Working as one

Driven by the power to persevere
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Spraying insecticide using a drone by Rocky Paulus Batu Bara

Cover photo: Learning the philosophy of life from ants by Uti Heriansyah
We have long understood that our longevity as a business relies on adopting sustainable business and operational practices.

We recognise the value of protecting the natural environment, which houses rich biodiversity and provides vital ecosystem services. At the same time, the palm oil industry supports millions of livelihoods in Indonesia. We need to balance both realities.

At the heart of our approach to sustainability is the GAR Social and Environmental Policy or the GSEP. The GSEP embodies our belief that economic growth, social progress and environmental protection can and need to go hand-in-hand.

The GSEP establishes firm commitments that support these beliefs and we have set stretching targets to drive progress. Over time, in line with our commitment on continuous improvement, we will update our approach to keep up with emerging concerns, as well as global and local trends.

GAR provides ongoing training for employees on the GSEP. To date, over 74,000 employees have received GSEP training. We continuously share and remind all our suppliers of our GSEP principles and commitments.
## Key Targets and Performance

### Key material issues

| Conservation of High Carbon Stock (HCS) and peatlands; Conservation of biodiversity and High Conservation Value (HCV) areas; Preventing fire and haze | Contributing to UN SDGs |

### 2020 performance

- Conservation planning with communities temporarily on hold due to COVID-19 pandemic
- To date, engaged with 22 villages, covering over 237,000 hectares
- Reached agreement to conserve 43,000 hectares of forests
- Physical rehabilitation of 2,600 hectares Peat Ecosystem at PT AMNL, West Kalimantan: water management master plan devised together with Tanjung Pura University
- Over 1,000 hectares revegetated to date
- Maintained over 2,700 hectares of rehabilitated riparian buffer zones
- Replanting of native plant species carried out in 18 concessions

### Future targets/commitments

- Continue rollout of conservation planning with communities, subject to ongoing pandemic situation
- Continue with the physical rehabilitation of peat area and revegetation of the surrounding area
- Run education programmes for local communities on the importance of peatland and rehabilitation in partnership with Peat Restoration Agency
- Continue maintaining riparian buffer zones

### Status

- ON TRACK
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## Key Targets and Performance

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<tr>
<td><strong>Key material issues</strong></td>
<td></td>
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<tr>
<td>99.98% of GAR area NOT affected by fire during dry season</td>
<td>Continue to strengthen fire mitigation procedures</td>
<td>ON TRACK</td>
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<tr>
<td>Launched children’s education programme (part of Desa Makmur Peduli Api (DMPA) initiative) on fire prevention through virtual workshops for 400 teachers and podcasts reaching 700 participants</td>
<td>Continue to work with communities on long-term fire prevention through DMPA</td>
<td>ON TRACK</td>
<td></td>
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<tr>
<td>Released 3 more orangutans under programme with Orangutan Foundation International (OFI)</td>
<td>Release 160 orangutans by 2021 (timetable may be impacted by ongoing pandemic)</td>
<td>ON TRACK</td>
<td></td>
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<tr>
<td>127 orangutans released since 2011</td>
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### Rights of communities and indigenous peoples

- Participatory Mapping (PM) which aims to respect and safeguard community FPIC rights temporarily on hold due to the COVID-19 pandemic
- PM rolled out in 158 villages to date
- No incidents of FPIC violations or violations of rights of indigenous peoples in 2020
- Continue with PM programme subject to ongoing pandemic situation

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# Key Targets and Performance

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| Labour relations and human rights; Occupational health and safety and employee wellbeing; Talent retention, development and training | - No incidents of discrimination or abuse reported in 2020  
- 62,000 employees (69 percent) represented by 122 unions | - Continue to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace | ON TRACK      |
|                                                                                     | - Number of fatalities decreased year-on-year                                    | - Continue to instil awareness of OHS and safe practices in all operations and amongst contractors  
- Aim for zero fatalities and declining trend in workplace accidents               | ON TRACK      |
| Traceability and supply chain transformation; Supplier inclusiveness and smallholder livelihoods | - 90% of palm supply chain fully traceable – timetable for full TTP by end-2020 impacted by COVID-19 pandemic  
- 87,000 smallholders registered under the TTP Ksatria Sawit programme in 2020  
- Stopped procuring from 0.5% of suppliers in 2020 due to non-compliance with GSEP and GAR policies | - Remaining suppliers to complete their TTP subject to the pandemic situation  
- Suppliers who have not carried out TTP to date will be automatically excluded from the supply chain | ON TRACK      |
## Key Targets and Performance

