element of human wellbeing, to make people live healthily on a sustainable earth. Palm oil is one of the important food ingredients that has served everyday needs of a growing global population and has seen increasing consumption for decades.

Palm oil's essential role is supported by its inherent competitiveness as a vegetable oil, i.e.:

- Palm oil is the largest produced vegetable oil in volume with a global production capacity of almost 84 million tonnes per annum<sup>1</sup>. Even without land expansion, it still has significant room to grow through intensification, by using higher yielding planting materials and by implementing best agronomic practices throughout the industry. This is crucial to support the world food security amidst declining arable land and increasing consumption.
- Palm oil is also the most efficient vegetable oil to produce in terms of land usage. It contributes around 40 percent of all vegetable oils on only eight percent of the land allocated to oil crops<sup>1</sup>. This high productivity also translates into the

lowest cost of production, making it affordable for food industries in developed and emerging economies.

- Palm oil is extremely versatile and can be processed to form a wide range of products with different melting points, consistencies and characteristics, serving a myriad of uses, from food, detergents, cosmetics, to bioenergy.
- Palm oil provides important health and dietary benefits. It is non-GMO and naturally trans-fat free. It is rich in Vitamin E and Pro-Vitamin A as well as suitable for vegans as dairy substitutes.

Aside from existing large demand for products that are affordable and of high quality, consumers' demands are evolving towards health-friendly and sustainably produced products. This trend will ensure palm oil continues to have an important role to play in the production of such products. Our strategy is built on palm oil's competitiveness based on these evolving global consumer preferences. As a soil-to-table agribusiness player, we believe GAR can grow sustainably, capitalising on its capability to produce an extensive portfolio of palm-based products with efficient end-to-end supply chain from sustainable sourcing to global delivery.

<sup>1</sup> Including palm kernel oil

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## WE MEET OUR CUSTOMERS' NEEDS

We strengthen our capability by continually employing new technologies in our processing plants to develop an industry-leading portfolio of palm-based value-added products serving the needs of emerging and developed markets. With this capability, GAR is positioned to capture growth as the world's nutrition and health needs evolve.



## WE CONTROL THE PHYSICAL FLOW OF OUR PRODUCTS

We source quality raw materials from our largest and most productive plantation base in Indonesia and the widest network of third-party suppliers. This is unique to GAR given our proximity and close relationship with third party plantations supported by our traceability to the plantation capability.

We are leveraging our presence in major consuming countries, available distribution channels and transportation options as well as extending our logistics and processing reach to key consuming countries. With our own shipping capacity, we can secure shipping requirements, better control costs and service level, and deliver value-added services to our customers by providing holistic solutions in international transportation. This has supported us to independently secure and widen our market reach as well as realise cost efficiencies in distribution by leveraging operational scale and synergies. Through our supply chain mapping and traceability efforts, we are also able to assure sustainable production practices from the source.

Photo taken by Chantim Chandra



## WE EMBRACE SCIENCE AND TECHNOLOGICAL INNOVATION

Science and technological innovation are the main enablers in our strategy execution. We develop in-house technology with the purpose of redesigning and revolutionising our operations to a smart agribusiness equipped with “Industry 4.0” technology. We believe that it is imperative for us to embrace technological advancement to systematically build advantages for our business operations, sustain our superior productivity and cost competitiveness, and remain as one of the leaders in the industry.

GAR has been able to benefit from its large scale by investing in research and development activities both in the upstream and downstream operations.

- SMART Research Institute, our world-class oil palm research and development centre, creates science-based solutions for high productivity, efficient, and sustainability-focused agronomic practices. It includes formulation of an optimal fertiliser programme based on weather patterns, tree, and soil conditions.
- Agri-technology including our biotechnology centre relentlessly researches newer generations of quality planting materials with important characteristics such as high yield, and drought and disease resistance through cross-breeding and tissue culture. This supports our endeavours to increase production without utilising more land under cultivation, by replanting old estates with new planting materials to enhance long-term yields.
- The fats and oils research laboratory at our refinery is where our food technologies help to develop new palm-based products to provide solutions to our customers that increasingly demand healthier and more sustainable alternatives of end products.

To achieve our vision, a dedicated transformation team focuses on combining technology, digitalisation, and artificial intelligence with operational excellence to create new ways of working throughout our operational value chain. This covers estate, mill, refinery, bulking and logistic digitalisation to have a seamless end-to-end process complemented by an analytical dashboard for optimal decision making.

Complementing our in-house endeavours, investment in and partnership with technology companies are part of our strategy to capitalise on the digital future. It gives access to new ground-breaking technologies that enable us to differentiate ourselves and build unparalleled competitive advantages. Continuing investment in e-logistics and e-commerce technology also plays a critical role as the pathway to build our full-service distribution capability, from end-to-end supply chain management to sales and marketing.

We consistently seek to sustain our cost leadership, bring our operational excellence to the next level and keep GAR at the cutting edge of the palm oil industry.



Photo taken by Ricki Hamdani Sinaga

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## SUSTAINABILITY IS OUR BUSINESS IMPERATIVE

As an agribusiness player, GAR understands that our long-term success relies on adopting sustainable business practices. At the heart of our approach to sustainability is the GAR Social and Environmental Policy (GSEP). This roadmap embodies our belief that economic growth, social progress and environmental protection can and should go hand-in-hand. It also represents our strong commitment in responsible palm oil production.

In order to meet our sustainability commitments, we recognise we must source our raw materials from suppliers who agree to follow the same high standards of responsible production. Our

purpose is not merely to command wider market acceptance and premium pricing of our products, but to promote sustainability at the source. We continue to make substantial investments in time and resources to help our supply chain transform and change for the better.

Aside from being able to tell our customers where and from whom we source our raw materials, traceability provides us with a ready-made and invaluable platform for relationship building with our suppliers. Through this, we work with them to transform our supply chain and by extension, the industry.



Photo taken by Arbi Wahyu