



Working as one  
*Driven by the power to persevere*

SUSTAINABILITY REPORT 2020

Golden Agri-Resources Ltd





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Cover photo: Learning the philosophy of life from ants  
by Uti Heriansyah





# About This Report

[102-50, 102-54, 102-55]

This is the tenth edition of the GAR Sustainability Report. It provides a summary of our progress and challenges in managing our most critical sustainability topics in FY2020. Unless otherwise stated, this report does not include the Company's activities outside of Indonesia, where the majority of our operations are based. We have prepared this report in accordance with Global Reporting Initiative (GRI) Standards – Core option. We have used the GRI reporting framework since we began reporting on our ESG performance in

2011 and continue to use it as it is the most widely-used reporting framework globally. GRI disclosures are included throughout the report using the notation: [xxx-xx] and the full GRI content index can be found on the [GAR website](#).

Our report also contains disclosures recommended in the Agricultural Products Sustainability Accounting Standard (Industry Standard, Version 2018-10) that was developed by the Sustainability Accounting Standards Board (SASB). These disclosures are referenced throughout the report using

the notation: [FB-AG-XXXX.X], and are included in the SASB disclosure index found on [our website](#).

## ASSURANCE

[102-56]

We have not sought third party assurance for our sustainability report. However, the information related to our material topics including High Carbon Stock (HCS), High Conservation Value (HCV) and Free, Prior and Informed Consent (FPIC) is reviewed by certification bodies such as the Roundtable on Sustainable Palm Oil (RSPO). This provides verification and

credibility to the information and data submitted in this report. We have also commissioned PT Lloyd's Register Indonesia to verify the greenhouse gas emissions for our subsidiary PT SMART Tbk. Control Union has also verified our NDPE IRF data.

This year we are proud to present photos taken by our employees throughout this report. They range from shots of estates and operations to the diverse flora and fauna found in our areas. Please note that some photos were taken pre-pandemic.





# Chairman's Statement

[102-14]

## Dear Stakeholders,

In 2020, no business was spared from the impact of the COVID-19 pandemic. We started the year with great optimism due to rising crude palm oil (CPO) prices. The rapid spread of the COVID-19 pandemic then stopped the world economy in its tracks, leading CPO price to fall due to supply chain disruption. However, underlying core demand continued throughout the year because of palm oil's use as an essential ingredient, including in personal hygiene products that were important in reducing the spread of the virus such as hand wash and sanitisers, enabling a strong rebound towards the end of the year as the supply chain adapted to the challenge.

The Board is grateful for the speed of response and solid teamwork of our people in all geographies. Everyone has adapted quickly to the changing market conditions and made adjustments to our operations so that we can continue delivering our products to the world while keeping employees safe.

Even as the global environment presents a number of challenges, we can take pride in our integrated business model and our deep commitment to sustainability which enables us to stay resilient during this global pandemic.

## STAYING ON TRACK WITH SUSTAINABILITY COMMITMENTS

Despite the challenges of 2020, GAR remained steadfast in delivering its commitments to responsible production and sustainability. We turned to technology and online tools to continue implementing our major initiatives. This included supporting our suppliers and working towards completing [Traceability to the Plantation \(TTP\)](#). Our target was to achieve full TTP by the end of 2020. Movement restrictions imposed due to the pandemic meant we had to make allowances for some suppliers trying to complete the process but hampered by the inability to conduct fieldwork. These suppliers will be allowed to report their TTP in the coming months. Meanwhile, suppliers who have not shown any interest in TTP will be excluded from our supply chain. We are proud to report that despite COVID-19-related constraints, we achieved 90 percent full traceability at the end of 2020.

As of end-2020 we had registered more than 87,000 smallholders in our [Ksatria Sawit programme](#) that was launched to accelerate TTP amongst small farmers. This initiative is ongoing and we continue to register thousands of smallholders, a move which will help us in our next phase of supply chain transformation.



**Franky Oesman Widjaja**  
Chairman and Chief Executive Officer

We are proud to report that despite COVID-19-related constraints, we achieved

# 90%

full traceability at the end of 2020.

As we wrap up our traceability exercise, we will start working with multiple partners to help these smallholders and other suppliers to adopt more responsible practices. GAR will now be able to focus more on landscape approaches towards sustainability.

With the pandemic disrupting food security and global supply chains, our [Alternative Livelihood programmes](#) involving communities across Indonesia, proved their usefulness. These programmes, initiated in the last few years, range from organic vegetable gardens to animal husbandry. GAR intends to continue supporting these programmes as they boost local community resilience, especially in times of global crises.





## Chairman's Statement

We also used technology and virtual outreach to launch various initiatives such as the education programme and [children's book Rumbun and Jungle Friends](#). The book is designed to help teachers educate elementary school pupils on the importance of preventing forest and land fires. Our team in Indonesia managed to continue their outreach and training through Zoom calls and podcasts, reaching 400 teachers through dedicated virtual workshops and another 700 participants via podcasts.

The pandemic inevitably disrupted some of our annual community programmes especially those that require face-to-face and big group interaction. However, the investment that we have made over the decades in community facilities like clinics and medical centres have proven particularly critical during the pandemic. Visits to our 104 clinics increased fourfold due in large part to the screening and testing for COVID-19 in the community. The clinics will also prove key during the vaccination rollout. We also helped provide masks and disinfection services to the community.

As the pandemic continues to affect our lives, we will remain focused on supporting and taking care of our employees, [ensuring that they stay safe and healthy at the workplace](#). We continue to implement safety measures



Palm oil nursery panorama by Felik Fernando Sinaga

in line with the guidelines from the authorities and stand ready to continue implementing measures such as Work from Home when required.

We remain committed to the [UN Global Compact](#) principles and the [UN Sustainable Development Goals](#), with our work particularly supporting the goals related to Zero Hunger (SDG2), Responsible Consumption and Production (SDG12), protection of Life on Land (SDG15) and Partnerships for the Goals (SDG17). The pandemic has shown that to remain resilient through global crisis, companies cannot neglect ESG issues. GAR will remain focused on implementing responsible production

practices and spreading those values throughout our supply chain.

### LOOKING AHEAD OPTIMISTICALLY, BUT WITH CAUTION

Under the "new normal" conditions, global economies have gradually started to open since mid-2020. CPO market prices have strongly rebounded, supported by extreme tightness in global vegetable oil supply and demand. With vaccination progressing globally and economies around the world reopening, there is optimism that future demand will recover further, including from the biodiesel sector. We remain cautious, anticipating continued uncertainties from the lingering COVID-19 pandemic.

In the longer term, the world is looking for healthier products and more responsible sources to meet growing global food and energy demand. Palm oil will play an essential role in that quest, and GAR is well positioned to cater to changing global needs. Our extensive portfolio of palm-based products, and efficient end-to-end supply chain provides us with a sound foundation for sustainable growth.

We sincerely appreciate the commitment and hard work delivered by our employees throughout the year. We also value the collaboration and support provided by all our stakeholders, including suppliers, customers, creditors and shareholders. We have all learned from the crisis, and this experience will further accelerate our transformation, ensuring that GAR continues to improve and grow. Leading by example, I encourage our people to be innovative and open to new ideas be it in our daily operations or in our responsible production practices. We believe the best people, harnessing the best technology, will deliver the best performance.