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<tr>
<td>Contributing to UN SDGs</td>
<td>• 14 online supplier workshops and webinars in OHS, fire prevention, responsible labour practices, CSR and sustainability reporting during pandemic&lt;br&gt;• All suppliers assessed annually through desk research for GSEP compliance&lt;br&gt;• Carried out one site visit and 30 remote assessments (following COVID-19 outbreak) of suppliers on GSEP compliance&lt;br&gt;• Support for 100% of plasma smallholders&lt;br&gt;• Supported Independent Farmers Replanting&lt;br&gt;• Scheme and a range of other programmes for independent smallholders</td>
<td>• Continue with capacity building events to assist and support suppliers to improve practices&lt;br&gt;• Launch new engagement programmes with Tier 2 suppliers in partnership with customers&lt;br&gt;• Facilitate collaborations on a landscape level between GAR, independent suppliers, farmers, government, and civil society to improve responsible practices&lt;br&gt;• Continue to promote smallholder support schemes</td>
<td>ON TRACK</td>
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Driven by the power to persevere

Golden Agri-Resources Ltd

05

Working as one

[Ant Image]
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| Corporate governance, ethics and integrity | • No significant cases of bribery or corruption in 2020  
• Annual mandatory online refresher courses and mandatory e-testing on the Code of Conduct | • Maintain zero tolerance for bribery and corruption  
• Continue to ensure employees understand the standards of ethical behaviour required | ON TRACK |

Yield improvement

• Produced about 3.3 million clones of Eka 1 and Eka 2 as of end 2020, capable of producing more than 10 tonnes/ha/year of CPO

• Continue cloning programme for replanting  
• Continue R&D into other aspects of yield improvement including climate change resilience/adaptation

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# Key Targets and Performance

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| **Product quality and safety**           | • Continued work on removing trans-fatty acids from the remaining two percent of GAR products that still have trans fats  
• Continued with mitigation processes to eliminate co-contaminants (for e.g., 3-MCPD)  
• R&D on new high oleic palm oil hybrid | • Aim for full removal of trans-fatty acids from products by 2023  
• Continue R&D on new high oleic palm oil hybrid | ON TRACK     |
| **Community relations and empowerment**  | • Maintained social and community programmes for all our estates (subject to pandemic situation)                                                                                                           | • Continue to empower communities and multiply the positive impacts of our business through a range of education, healthcare, social and economic empowerment programmes (subject to ongoing pandemic situation) | ON TRACK     |
| **Women, diversity and inclusion**       | • No incidents of discrimination or harassment  
• Maintained an average female to male salary ratio of 1.04                                                                                                                                                | • Continue to ensure equal opportunities regardless of race, colour of skin, religion, gender, national origin or any other class  
• Increase women representation in Senior Management and Board | NEEDS WORK   |
### Key Targets and Performance

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<tr>
<td>Operational footprint: Greenhouse Gas (GHG) emissions; water; use of fertilisers, pesticides and chemicals; waste</td>
<td>• Continued reduction of 40-55% of methane emissions through methane capture at mills</td>
<td>• Continue to explore the expansion of methane capture activities</td>
<td>NEEDS WORK</td>
</tr>
<tr>
<td>Contributing to UN SDGs</td>
<td>• Water consumption not decreasing</td>
<td>• Explore the use of advanced technology (e.g. AI) to maximise the efficient use of water and fertiliser</td>
<td>NEEDS WORK</td>
</tr>
<tr>
<td></td>
<td>• Continued with Integrated Pest Management to minimise use of herbicides and pesticides (see SR2020 p 42 &amp; p 46)</td>
<td>• Continue to intensify efforts to develop practices that reduce the use of pesticide</td>
<td>ON TRACK</td>
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<tr>
<td></td>
<td>• Reused or recycled 100% of liquid and solid waste from CPO production process (see SR2020 p 41 &amp; p 46)</td>
<td>• Continue Integrated Pest Management to minimise herbicide and pesticide use</td>
<td>ON TRACK</td>
</tr>
<tr>
<td></td>
<td>• Maintain 100% reuse of solid and liquid waste generated from CPO production process</td>
<td>• Explore further reduction/recycling of waste in downstream operations</td>
<td>ON TRACK</td>
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| Climate change adaptation | - Continued R&D efforts to produce more drought and disease resistant seeds at [SMARTRI](#)  
- Continued R&D on adaptive agronomic practices | - Continue R&D on adaptive planting materials and agronomic practices | ON TRACK |

*Oil palm nursery by Habib Twindy Lubis*
GAR and the UN Sustainable Development Goals (SDGs)

Following an assessment of the goals and their underlying targets, we have identified three SDGs – SDG 2, SDG 12 and SDG 15 – which we believe align best with our strengths and our areas of impact as a company. They also represent the greatest opportunities to partner with other stakeholders and work together on sustainable development in support of SDG 17.

