Response to press release by NGOs issued on 15 April 2015

16 April 2015

In response to a press release by NGOs on 15 April 2015 titled: “Briefing to banks and potential investors on the ongoing risks and outstanding social conflicts in the palm oil agribusiness sector: Golden Agri-Resources (GAR) Bond Offering,” GAR reiterates that we remain committed to complying with the RSPO Principles and Criteria and with the national laws and regulations.

Sustainability has always been an integral part of our business and is supported by our management and Board. We launched our pioneering Forest Conservation Policy (FCP) in 2011 and subsequently our Social and Community Engagement Policy (SCEP) which commits to improving the lives of the communities we impact. As we progress on our sustainability journey, we acknowledge the need to constantly innovate our operational procedures to ensure effective implementation of our policies.

We note the feedback by the NGOs as outlined in the press release and highlight that these issues have already been raised by the same parties in the past. GAR takes these issues seriously and has already addressed many of them. For example, in relation to the matter of free, prior and informed consent (FPIC) please see GAR’s press release on this matter (“Golden Agri-Resources Issues Comprehensive Response to RSPO Complaints Panel”). Further, in this statement, GAR makes assurance that land preparation for all new plantings has been voluntarily put on hold by GAR to allow parties to actively work to resolve issues that have been raised. This is a demonstration of our commitment to a multi-stakeholder approach to finding solutions.

In relation to the matter of suppliers operating within the Leuser Ecosystem, GAR takes the information raised by these parties seriously and has also responded earlier (“Response to Rainforest Action Network report “The Last Place on Earth”) that our suppliers must comply with our no deforestation commitment as stated in our FCP. GAR has initiated an engagement process with the suppliers in question and is working with them to ensure that they comply with our policy requirements. In addition, we will also be engaging other suppliers who may be sourcing from the Leuser Ecosystem based on our mapping information. Timely reports of the progress of our engagement with these suppliers will be provided through the GAR Sustainability Dashboard. Our suppliers are important and we will continue to constructively engage with them to improve and implement sustainable palm oil practices.

We would like to reiterate that GAR’s FCP and SCEP apply to all the plantations that GAR owns, manages or invests in regardless of the stake. GAR invests in Golden Veroleum Liberia Inc. (GVL) through the Verdant Fund, a private equity fund. As such, we will continue to work with GVL to ensure the robust implementation of the FCP and SCEP, which includes the upholding of our principles of engagement to ensure FPIC. GVL remains committed to seeking constructive dialogue with stakeholders to resolve issues raised. The reiteration of its commitments is stated in its response (“GVL Invites FPP, CSOs and NGOs to Dialogue with Local Communities and Company”).

With regards to the incident involving Indra Pelani, GAR would like to clarify that this did not take place in its plantations and the company has no purview over the operations in that location. We would like to clarify that GAR operates independently and is not a subsidiary of the Sinar Mas Group, as Sinar Mas does not refer to any operating business entity.

We are committed to evaluating and reporting our performance regularly against our policies in a transparent manner. To advance our transparency efforts, we are improving our Dashboard to provide more information on our implementation progress.

We believe that continued multi-stakeholder collaboration is the best way to find solutions for sustainable palm oil production. It is important that stakeholders engage each other in an open and constructive manner. We are already in direct dialogue with many of the NGOs and believe that such engagements bring about improvement in processes and lead to ways in which GAR will develop pioneering and innovative ideas to support the industry to find solutions and enhance existing good practices.
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