**Franky Oesman Widjaja**  
Chairman and Chief Executive Officer  
30 June 2021





# Key Targets and Performance




[103-3]

Key material issues	2020 performance	Future targets/commitments	Status
 <p><b>Conservation of High Carbon Stock (HCS) and peatlands; Conservation of biodiversity and High Conservation Value (HCV) areas; Preventing fire and haze</b></p> <p>Contributing to UN SDGs</p> 	<ul style="list-style-type: none"> <li>Conservation planning with communities temporarily on hold due to COVID-19 pandemic</li> <li>To date, engaged with 22 villages, covering over 237,000 hectares</li> <li>Reached agreement to conserve 43,000 hectares of forests</li> <li>Physical rehabilitation of 2,600 hectares Peat Ecosystem at PT AMNL, West Kalimantan: water management master plan devised together with Tanjung Pura University</li> <li>Over 1,000 hectares revegetated to date</li> <li>Maintained over 2,700 hectares of rehabilitated riparian buffer zones</li> <li>Replanting of native plant species carried out in 18 concessions</li> <li>99.98% of GAR area NOT affected by fire during dry season</li> <li>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</li> <li>Released 3 more orangutans under programme with Orangutan Foundation International (OFI)</li> <li>127 orangutans released since 2011</li> </ul>	<ul style="list-style-type: none"> <li>Continue rollout of conservation planning with communities, subject to ongoing pandemic situation</li> <li>Continue with the physical rehabilitation of peat area and revegetation of the surrounding area</li> <li>Run education programmes for local communities on the importance of peatland and rehabilitation in partnership with Peat Restoration Agency</li> <li>Continue maintaining riparian buffer zones</li> <li>Continue to strengthen fire mitigation procedures</li> <li>Continue to work with communities on long-term fire prevention through DMPA</li> <li>Release 160 orangutans by 2021 (timetable may be impacted by ongoing pandemic)</li> </ul>	<p>ON TRACK</p> <p>ON TRACK</p> <p>ON TRACK</p> <p>ON TRACK</p>
 <p><b>Rights of communities and indigenous peoples</b></p>	<ul style="list-style-type: none"> <li>Participatory Mapping (PM) which aims to respect and safeguard community FPIC rights temporarily on hold due to the COVID-19 pandemic</li> <li>PM rolled out in 158 villages to date</li> <li>No incidents of FPIC violations or violations of rights of indigenous peoples in 2020</li> </ul>	<ul style="list-style-type: none"> <li>Continue with PM programme subject to ongoing pandemic situation</li> </ul>	<p>ON TRACK</p>








## Key Targets and Performance

Key material issues	2020 performance	Future targets/commitments	Status
 <p><b>Labour relations and human rights; Occupational health and safety and employee wellbeing; Talent retention, development and training</b></p>	<ul style="list-style-type: none"> <li>No incidents of discrimination or abuse reported in 2020</li> <li>62,000 employees (69 percent) represented by 122 unions</li> </ul>	<ul style="list-style-type: none"> <li>Continue to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace</li> </ul>	ON TRACK
 <p><b>Traceability and supply chain transformation; Supplier inclusiveness and smallholder livelihoods</b></p>	<ul style="list-style-type: none"> <li>90% of palm supply chain fully traceable – timetable for full TTP by end-2020 impacted by COVID-19 pandemic</li> <li>87,000 smallholders registered under the TTP Ksatria Sawit programme in 2020</li> <li>Stopped procuring from 0.5% of suppliers in 2020 due to non-compliance with GSEP and GAR policies</li> </ul>	<ul style="list-style-type: none"> <li>Continue to instil awareness of OHS and safe practices in all operations and amongst contractors</li> <li>Aim for zero fatalities and declining trend in workplace accidents</li> </ul>	ON TRACK
<p>Contributing to UN SDGs</p> 	<ul style="list-style-type: none"> <li>14 online supplier workshops and webinars in OHS, fire prevention, responsible labour practices, CSR and sustainability reporting during pandemic</li> <li>All suppliers assessed annually through desk research for GSEP compliance</li> <li>Carried out one site visit and 30 remote assessments (following COVID-19 outbreak) of suppliers on GSEP compliance</li> <li>Support for 100% of plasma smallholders</li> <li>Supported Independent Farmers Replanting Scheme and a range of other programmes for independent smallholders</li> </ul>	<ul style="list-style-type: none"> <li>Remaining suppliers to complete their TTP subject to the pandemic situation</li> <li>Suppliers who have not carried out TTP to date will be automatically excluded from the supply chain</li> </ul>	ON TRACK








## Key Targets and Performance

Key material issues	2020 performance	Future targets/commitments	Status
 <p><b>Corporate governance, ethics and integrity</b></p>	<ul style="list-style-type: none"> <li>No significant cases of bribery or corruption in 2020</li> <li>Annual mandatory online refresher courses and mandatory e-testing on the Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero tolerance for bribery and corruption</li> <li>Continue to ensure employees understand the standards of ethical behaviour required</li> </ul>	ON TRACK
 <p><b>Yield improvement</b></p> <p>Contributing to UN SDGs</p> 	<ul style="list-style-type: none"> <li>Produced about 3.3 million clones including Eka 1 and Eka 2 as of end 2020, which are capable of producing more than 10 tonnes/ha/year of CPO</li> </ul>	<ul style="list-style-type: none"> <li>Continue cloning programme for replanting</li> <li>Continue R&amp;D into other aspects of yield improvement including climate change resilience/adaptation</li> </ul>	ON TRACK





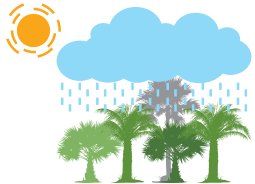


## Key Targets and Performance

Key material issues	2020 performance	Future targets/commitments	Status
 <b>Product quality and safety</b>	<ul style="list-style-type: none"> <li>Continued work on removing trans-fatty acids from the remaining two percent of GAR products that still have trans fats</li> <li>Continued with mitigation processes to eliminate co-contaminants (for e.g., 3-MCPD)</li> <li>R&amp;D on new high oleic palm oil hybrid</li> </ul>	<ul style="list-style-type: none"> <li>Aim for full removal of trans-fatty acids from products by 2023</li> <li>Continue R&amp;D on new high oleic palm oil hybrid</li> </ul>	ON TRACK
 <b>Community relations and empowerment</b>	<ul style="list-style-type: none"> <li>Maintained social and community programmes for all our estates (subject to pandemic situation)</li> </ul>	<ul style="list-style-type: none"> <li>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)</li> </ul>	ON TRACK
 <b>Women, diversity and inclusion</b>	<ul style="list-style-type: none"> <li>No incidents of discrimination or harassment</li> <li>Maintained an average female to male salary ratio of 1.04</li> </ul>	<ul style="list-style-type: none"> <li>Continue to ensure equal opportunities regardless of race, colour of skin, religion, gender, national origin or any other class</li> <li>Increase women representation in Senior Management and Board</li> </ul>	NEEDS WORK



## Key Targets and Performance

Key material issues	2020 performance	Future targets/commitments	Status
 <p><b>Operational footprint: Greenhouse Gas (GHG) emissions; water; use of fertilisers, pesticides and chemicals; waste</b></p> <p>Contributing to UN SDGs</p> 	<ul style="list-style-type: none"> <li>Continued reduction of 40-55% of methane emissions through methane capture at mills</li> </ul>	<ul style="list-style-type: none"> <li>Continue to explore the expansion of methane capture activities</li> </ul>	NEEDS WORK
	<ul style="list-style-type: none"> <li>Water consumption not decreasing</li> </ul>	<ul style="list-style-type: none"> <li>Explore the use of advanced technology (e.g. AI) to maximise the efficient use of water and fertiliser</li> </ul>	NEEDS WORK
	<ul style="list-style-type: none"> <li>Continued with Integrated Pest Management to minimise use of herbicides and pesticides (see <a href="#">p 42</a> &amp; <a href="#">p 46</a>)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to intensify efforts to develop practices that reduce the use of pesticide</li> <li>Continue Integrated Pest Management to minimise herbicide and pesticide use</li> </ul>	ON TRACK
	<ul style="list-style-type: none"> <li>Reused or recycled 100% of liquid and solid waste from CPO production process (see <a href="#">p 41</a> &amp; <a href="#">p 46</a>)</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 100% reuse of solid and liquid waste generated from CPO production process</li> <li>Explore further reduction/recycling of waste in downstream operations</li> </ul>	ON TRACK
 <p><b>Climate change adaptation</b></p>	<ul style="list-style-type: none"> <li>Continued R&amp;D efforts to produce more drought and disease resistant seeds at <a href="#">SMARTRI</a></li> <li>Continued R&amp;D on adaptive agronomic practices</li> </ul>	<ul style="list-style-type: none"> <li>Continue R&amp;D on adaptive planting materials and agronomic practices</li> </ul>	ON TRACK





# About GAR

[102-2, 102-5]

Listed on the Singapore Exchange since 1999, GAR and its subsidiaries form one of the leading integrated palm oil plantation companies in the world. Its primary activities are located in Indonesia and include cultivating and harvesting oil palm trees; extracting crude palm oil (CPO) from fresh fruit bunches (FFB) and palm kernel (PK); processing CPO into a broad range of industrial and consumer products such as cooking oil, margarine, shortening, biodiesel and oleo-chemicals; as well as merchandising palm products throughout the world.

Per 31 May 2021, GAR's shares are 49.48 percent publicly owned and 50.52 percent owned by Flambo International Ltd, an investment company owned by The Widjaja Family Master Trust (2). A simplified corporate structure including principal operating subsidiaries can be found on our [website](#).



