

Golden Agri-Resources Issues Comprehensive Response to RSPO Complaints Panel
Response in relation to Forest Peoples Programme (FPP) complaint regarding New Planting Procedure (NPP) in PT Kartika Prima Cipta (KPC)

Jakarta, Singapore, 25 March 2015 - Golden Agri-Resources Ltd (GAR) has responded to the letter dated 4 March 2015 from the Complaints Panel of the Roundtable on Sustainable Palm Oil (RSPO).

In it GAR has assured the Panel that, since 3 November 2014, land preparation for all new plantings has been put on hold as parties actively work to resolve issues that have been raised. This is a demonstration of its commitment to a multi-stakeholder approach to finding solutions.

Also, a key initiative is GAR's collaboration with PT Ekologika Consultants (Ekologika), a company with extensive High Conservation Value (HCV) experience, who will work with GAR to carry out HCV monitoring to update previous HCV assessments and trial protocols which are expected to enhance standards for the whole palm oil industry.

"It is important for us to resolve issues that have been raised. We have looked into the areas the Panel has highlighted and have noted that, in some of these areas, we could have done better. However, there are areas which are common industry practices which GAR had applied in good faith.

Nonetheless, as a leading player in the industry and an active RSPO member, we are committed to working with stakeholders to develop pioneering and innovative processes to enhance current industry practices," said Mr Peter Heng, Managing Director of Communications and Sustainability, GAR.

Below is GAR's comprehensive response to the four areas that the Panel had stated in its letter:

- Principle 2 - Compliance with National laws and regulations by not possessing Hak Guna Usaha (HGU) for 16 of the 18 subsidiaries.
- Principle 7 - Responsible Development of New Planting; notably: Principle 7.3.2 (M) - A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting.
- The HCV assessments submitted for PT Kartika Prima Cipta has been found to be inadequate and potentially misleading.
- Principle 7.5 - No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions. GAR/PT KPC have not got the full consent of the communities on the concession to utilize their land for the purposes of oil palm development.

GAR's response to Principle 2

GAR believes it had complied with all aspects of Indonesian law and regulation in the way that business activities and NPP submissions were carried out. RSPO has questioned GAR's compliance with national law, on the ground that the HGU (Land Use Right) was not obtained before NPP submissions were made.

In its response, GAR reiterated that it is in compliance with national law and that FPP had previously noted¹ explicitly that land clearance and planting could begin before the HGU was obtained. This observation was made after the introduction of the NPP. GAR is not aware of any further guidance issued by the RSPO since then.

GAR is prepared to support the RSPO to develop further guidance on this matter, GAR believes that any new guidance that may be developed should be applied consistently to all relevant RSPO members.

GAR's response to Principle 7 and HCV assessments

Since FPP submitted the initial complaint to RSPO on 14 October 2014, GAR has been proactive in seeking constructive dialogue with FPP and other relevant stakeholders. GAR has had two face to face meetings with these stakeholders and is committed to maintaining the dialogue and constructive engagement.

While we believed that the HCV assessment in PT KPC was conducted in accordance with the RSPO process then, we now recognise that the HCV assessment could be further strengthened.

GAR is collaborating with Ekologika to develop pioneering and innovative ways to overcome many of the HCV assessment problems identified. There has been feedback that these problems may include weakness in assessor's knowledge and interpretation of high conservation value guidelines (national and international), inadequate consultation with stakeholders, and overly general recommendations for management and monitoring. These are likely to lead to the degradation of high conservation values that many companies have committed to maintaining and enhancing.

Together with Ekologika, GAR is implementing an approach to re-assess the HCVs through HCV monitoring protocols, and produce updated management and monitoring plans for the future. Ekologika's approach will build on best practice guidance developed by FPP for monitoring the social HCVs - HCV 5 and HCV 6. GAR will use these monitoring protocols to re-assess all HCVs in those areas where GAR has paused land development and where it intends to make NPP resubmissions.

GAR is committed to taking a pioneering role in enhancing industry HCV assessment, management and monitoring practices.

GAR's response to Principle 7.5

GAR maintains that it has complied with the national laws and regulations at all stages. However, it acknowledges that the standards of transparency and engagement expected of RSPO member companies in accordance with RSPO FPIC guidance then in place are not explicitly stated in the laws. Key actions GAR is taking forward include:

- a. Putting in place robust and mutually agreed participatory mapping processes;
- b. Releasing copies of the AMDAL (the environmental and social impact assessment required by Indonesian law) and HCV assessment to communities, which has now been done;
- c. Providing copies of *berita acaras* (land sale and purchase documents) to all of the individuals we have been able to contact (over 98% of the land sale and purchase documents have been returned to date); and
- d. Training of an internal team in conflict management.

¹ Source: Forest Peoples Programme, SawitWatch, Wild Asia and HuMa, (October 2009.) *HCV and the RSPO: report of an independent investigation into the effectiveness of the application of High Conservation Value zoning in palm oil development in Indonesia*, FPP, p. 19.

Full details of GAR's response letter dated 25 March 2015 to the RSPO Panel are available on the GAR online dashboard that tracks the implementation of our sustainability commitments. Access to the dashboard may be obtained via the GAR website http://www.goldenagri.com.sg/sustainable_dashboard.php.

GAR remains committed to playing a role in improving industry practices. It has, therefore, used this complaints process to further strengthen its practices, and to develop pioneering and innovative ideas to support the industry to find solutions that enhance existing good practice.

"We remain committed to complying with the RSPO Principles and Criteria, including the New Planting Procedure and with government laws and regulations," added Mr Heng. Mr Heng said, "As a result of the meetings with FPP and other relevant stakeholders, we have deepened the scope of our follow through work to deal with issues more fully. GAR is committed to ongoing dialogue and multi-stakeholder collaboration to continue to improve processes and find solutions for sustainable palm oil production."

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