**ACTIONS SUPPORTING THE SDGS**

**With the global population expected to continue growing exponentially, reaching an estimated 10 billion people by 2050, food security is becoming increasingly challenging.** More food will have to be grown in the face of decreasing arable land and a changing climate.

As an agribusiness, GAR is committed to the sustainable production of palm oil as a key food ingredient. While palm oil is already the highest-yielding vegetable oil crop in the world, we continue our R&D efforts to develop higher yielding seeds and planting materials that are resilient to diseases and droughts from climate change. This will help GAR contribute to the growing demand for vegetable oil, while reducing pressure on the need for more agricultural land. Another area of R&D involves developing high oleic palm oil which has a better nutritional profile. For more information please see SR2020 p 35.

Our focus on productivity and improving agronomic practices extends to our plasma and independent smallholders. We support them to generate decent incomes, while adopting practices that protect the environment. We also work with local communities on Alternative Livelihood programmes, which help to improve farmers’ income and food security by growing crops ranging such as organic vegetables and coffee. For more information please see SR2020 p 35, 42, 57-58. (Relates to SDG Targets: 2.3; 2.4)

Achieving responsible consumption and production is essential to ensure that the natural resources we depend on are used efficiently and within the limits of our planet, while minimising the impact to human health and the environment.

At GAR we do this through actions such as minimising the waste we generate, as well as recycling and reuse as much as we can. Since 2015, we have recycled 100 percent of our waste from the production of CPO in our upstream operations. We are also working towards phasing out harmful chemical substances in our operations. For example, we have stopped using the herbicide paraquat, while continuing to use a combination of natural solutions and biological controls for pests. For more information please see SR2020 p 42-43.

Industry certification also forms part of GAR’s ongoing commitment to adopt best practices and standards in responsible production while allowing us to meet the growing demand for certified sustainable palm oil. We continue to actively participate in relevant certification schemes, including RSPO, ISCC and ISPO. For more information please see SR2020 p 33-34.

These commitments which are in our GSEP also apply to our supply chain. We are currently helping our suppliers to improve their practices in these areas. For more information please see SR2020 p 25-31. (Relates to SDG Targets 12.2;12.4;12.5)

Forests provide critical ecosystem services, host a large amount of biodiversity and support the livelihoods of indigenous peoples. As a palm oil company operating mainly in Indonesia, we recognise that we have an important role to play in ensuring the protection of forest areas. This is an area which we have been working on for many years.

GAR currently oversees and supports the conservation of 220,000 hectares forest, directly and indirectly. This includes 78,000 hectares of HCS and HCV areas across our operations which we have been identified for conservation. In addition, we have taken a landscape approach, working with local communities around and beyond our concession areas on conservation. This includes Participatory Mapping (PM) and Participatory Conservation Planning (PCP). To date, this has resulted in agreements to protect around 43,000 hectares of forests. We are also supporting the commitments to conserve over 100,000 hectares of forests by our suppliers. For more information please see SR2020 p 27. (Relates to SDG Targets 15.1;15.2;15.3;15.5)

Biodiversity; and with customers to help smallholders improve livelihoods and sustainability.

(Relates to SDG Targets 17.16)
Transforming our Supply Chain

Traceability to the Plantation:

90% palm oil supply chain fully traceable (GAR-owned mills and third-party mills)

Full Traceability to the Mill:

378 third-party supplier mills

47\(^{1}\) GAR-owned mills;

Supporting commitments to conserve >100,000 ha of forests by our suppliers

87,000 smallholders registered under Ksatria Sawit programme

Virtual SMART SPOT and SMART SEED workshops during global pandemic

Dedicated Supplier Support Team

1 Excluding one mill acquired at end of 2020.
Suppliers have been assessed through spatial analysis and publicly reported information.

### New suppliers in 2020:

- 29 direct and 16 indirect potential suppliers screened based on environmental and social criteria
- 16 (55%) qualified as suppliers

### Existing Supplier Assessment in 2020:

- 31 (7.2%) assessed through site visits and remote assessments
- 136 (32%) suppliers completed self-assessments
- 425 (100%) suppliers have been assessed through spatial analysis and publicly reported information

### Types of risk

- Potential deforestation, waste management, GHG emissions, labour practices, OHS and FPIC implementation

### High risk:

- 109 mills (26%)

### Medium risk:

- 184 mills (43%)

### Low risk:

- 132 mills (31%)

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2 Spatial analysis refers to analysing the mill location relative to areas of sensitive eco-systems such as peat areas, key biodiversity habitats and forest areas. Desk research involves looking for any publicly reported information on environmental and social issues linked to the potential supplier.
Transforming our Supply Chain

125 (29%) suppliers have significant impact based on desk study, site visit/remote assessment and grievances.