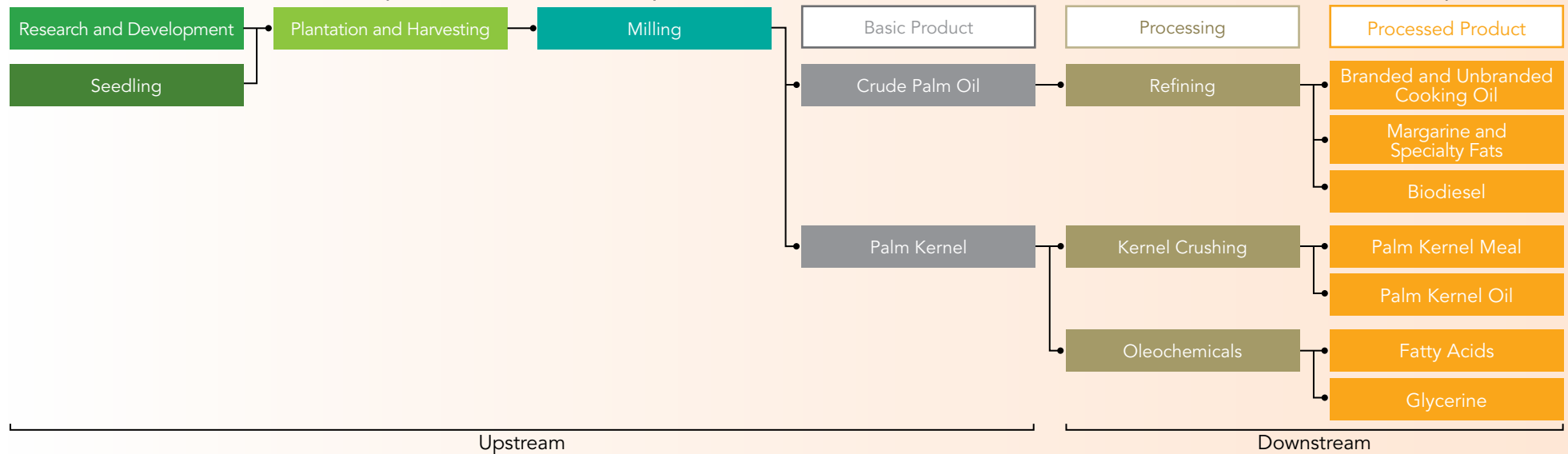
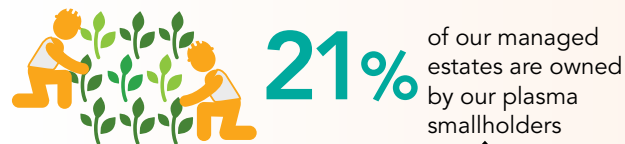
Workers' residence in the middle of an oil palm plantation surrounded by Mount Karst by Afif Muhtadi



## About GAR

### VALUE CHAIN OF OUR BUSINESS IN INDONESIA

[102-7] [FB-AG-000.B, FB-AG-000.C]







## About GAR

### OUR FINANCIAL PERFORMANCE

#### REVENUE



#### EBITDA<sup>1</sup>

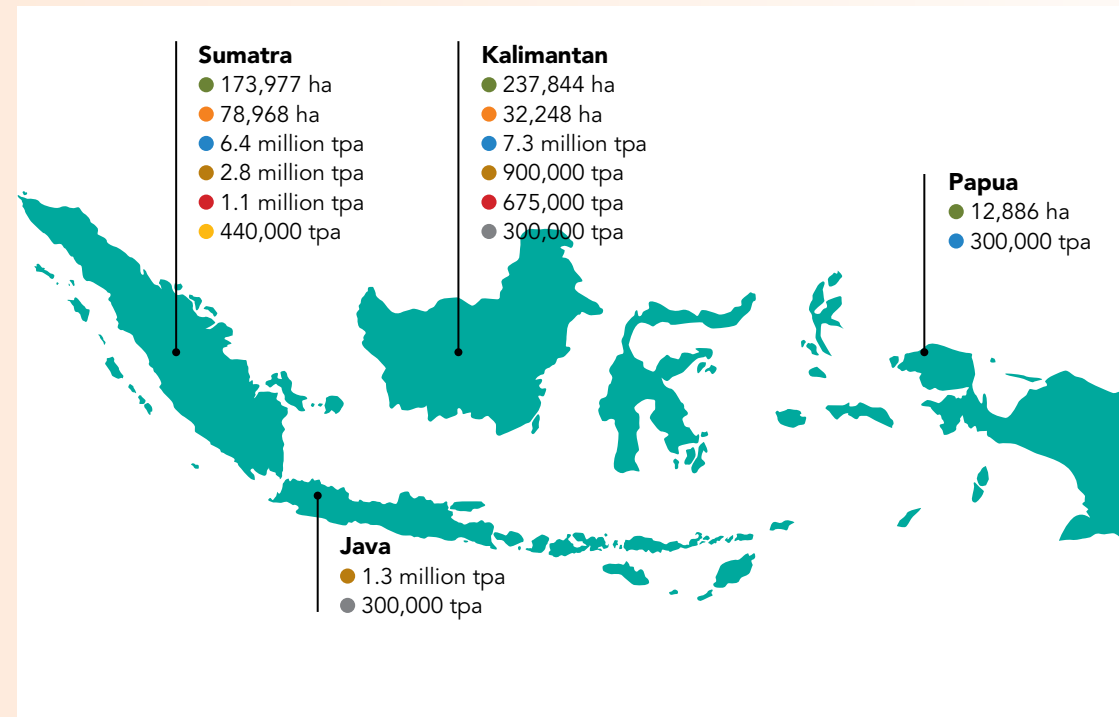


#### UNDERLYING PROFIT<sup>2</sup>



- 1 EBITDA = earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net loss from changes in fair value of biological assets, foreign exchange loss and exceptional items.
- 2 Underlying profit = net profit attributable to owners of the Company, excluding net effect of net loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange loss, and deferred tax expense.

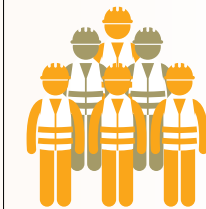
### OUR OPERATIONAL CAPACITIES IN INDONESIA



- Nucleus planted area (in hectares)
- Plasma planted area (in hectares)
- CPO mills capacity (in tonnes per annum)
- Refinery (in tonnes per annum)
- Kernel crushing plant (in tonnes per annum)
- Oleo-chemicals plant (in tonnes per annum) - including operations under JV
- Biodiesel plant (in tonnes per annum)

### OUR JOB CREATION IN INDONESIA

[102-8]



Over

**173,500**  
employed in Indonesia

**70,993**  
permanent employees

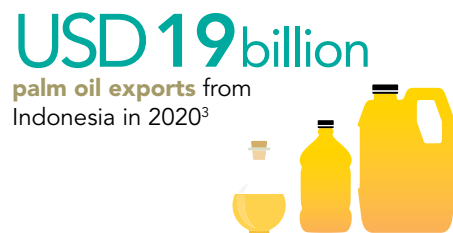
**31,796**  
fixed-term employees

**70,800**  
plasma smallholders



## About GAR

### PALM OIL'S IMPACT ON INDONESIAN ECONOMY



#### Palm oil and its place in sustainable development

Palm oil has many detractors claiming it has detrimental impacts on the environment and rural communities. Yet, at the same time, palm oil which is responsibly produced has a crucial role to play in sustainable production, consumption and food security.

This tropical crop has the highest yield of any oil crop and makes more efficient use of land in its production than any other vegetable oil crop.

It is extremely versatile and can be processed to form a wide range of products with different melting points, consistencies and characteristics, serving a myriad of uses, from food to cosmetics to cleaning products.

Economically, the development of oil palm plantations has been a boon to tropical developing countries. In Indonesia, the sector has helped to lift millions of rural farmers out of absolute poverty. A palm oil farmer can earn at least seven times more than

a subsistence farmer. Palm oil estates provide critical infrastructure and facilities for rural, remote areas allowing access to healthcare and education, further improving standards of living.

The challenge is to ensure that the entire industry is operating responsibly, while strengthening its positive role in contributing to socio-economic development.

GAR, as a leader in responsible and sustainable production, recognises these challenges and opportunities. As we collectively strive to meet the UN Sustainable Development Goals (SDGs) by 2030, we are committed to working collaboratively with all stakeholders along our value chain to create a responsible palm oil industry.

