



STAKEHOLDER  
ENGAGEMENT

We have a commitment to engage with all our key stakeholders to develop solutions for sustainable palm oil production. Processes are in place to listen and respond to our customers, the government, key players in the palm oil industry, NGOs, local and indigenous communities, employees and the wider society.

### RESPONDING TO GREENPEACE

The Greenpeace campaign against GAR was the most significant stakeholder issue facing the Company in 2010, one which required the maximum degree of responsiveness. To ensure that the issues raised by Greenpeace in a series of reports were verified independently using scientific and certified methods, we appointed Control Union Certification ("CUC") and BSI Group ("BSI"). Both CUC and BSI are certification bodies approved by the RSPO.

CUC and BSI were assisted by two leading experts, Prof. Dr. Bambang Hero Saharjo and Dr. Ir. H. Yanto Santosa from Indonesia's Bogor Agricultural Institute ("IPB"). Both are senior academicians and forestry conservation scientists at IPB's Faculty of Forestry. They provided independent advice and technical expertise. Together, they formed the Independent Verification Exercise ("IVEX") Team.

The full version of the IVEX report was published on 10 August 2010. A copy is available at our website, <http://www.goldenagri.com.sg>.

The IVEX team's thorough methodology is set out in the report, and their work covered 11 concessions cited by the Greenpeace reports which represent a combined 182,528 hectares or 40% of GAR's total planted area. The IVEX report highlighted areas where we were in compliance as well as areas where we were not.

### WORKING WITH THE RSPO

In September 2010, the RSPO Executive Board requested the RSPO Grievance Panel ("RSPO Panel") to address the non-compliance with the RSPO Code of Conduct as raised in the IVEX report.

In a joint statement dated 28 October 2010, we reported that the RSPO Panel had entered into a constructive dialogue with representatives from GAR and our subsidiaries, SMART and IMT with the goal of agreeing on actions to resolve cases of non-compliance with the RSPO Code of Conduct. Subsequently, the RSPO Panel evaluated our responses and considered them acceptable at that stage of the Grievance Procedure.

In a joint statement dated 4 April 2011, we announced that GAR received RSPO membership following the submission of the full application by the Company in November 2010 and a review of the application by the RSPO Panel.

We are working closely with the RSPO Panel on the progress of the agreed action plans including the RSPO Certification Plan for all our palm oil operations. For full details of our response to the RSPO Panel, please refer to announcements on our website, <http://www.goldenagri.com.sg>.

### PARTNERING WITH TFT TO CONSERVE FORESTS

On 9 February 2011, we announced our Forest Conservation Policy ("FCP"), in collaboration with The Forest Trust ("TFT"), a Geneva-based international NGO. The FCP seeks to conserve forests while creating long-term sustainable growth for GAR and the palm oil industry. The policy is an example of initiating and creating a platform for multi-stakeholders to find solutions for sustainable palm oil. The announcement received positive support from various stakeholders. TFT highlighted in its statement on 9 February 2011 that Greenpeace is "cautiously supportive". Greenpeace was quoted as saying, "Protecting Indonesia's forests is good for business, the environment and future generations of all Indonesians."

We also appointed TFT to work closely with us to prepare for RSPO certification of our palm oil operations by December 2015. Together with TFT, we submitted to the RSPO in end March 2011, an overall gap assessment of all operations and a time-bound plan to certify our plantations and mills. This will complement the on-going certification process of SMART and IMT.

In addition, as part of a holistic approach to sustainability, we are also working with TFT on developing a Yield Improvement Policy and a Social and Community Engagement Policy.

### THE HIGHLIGHTS OF FCP

In line with our new policy developed with TFT, we want to ensure that our palm oil operations have no deforestation footprint. Core to this is:

- no development on high carbon stock ("HCS") forests
- no development on high conservation value forest ("HCV") areas
- no development on peat lands regardless of depth
- free, prior and informed consent from indigenous and local communities
- compliance with all relevant laws and the national interpretation of RSPO Principles and Criteria



Press conference on 9 February 2011 to announce FCP. From right: Daud Dharsono (President Director of SMART), Mahendra Siregar (Vice Minister of Trade of Indonesia), Scott Poynton (Executive Director of TFT), Peter Heng (Managing Director of Communications and Sustainability, GAR).

The FCP applies to all the plantations that GAR owns, manages or invests in regardless of the stake.

TFT is assisting us in implementing this policy. GAR will conduct fieldwork in collaboration with TFT and other stakeholders in the first half of 2011. During fieldwork, a provisional definition of exceeding 35 tC/ha will be used as HCS forest definition. This provisional definition may change as applicable to the industry, and as a result of the fieldwork and after consultations with stakeholders. We will share the results of this fieldwork when finalised. We commit to leading the investigation and to promoting the adoption of this new HCS concept across the palm oil industry.

We recognise that to conserve HCS, the Government of Indonesia plays a critical role particularly with respect to

adopting new regulations and enacting relevant legislation so as to enable the transformation of the palm oil industry (including establishing and implementing a land swap process). Key players in the Indonesian palm oil industry should address the conservation policy with respect to HCS; and civil society organisations, local and indigenous communities and other stakeholders must engage in the process to transform the palm oil industry.

We acknowledge that as new issues arise and new technologies become available, new policies and practices will need to be developed and we are committed to having an open approach. We have also committed to evaluating and reporting our performance in relation to the FCP in an open and transparent manner.