

Response from GAR regarding FPP's Independent Review of the Social Impacts of Golden Agri-Resources' Forest Conservation Policy in Kapuas Hulu District, West Kalimantan

17 January 2014

Golden Agri-Resources (GAR) has had meetings with Forest Peoples Programme (FPP) and has been discussing the situation at PT Kartika Prima Cipta (PT KPC) since early July 2013. We thank FPP for their additional findings which have assisted our own full field audit of PT KPC, conducted in partnership with The Forest Trust (TFT). We are preparing an action plan to address all the issues we have identified and are committed to expediting this process.

We do seek FPP's ongoing collaboration to work with GAR, TFT and the communities to find a mutually satisfactory solution. Additionally, TFT completed its field assessments covering community relations at all GAR's eight concessions where new developments are taking place against compliance of the Forest Conservation Policy (FCP). A participatory mapping exercise involving PT KPC conducted by TFT is underway. This exercise will help to determine the boundaries of High Carbon Stock (HCS) forest areas, identify the use of non-forest timber products by the local community and micro-land uses at the village level achieved through a participatory process that involves the local communities and relevant local stakeholders. We will share our work which is expected in March 2014, in an open and transparent manner.

GAR and our subsidiary PT SMART Tbk adhere to our Social & Community Engagement Policy (SCEP), which builds on our FCP that has been implemented to ensure a holistic approach towards GAR's sustainability commitments. The SCEP, which was developed in consultation with TFT guides and shapes the Company's decisions in engaging communities to ensure that GAR's palm oil operations improve the lives of those they impact. The SCEP and the multi-stakeholder approach are important to ensure sustainable palm oil production. We engage with the communities to ensure Free, Prior and Informed Consent (FPIC) in keeping with the SCEP and RSPO Principles and Criteria. This process includes consent for the proposed HCS forest conservation areas and negotiating co-management of them with the local community, settling any compensatory payment, arrangements with the relevant legal frameworks and authorities to secure the conservation status of the HCS forest areas. During the land compensation process, we ensure that no one is forced to sell their land to us. In our concessions, there are enclaves of rubber, rice and other activities that belong to the local people. Where there are conflicts, we are committed to actively promote and support responsible and peaceful resolution. This will include working with relevant stakeholders in an open and constructive manner.

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