We believe that when done right, palm oil can take the lead amongst agribusinesses, to delink production from deforestation and contribute to a more sustainable future focused on conserving the environment, ending poverty, providing decent work and economic growth, reducing inequalities, and championing responsible production and consumption.



Harvesting by Rachmat Heliyanto

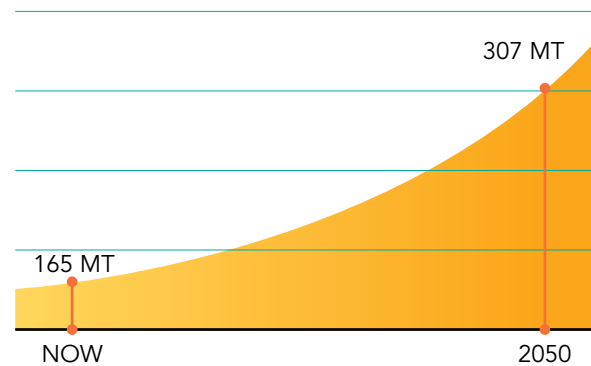




## About GAR

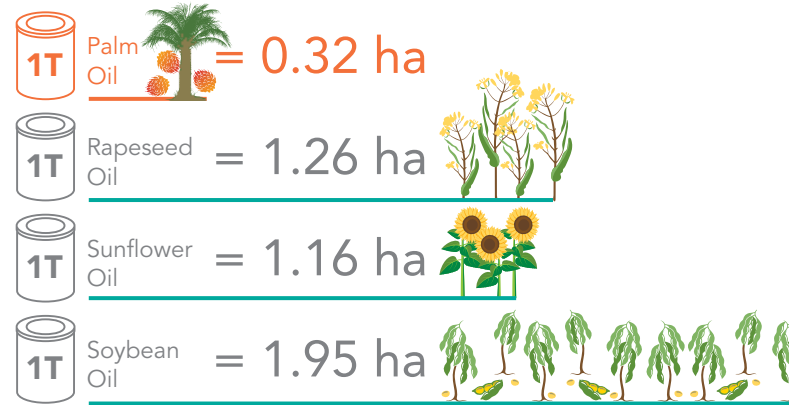
### PALM OIL CAN CONTINUE TO FEED AND FUEL THE WORLD SUSTAINABLY

#### Global demand for vegetable oils



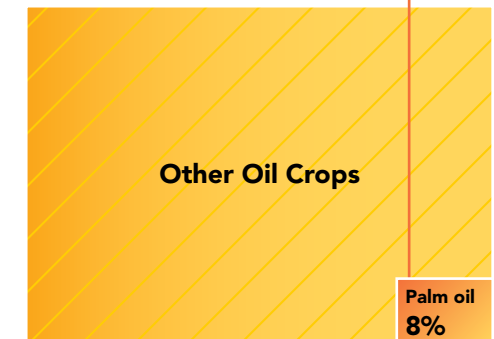
Source: IUCN

### LAND REQUIRED TO PRODUCE 1 TONNE OF MAJOR TYPES OF OIL:



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



Oil palm nursery by Habib Twindy Lubis



# Our Approach to Sustainable Palm Oil

[102-11, 102-12, 103-2]



Rainbow at palm oil mill by Acep Erwin Hermawan

## Board Statement

The Board considers sustainability to be an integral part of GAR's long-term strategic direction and is committed to responsible and sustainable practices across all our operations. The Board has the overall responsibility for determining GAR's material ESG topics and overseeing the management and monitoring of GAR's material topics.

To assist the Board, we have established a Sustainability Committee that reports to the Board and comprises the senior leadership team across the upstream, downstream and corporate centre. The Sustainability Committee meets regularly to oversee the development and implementation of GAR's sustainability strategy, and is a key part of GAR's efforts to embed sustainability in its everyday operations. The Sustainability Committee is involved in the regular internal review our material ESG topics and periodic materiality assessments.

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.





## Our Approach to Sustainable Palm Oil

### OUR SUSTAINABILITY MILESTONES

1997	January 2005	February 2010	February 2011	April 2011	May 2011	November 2011	February 2012	March 2013
First Indonesian palm producer to establish Zero Burning Policy 	SMART joins RSPO 	Zero development on peat regardless of depth 	GAR launches pioneering Forest Conservation Policy (FCP) 	GAR joins RSPO 	GAR publishes first Sustainability Report 	GAR launches Social and Community Engagement Policy (SCEP) 	GAR and SMART launch Yield Improvement Policy (YIP) 	GAR and SMART implement HCS Forest Conservation Pilot 
February 2014	May 2014	September 2014	March 2015	April 2015	September 2015	November 2015	November 2015	December 2015
GAR's FCP extends to downstream operations 	GAR launches Sustainability Dashboard 	GAR endorses New York Declaration on Forests 	GAR implements Participatory Mapping as part of FPIC 	GAR and HCS Approach Steering Group publish HCS Approach Toolkit 	GAR rolls out updated Social and Environmental Policy (GSEP) 	GAR launches peat rehabilitation project in PT AMNL 	GAR launches Community Conservation Partnerships 	GAR completes 100% mapping of supply chain to mills (Traceability to the Mill) 
February 2016	April 2016	January 2017	April 2017	September 2017	December 2017	June 2018	October 2019	
GAR launches Desa Siaga Api to help villages stay fire-free 	GAR announces Traceability to the Plantation (TTP) Plan 	GAR expands fire-free programme into Desa Makmur Peduli Api 	Launch of super high-yielding non-GMO clones Eka 1 & Eka 2 	GAR debuts on Dow Jones Sustainability Indices 	GAR-owned mills complete 100% TTP 	GAR debuts on FTSE4Good Index 	GAR joins & funds RADD deforestation radar monitoring initiative 	



## Our Approach to Sustainable Palm Oil

### GAR AND THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)



In 2015, the 193 member states of the United Nations adopted the Sustainable Development Goals (SDGs), a new agenda for sustainable development. The SDGs represent an interrelated and holistic framework of the most pressing challenges facing humanity and require urgent actions from all actors.

As a business operating in the palm oil industry, GAR has a role to play in supporting many of the 17 SDGs. As part of our strategic approach, we have chosen to focus our efforts on the goals where we can make the most meaningful contributions.

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 [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 [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 [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 [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 [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 over 218,000 hectares forest, directly and indirectly. This includes 75,000 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 [p 27](#).

GAR also continues to implement our long-term fire prevention programme with the community. For more information please see [p 36-46](#).

(Relates to SDG Targets 15.1;15.2;15.3;15.5)



To achieve sustainable development, partnerships between governments, the private sector and civil society is required.

All of our efforts are underpinned by local and global partnerships. These range from collaborations with communities and suppliers on conservation; working with top research facilities and universities on improving biodiversity; and

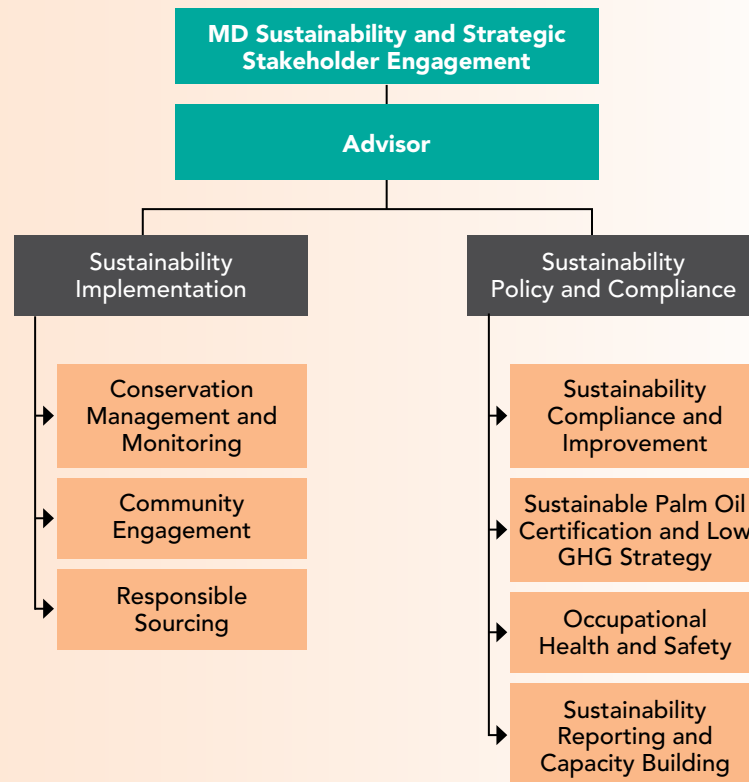
with customers to help smallholders improve livelihoods and sustainability.