116 (93%) have developed time-bound action plans\(^3\) to address social and environmental issues.

39 (34%) of these suppliers showed significant improvement in this year and the rest will continue to be monitored in 2021.

Support for 70,800 plasma smallholders.

Helping independent smallholders with financing and other aid.

Working with partners to help smallholders become more sustainable.

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3 Examples of action plans for improvement include achieving TTP, strengthening of SOPs, formalisation of sustainability commitments etc.
Our Environmental Management

- **78,000 ha** conservation area (HCV/HCS); *Forest conservation* helps store large amounts of carbon and maintains fresh water resources.

- **43,000 ha** under community conservation planning.

- **Supporting commitments to conserve >100,000 ha** of forests by our suppliers.

- **About 60 communities** with Alternative Livelihood programmes: increase income; improve food self-sufficiency & resilience; support conservation goals.

- **Fire prevention:** children’s education programme & book launched under DMPA.

- **CDP rating A-** for forests.
Our Environmental Management

**Peat Ecosystem Rehab in West Kalimantan:**
- 1,000 ha revegetated; water management plan developed with Tanjungpura University
- 32 villages in Desa Makmur Peduli Api community programme to reduce fires
- Zero Burning Policy: 99.98% of GAR area NOT affected by fires in 2020

**Wild-born orangutans rehabilitated & released in 2020:**
- 3 released
- 127 released since 2011

**Fire monitoring and reporting continuously improved**

**Emergency Response personnel to suppress fires:**
- 10,000

**Integrated Pest Management**

**Super high-yielding non-GMO clonals Eka 1 and Eka 2 capable of producing over 10 tonnes/ha/year of CPO**

**Methane capture facilities reduce 40-55% GHG emissions on site**

**100% organic CPO production waste reused/recycled as fuel & fertiliser**

**NO paraquat**

**Working as one Driven by the power to persevere**

Golden Agri-Resources Ltd
Engaging and Empowering the Community

Social and Environmental Impact Assessments at 100% plantations

Social and community programmes at 100% plantations

Upgrading rural communities: roads, bridges, places of worship, community halls

About 60 communities with Alternative Livelihood programmes:
- increase income
- improve food self-sufficiency and resilience
- support conservation goals
Engaging and Empowering the Community

COVID-19 aid:

- **136,900 masks** for employees and local communities
- **3,200 sets of PPE** (Hazmat suits, masks/face shields, gloves) to medical personnel
- **13,900 litres of free branded cooking oil** to help those impacted by COVID-19
- **12,900 food packages** to 8,800 recipients affected by COVID-19
- **Spraying of disinfectant in 28 villages for >1,600 households**

Participatory Mapping:

- **158 villages** since 2015
- FREE bus services for school children
- **280 schools**
- **>2,100 teachers**
- **>34,000 students**

Engaging and Empowering the Community
Engaging and Empowering the Community

**US$2.3 mil**

for scholarships

**230**

students received
120 sets of desk and chairs

**>1,400**

students received
school bags and stationery

**>2,300**

books for students

**Mother & child health education for**

**3,200** beneficiaries

**Child health, vaccination and nutrition programmes for**

**2,500** beneficiaries

**>330** medical personnel treat

**>1,600** patients
daily at **104** clinics

**FREE medical services:**
cataracts, and cleft lip surgeries for **1,700** patients
Engaging and Empowering the Community

- Planting 5,100 beneficial, medicinal and fruit trees
- 17,900 litres of discounted branded cooking oil in impoverished areas
- Visits to 2,800 people in orphanages and nursing homes
- >2,000 blood donors participate in regular blood donation drives
- Aid for 7,300 victims of natural disasters
- 36 Rumah Pintar (Smart Houses) for community training

Working as one
Driven by the power to persevere
Our People

We created employment for over 173,500 people in Indonesia

including 70,800 plasma smallholders

122 labour unions representing 62,000 employees

GSEP training for >74,000 employees

OHS
Palm oil and its place in sustainable development

**Palm oil can continue to feed and fuel the world sustainably**

Global demand for vegetable oils

- NOW: 165 MT
- 2050: 307 MT

Source: IUCN

**Land required to produce 1 tonne of major types of oil:**

- Palm Oil = 0.32 ha
- Rapeseed Oil = 1.26 ha
- Sunflower Oil = 1.16 ha
- Soybean Oil = 1.95 ha

Source: Oil World - data processed

**Oil palm produces 35% of world production of vegetable oil on 8% of the global land allocated to oilseed crops**

Other Oil Crops