(Relates to SDG Targets 17.16)



## Our Approach to Sustainable Palm Oil

### OUR SUSTAINABILITY AND STRATEGIC STAKEHOLDER DIRECTORATE



### GOVERNANCE AT GAR

[102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-26, 103-2]

We are committed to the highest standards of corporate governance, and to complying with the principles of the [Code of Corporate Governance](#), reviewed last in 2018.

The make-up of our board is an important part of our approach to corporate governance. Currently, the board has eight members, including five independent directors, who exercise objective judgment in our corporate affairs. The board is headed by GAR's Chairman and CEO, Mr Franky O. Widjaja, and is responsible for overseeing all aspects of our business. A full list of our board of directors and their profiles can be found on [our website](#) and in the [GAR Annual Report](#).

The board and senior management are fully involved in and support GAR's sustainability commitments under the GSEP. A Sustainability Committee (SC), which is chaired by Ms Jesslyne Widjaja, Corporate Strategy and Business Development Director, oversees all matters related to responsible business. The SC comprises the senior leadership team from the upstream, downstream and corporate business units as well as the head and other staff members of the Sustainability Directorate. The SC reports directly to the Chairman and CEO and the Board, and meets regularly to oversee the development,

implementation and monitoring of the GSEP and our performance across all our business operations.

Over the years we have continued to invest additional resources with the aim of embedding responsible palm practices in our day-to-day operations. We have a sustainability team of over 360 staff in Jakarta and in the field working to implement our sustainability measures.

We employ specialists to oversee and handle key areas such as conflict resolution, HCS/HCV management, fire prevention, community consent (FPIC), grievance management and health and safety. The Sustainability Directorate also works with colleagues in Human Resources on labour issues to ensure fair labour practices are upheld, in line with the GSEP.

### ETHICS AND COMPLIANCE

[102-16, 102-17, 205-3, 415-1]

At GAR, we are committed to pursuing our business objectives with integrity and in compliance with the law. We comply with applicable laws in all the countries in which we do business, including all anti-bribery and corruption regulations. Additionally, GAR does not make any corporate political contributions. No significant cases of bribery or corruption were reported in 2020.

We expect all our employees, contractors, suppliers and business





## Our Approach to Sustainable Palm Oil

partners to adhere to the [GAR Code of Conduct](#), which is communicated annually to our existing and new employees. The Code is purposefully designed to be practically applicable to our day-to-day business, with definite guidelines on acceptable and unacceptable behaviour. It applies to all employees as well as Board members. It also details avenues for raising concerns and whistleblowing procedures, encouraging employees to report any possible improprieties, in confidence and without fear of retaliation.

The Code also emphasises the Company's commitment to fair employment practices; diversity; and its stand against discrimination and zero tolerance for harassment or abuse. No cases of harassment and abuse were reported in 2020.

We have annual mandatory refresher courses and online e-testing on the Code of Conduct for our employees. Executives have also signed Integrity Pacts committing them to ethical and lawful behaviour.

We also require our suppliers to comply with the [Supplier Code of Conduct](#), which obligates them to adhere to our policies including the GSEP.



Morning staff briefing by Tatok Gito Wibowo

### RESPONSIBLE HANDLING OF COMPLAINTS AND GRIEVANCES

[103-2, 103-3]

In 2015, GAR established a Grievance Procedure to ensure that as a company, we are responsive to any grievances raised by external parties which may involve our third-party suppliers. It helps us to address a wide range of concerns, including those related to our most material issues. The full list and details of

our grievances, both closed and ongoing, is updated regularly, and can be viewed on [our website](#).

New grievances in 2020	18
New grievances closed in 2020	3
Pre-2020 grievances closed	15

[Mighty Earth](#), a CSO which carries out environmental protection campaigns, has

consistently ranked GAR top amongst palm oil trading companies for tackling and resolving complaints.

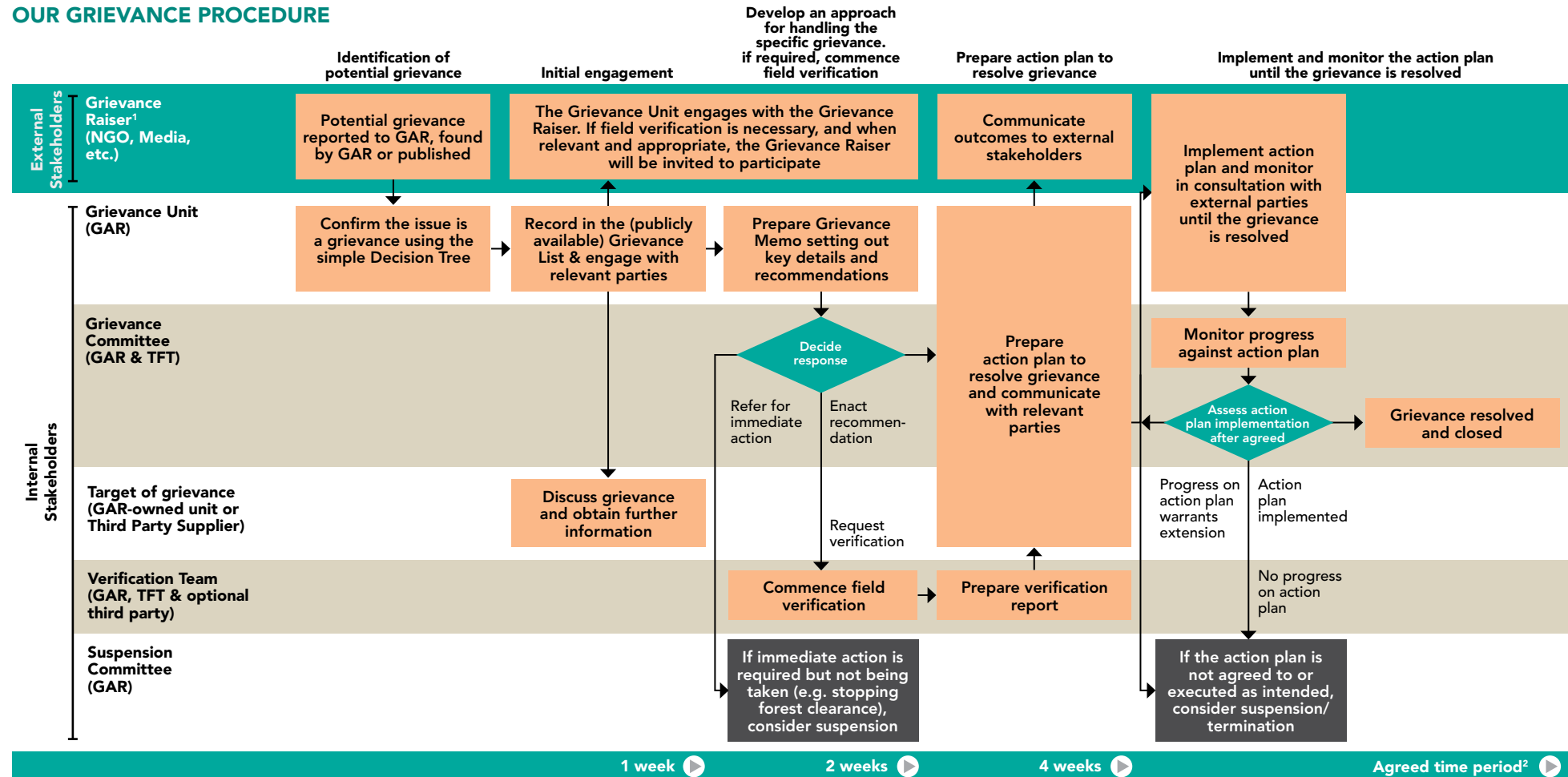
### OUR GRIEVANCE PROCEDURE

We also have a [grievance mechanism](#) in place for stakeholders including employees to raise grievances involving our own operations as well as [social conflict handling procedures](#).



## Our Approach to Sustainable Palm Oil

### OUR GRIEVANCE PROCEDURE



<sup>1</sup> The Grievance Raiser may nominate a third party to act on their behalf.

<sup>2</sup> Action plans will work to agreed timelines of no more than three months to reach resolution. However, where circumstances prevent resolution within that time – for example, where legal proceedings are involved – progress at three months will be reviewed to assess whether there is clear evidence of a resolution process being actively implemented.



## Our Approach to Sustainable Palm Oil

### MONITORING, EVALUATION AND REPORTING

[103-3]

Under the GSEP we are committed to monitoring, evaluating and reporting our performance. We seek to provide regularly updates on our progress on several key using a variety of channels. For example, our website, is regularly updated with information on our supply chain mapping, fire incidents, conservation, community engagement and grievance cases. Other channels of reporting include public reports such as the [GAR Annual Report](#) and the [GAR Sustainability Report](#). We also participate annually in several disclosure platforms including [CDP](#) (which incorporates [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) recommendations and

elements of the [Accountability Framework Initiative](#), [SPOTT](#), [FTSE4Good](#) and [DJSI or S&P Global Corporate Sustainability Assessment](#). GAR is also using the [No-deforestation, No-peat and No-exploitation<sup>3</sup> Implementation Reporting Framework \(NDPE IRF\)](#) to track progress against our NDPE commitments across our supply chain - see [p 29](#)

### PARTNERSHIPS FOR RESPONSIBLE PALM OIL

[102-12, 102-13]

Finding the best way to operate sustainably often requires new, innovative solutions to thorny issues. We recognise that this is only possible through working collaboratively with relevant experts and key stakeholders. Partnership (UN SDG17) is the cornerstone of our approach to achieving our goals. We do this in

recognition of our limits as a private company and we seek to learn and gain valuable feedback from our stakeholders such as local communities, smallholders, government, Civil Society Organisations (CSOs), academia, suppliers, the Roundtable on Sustainable Palm Oil (RSPO), our industry peers, customers, and implementation partners.

In several instances, we have worked with CSO stakeholders like Greenpeace to develop new guidelines and standards such as the [High Carbon Stock Approach \(HCSA\)](#) to address deforestation concerns. This approach is increasingly being adopted, not only in our industry, but also in other sectors such as forestry.

Our main sustainability roadmap, the GSEP, was developed with feedback

and input from key stakeholders including CSOs such as Greenpeace, Rainforest Action Network (RAN), Forest Peoples Programme (FPP) and our implementation partner, Earthworm Foundation (formerly The Forest Trust). We also continue to improve our Standard Operational Procedures (SOP) for carrying out FPIC, handling grievances, conflict resolution and participatory mapping, often with input from external stakeholders such as CSOs.

We also have several partnerships with customers and academic institutions designed to further our progress towards responsible production. Read more about our partnerships on [our website](#).

3 We are trialling a template for reporting on "no-exploitation".





# Our Materiality Assessment

[102-29, 102-46, 102-47]

In 2021, we worked with a specialist sustainability consultancy to review our material sustainability topics. This process covered our entire value chain and built on from our previous in-depth materiality assessment last conducted in 2017. We followed a three-stage approach:

## 1. Topic Identification

Desk-based research was conducted to review and update our list of sustainability topics to take forward to the engagement stage.

## 2. Stakeholder Engagement

An online survey and interviews with internal and external stakeholders were conducted to gather feedback on and prioritise the list of 20 sustainability topics by level of importance.

## 3. Analysis and Validation

Findings from the survey and interviews were consolidated, analysed, before being discussed with the senior management team at GAR, validated by GAR's Sustainability Committee, and signed off by the Board.

For more details on our materiality assessment, see our [website](#).

The results of our assessment revealed that topics including **Fire and Haze**, **High Carbon Stock (HCS) forests** and **High Conservation Value (HCV) areas**, and **Labour relations and human rights** continue to be a priority for GAR and our stakeholders. **adaptation** and **waste** have also gone up in relative importance. In addition, this year we have identified two new topics, **Energy** and **Cybersecurity and Data Protection**. Below is the full list of our material sustainability topics.

## GAR'S MATERIAL SUSTAINABILITY TOPICS

### PRIORITY ESG TOPICS

Topics of highest importance to our stakeholders and greatest importance for GAR operating performance and enterprise value.

- Climate change adaptation
- Community relations and empowerment
- Corporate governance, ethics and integrity
- Fire and haze
- Greenhouse gas (GHG) emissions
- High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas
- Labour relations and human rights
- Occupational health & safety and employee well being
- Rights of communities and Indigenous Peoples
- Supplier inclusiveness and smallholder livelihoods
- Supply chain traceability and transformation
- Women, diversity and inclusion
- Yield Improvement

### RELEVANT ESG TOPICS

Topics important for some of our stakeholders and with moderate importance to our operating performance and enterprise value.

- Cybersecurity and data protection
- Energy
- Product quality and safety
- Talent attraction, retention and development
- Use of fertilisers, pesticides and chemicals
- Waste
- Water



## Our Materiality Assessment

		Plantation	Processing	Distribution and consumption
				
Sustainability Topic	Description			
ENVIRONMENTAL MANAGEMENT				
Climate change adaptation	Adapting our business to the physical and regulatory risks posed by climate change.	●	●	●
Energy	Reducing our energy use by implementing energy-efficiency measures and exploring the use of renewable sources of energy.		●	●
Fire and haze	No burning for new plantings, replantings or other developments in our operations and supply chain. Working with the community to prevent forest fires and responding to any fires that occur in order to minimise the harmful effects on the environment and people.	●		
Greenhouse gas (GHG) emissions	Measuring, monitoring and reducing GHG emissions across our operations.	●	●	●
High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas	Identifying and conserving HCS forests and HCV areas, including protecting and managing peatlands storing high levels of carbon.	●		
Use of fertilisers, pesticides and chemicals	Minimising the use of fertilisers, pesticides and other chemicals to prevent contamination and pollution, while maintaining soil fertility and high crop yield.	●		
Waste	Managing waste from our operations by reducing, reusing and recycling where possible. Safely handling and disposal of hazardous waste.		●	●
Water	Reducing the use of water by recycling and reusing water where possible. Responsibly managing and treating effluents to prevent water pollution.	●	●	
Yield Improvement	Investing in research and development to improve yield and reduce pressure on opening new land.	●		
SOCIAL AND COMMUNITY ENGAGEMENT				
Community relations and empowerment	Empowering communities and supporting livelihoods by employing locals and implementing community programmes in education, healthcare and infrastructure development.	●	●	
Rights of communities and Indigenous Peoples	Respecting the rights to Free, Prior and Informed Consent (FPIC) for local communities and Indigenous Peoples. Maintaining open and constructive engagement with communities to avoid social conflicts or promote the responsible resolution if they do arise.	●		



## Our Materiality Assessment

		Plantation	Processing	Distribution and consumption
				
Sustainability Topic	Description			
WORK ENVIRONMENT AND INDUSTRIAL RELATIONS				
Labour relations and human rights	Promoting fair, equitable and positive relations with our workforce, respecting human and labour rights, ensuring no child or forced labour.	●	●	●
Occupational health & safety and employee well-being	Fostering a safe and healthy work environment, preventing any work-related illness, injury and accidents, and promoting the well-being of employees.	●	●	●
Talent attraction, retention and development	Managing current and future talent needs through attraction, retention, training and development.	●	●	●
Women, diversity and inclusion	Empowering women across the business and in our communities. Promoting a culture of diversity and inclusion in our operations.	●	●	●
MARKETPLACE AND SUPPLY CHAIN				
Corporate governance, ethics and integrity	Conducting all business activities with integrity and in accordance with the highest ethical and governance standards, in line with GAR's Code of Conduct.	●	●	●
Cybersecurity and data protection	Protecting our systems against cyberattacks and safeguarding personal data from intentional or accidental destruction, modification or disclosure.	●	●	●
Product quality and safety	Adhering to best practice product quality and safety standards, as well as safeguarding consumers' health.		●	●
Supply chain traceability and transformation	Achieving and maintaining traceability of palm oil products to mill and to plantation. Engaging with suppliers to ensure compliance with our policy and responsible practices.	●	●	
Supplier inclusiveness and smallholder livelihoods	Supporting the socio-economic development and inclusiveness of smallholder suppliers.	●	●	





# Stakeholder Engagement

[102-21, 102-40, 102-42, 102-43, 102-44]

The issues facing palm oil production are complex and multi-faceted. This is why a key element of our approach to responsible palm oil relies on engagement and close collaboration with stakeholders.

Our stakeholder engagement focuses on trying to better understand stakeholders' needs and concerns. At the same time, we want to build our stakeholders' understanding of our business and the realities of the palm oil industry on the ground.

We believe that enhanced mutual understanding will support the development of more effective solutions and partnerships, which can better balance environmental protection with the economic and social needs of our stakeholders.

Stakeholders have been identified through a mapping exercise and prioritised for engagement based on their influence and interest in GAR.

For more details on our stakeholder engagement, including how we engage them, see our [website](#).

## OUR KEY STAKEHOLDERS

**Customers and consumers**



**Employees**



**Financial community (investors, banks, financial analysts)**



**Governments and regulatory bodies**



**Industry bodies and trade associations**



**Local communities**



**Media**



**Civil Society Organisations (CSOs)**



**Suppliers**



**Certification bodies: RSPO, ISPO, ISCC**



### Some key outcomes of our stakeholder engagement:

- Participatory Conservation Planning with the community and Alternative Livelihood programmes (see [p 37](#), [57-58](#))
- Peat conservation and management programme [p 38](#)
- Long-term fire prevention programme with the community (see [p 39-40](#))
- Supply chain transformation (see [p 25-31](#))
- Smallholder support programmes (see [p 31](#))
- Active participation in the RSPO (see [p 33-34](#))



# Transforming our Supply Chain

Supporting:



To meet our sustainability commitments, we recognise we must source our raw materials from suppliers who agree to follow the same high standards of responsible production. We have made substantial investments in time and

resources to help our supply chain transform and change for the better. In 2020, despite the challenges brought about by the COVID-19 pandemic, we continued to make strides in our work with our supply chain.

## OUR PALM SUPPLY CHAIN

[102-9]

The bulk of our procurement comprises crude palm oil (CPO) and palm kernel

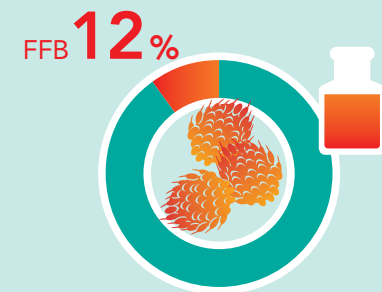
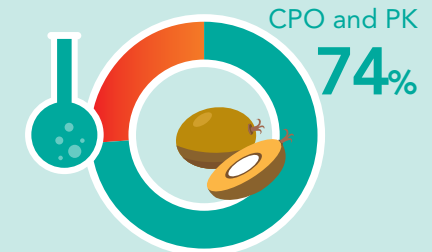
(PK) for our downstream business in Indonesia. In 2020, these raw materials were sourced from 378 third-party mills and 47<sup>1</sup> GAR-owned mills in Indonesia. Fresh fruit bunches (FFB), the feedstock for the mills, are in turn supplied by our own nucleus estates, third-party estates, thousands of individual farmers (plasma and independent), as well as brokers and agents who buy from farmers. Procurement of CPO and PK,

and procurement of FFB, accounts for around 74 and 12 percent respectively of our Indonesian subsidiaries' procurement spend. We source around 60 percent of these materials for our refineries from third-party suppliers. Based on the high purchasing volume, a critical input of our products, and the environmental and social risks associated with the purchase of CPO, PK and FFB, these are considered GAR's critical suppliers.



Damimas seedlings at four months by Muhammad Riza

## SHARE OF PROCUREMENT SPEND ON CRITICAL RAW MATERIALS

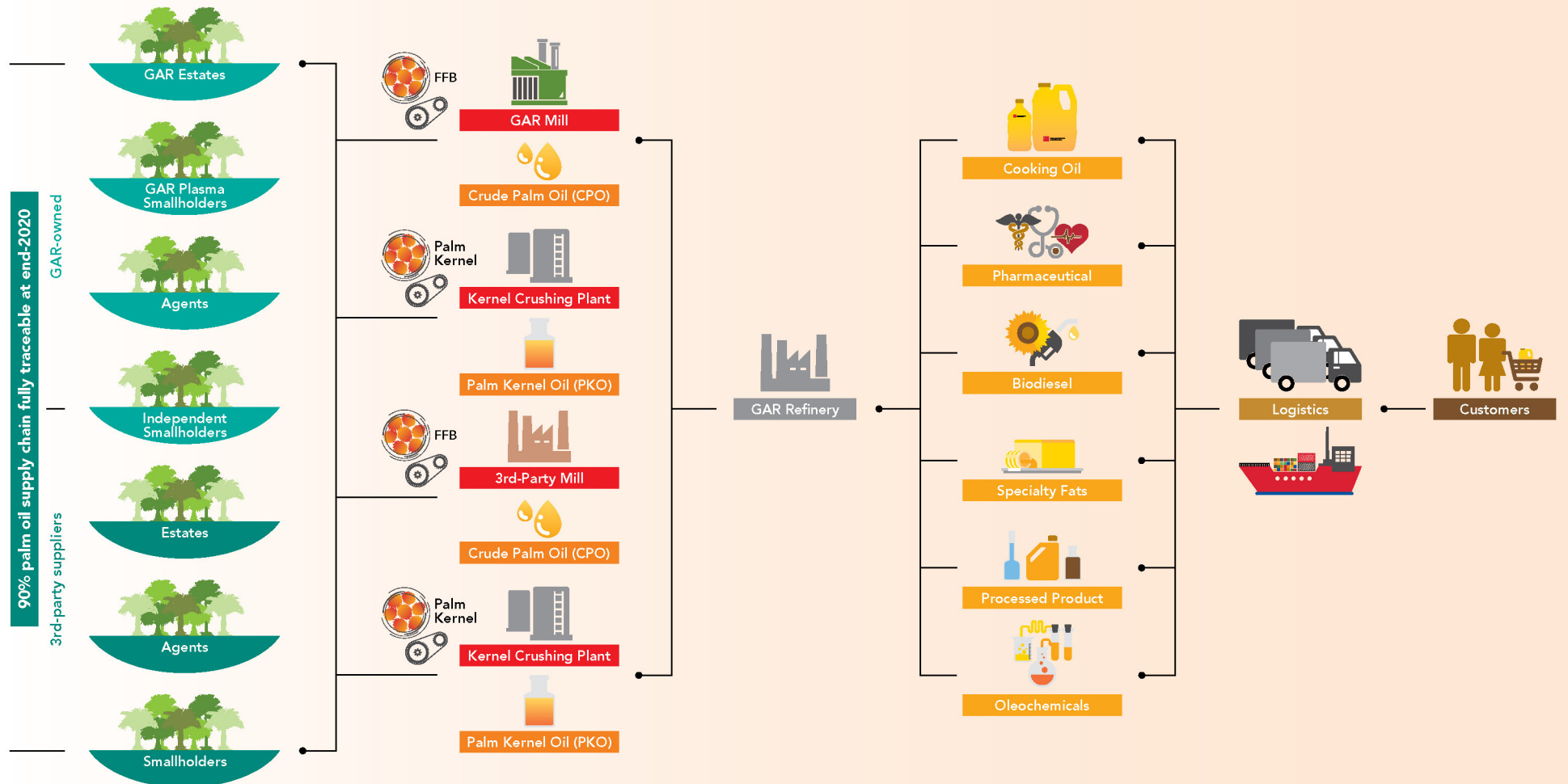


1 Excluding one mill acquired at the end of 2020.



## Transforming our Supply Chain

### PALM SUPPLY CHAIN







## Transforming our Supply Chain

### OTHER SUPPLIERS

[102-9, 204-1]

We also procure other products and services to run our business. Significant spend for our upstream operations includes fertilisers sourced from 41 Indonesian companies. Other procurement includes materials, spare parts and services; fuel and tires; food; tools; and consumables. Food such as rice, noodles and milk is procured for our employees and forms part of their non-monetary benefits. In 2020, we spent about IDR 115 billion to buy over 12 kilotonnes of food.

More than half of products and services are purchased from local vendors close to our operational sites.

### TRACEABILITY TO THE PLANTATION

[103-2, 103-3] [FB-AG-430a.3]

We had intended to complete full Traceability to the Plantation (TTP) for our entire palm supply chain by end-2020. This timetable had to be adjusted in light of the global pandemic as safe distancing measures affected some of our suppliers' ability to carry out fieldwork.

Despite this, we are happy to report that we achieved 90 percent TTP as of end-2020 for GAR-owned mills and third-party suppliers. We have given an extension to suppliers whose TTP efforts were interrupted by the pandemic. They are expected to complete their mapping in the coming months. However, for the

minority of suppliers who have not made any meaningful effort on TTP to date, we will consider them automatically excluded from our supply chain, as traceability is an essential requirement under the GSEP.

Aside from guaranteeing the provenance of our raw materials, traceability gives us a ready-made platform for relationship-building with our third-party suppliers. This enables us to work with them to transform our supply chain and, by extension, the industry.

To help accelerate TTP amongst Tier 2 suppliers such as smallholders and agents we launched the [Ksatria Sawit](#) (Palm Oil Warriors) programme. The initiative links suppliers with our supply chain mapping partner, Koltiva. GAR provides the suppliers' profiles, and Koltiva follows up by conducting field surveys with the mills, agents and smallholder farmers. As of end 2020, we had exceeded our original targets and registered 87,000 smallholders covering 325,000 hectares of estates. Now that the farmers are registered in the Ksatria Sawit programme, we

will tailor plans to help them adopt sustainable practices.

We continued to make progress in extending forest conservation in our supply chain. We are doing this through sharing the importance of complying with our no deforestation commitments as well as guiding our suppliers in adopting best practices and helping them formalise their own no deforestation policies. Since we began our deep engagement with suppliers, 17 of them have carried out HCV and HCS assessments, which



2 Excluding one mill acquired at end of 2020.



## Transforming our Supply Chain

involves going that extra mile in terms of commitment, time and monetary resources.

From our supply chain mapping, we also know that 53 percent of our supplying mills or 64 percent of our procured supply in 2020 is RSPO and/or ISPO certified.

FFB supply profile of third-party suppliers:

FFB supply to mills	% mill	% volume
Own plantation only	14	15
Own and external plantation	49	65
External plantation only	37	19
<b>Total</b>	<b>100</b>	<b>100</b>

### SUPPLIER ENGAGEMENT, ASSESSMENT AND TRAINING

[308-1, 308-2, 414-1, 412-2] [FB-AG-430a.2]

**87,000**

smallholders registered under Ksatria Sawit programme



Virtual SMART SPOT and SMART SEED workshops during global pandemic



Dedicated Supplier Support Team

We engage intensively and extensively with our critical suppliers through multiple avenues, gaining their trust and confidence.

Aside from commercial considerations, all new suppliers are screened using environmental and social criteria, in line with our commitments in the GSEP. For our existing suppliers, all

GAR-owned and third-party mills are assessed for GSEP compliance on an annual basis through desk research and spatial analysis. We also carry out site visits to suppliers, especially those deemed high-risk, to document and understand the gaps and difficulties they face in adopting responsible practices.

Based on our findings, we can determine a risk ranking for each supplier. High-risk suppliers are prioritised for site visits and deep engagement. Every year, we aim to visit at least 20 critical, high-risk suppliers. In 2020, due to the COVID-19 pandemic, we switched to remote assessments of our suppliers.

### SUPPLY CHAIN ASSESSMENTS BY GAR:

#### 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<sup>3</sup> and publicly reported information

High risk: **109 mills (26%)**  
Medium risk: **184 mills (43%)**  
Low risk: **132 mills (31%)**



#### Types of risk

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

#### Action



**125(29%)** suppliers

have **significant impact** based on desk study, site visit/remote assessment and grievances



**116(93%)**

have developed **time-bound action plans<sup>4</sup>** to address social and environmental issues



#### Progress



**39(34%)**

of these suppliers showed **significant improvement** in this year and the rest will continued to be monitored in 2021

- 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.
- Examples of action plans for improvement include achieving TTP, strengthening of SOPs, formalisation of sustainability commitments etc.



## Transforming our Supply Chain

GAR details the findings from the site visits, including recommendations and actions for improvement, in a report that is shared with the supplier. We then work with the mills to develop and implement time-bound action plans for us to monitor progress against. In the last few years, we have completed site visits and assessed both Tier 1 and Tier 2 suppliers at all our downstream processing locations. Reports can be viewed on our [website](#).

GAR is also using the [No-deforestation, No-peat and No-exploitation<sup>5</sup> Implementation Reporting Framework \(NDPE IRF\)](#) to track progress against our NDPE commitments across our supply chain. This gives us yet another methodology to monitor and track our progress on NDPE and communicate this progress to our stakeholders. The tables below show the percentage of CPO and PKO volume of supply classified by NDPE criteria.

### No-deforestation progress at mill level of CPO and PKO, 2020\* (%)

Category	CPO	PKO
Awareness	11	14
Commitments	7	11
Progressing	11	6
Delivery	72	69

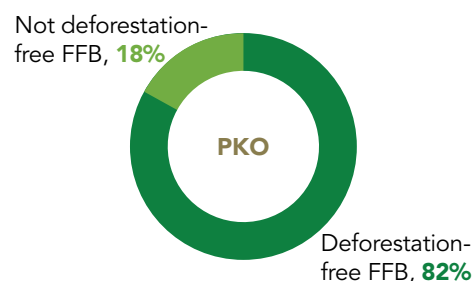
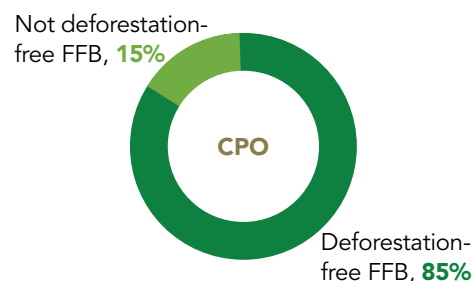
### No-deforestation progress at production level based on estimate of proportion of FFB from directly managed production (%), 2020\*

Category	CPO	PKO
Awareness	8	9
Commitments	4	7
Progressing	3	1
Delivery	85	82

### No-peat progress at mill level of CPO and PKO, 2020\*(%)

Category	CPO	PKO
Awareness	8	11
Commitments	9	10
Progressing	9	5
Delivery	74	74

### Estimated percentage deforestation-free FFB progress of CPO (top) and PKO (bottom)



<sup>5</sup> We are trialling a template for reporting on "no-exploitation".

\* Data has been verified by [Control Union](#), an independent third party

By conducting these assessments, we are able to help our suppliers improve through capacity building and sharing of best practices. Based on assessments of our suppliers' most pressing needs, we continued to help them with training in traceability; responsible labour practices; and implementation of FPIC and human rights. We are also guiding them to design more targeted and needs-based CSR programmes using Social Impact Assessments. We have shared and emphasised the importance of the GSEP with all (100 percent) of our suppliers.

We are proactively helping suppliers review their policies, including providing recommendations on how to strengthen SOPs in various areas such as environmental management and labour relations.

In 2020, we continued with our supplier training sessions using technology and online tools. An example of this includes an online workshop to help our suppliers learn about [practical OHS measures during the COVID-19 pandemic](#). We conducted 14 webinars in 2020 on various topics, including responsible labour practices, OHS, participatory conservation planning (PCP) deforestation monitoring, fire prevention, CSR and sustainability reporting. These online webinars reached more than 1,300 participants from 172 suppliers.

Suppliers who participate in our engagement and assessment processes are generally receptive to proposals for improvement. However, suppliers deemed non-compliant will no longer form part of our supply

chain. In 2020, we stopped procuring from about 0.5 percent of our suppliers for non-compliance with our GSEP commitments, and from over seven percent since 2015.

Working with our industry peers and several CSOs including Mighty Earth, Aidenvironment and Earthworm Foundation we have also designed guidelines for re-engagement with suspended suppliers. Suppliers must be willing to undertake remedial actions and improve their practices in line with the GSEP. Minimum requirements include such conditions like moratoriums on land clearing; conducting HCS and HCV assessments prior to new development; and developing SOPs in line with NDPE policies. Suppliers will need to show they have achieved results and milestones as set out in their action plans before re-engagement takes place.

We operate a transparent and accountable system where stakeholders can inform us of issues within our supply chain using our [grievance process](#). As part of this process, we conduct ad-hoc site visits where an issue has been raised by an external stakeholder or discovered through our own monitoring. Our engagement is reported in our updated [Grievance List](#). In 2020, 18 new grievances were raised involving our third-party suppliers. We have resolved three of the new cases and 15 older cases. The majority of these cases were related to suspected clearing of forests. Case studies which highlight action plans for our suppliers are published on our [website](#). The CSO, Mighty Earth, has consistently ranked [GAR as the top palm oil company in resolving grievances](#).





## Transforming our Supply Chain

### Spotlight on remote supplier support during the global pandemic



Supplier engagement at PT Bumi Hutani Lestari

During the ongoing pandemic, our Responsible Sourcing Team had to find different ways to engage suppliers. Wahyu Wigati Wijayanti, Head of Supplier Compliance describes the process.

#### Q: What are you doing to overcome the situation?

Frankly, in the beginning it was quite nerve wrecking, when you cannot do the

usual thing that you are familiar with. We have been using this process for many years and have become so used to it. But the human mind is just so powerful that under the pressing circumstance, we were able to find a creative way to still carry out 'site visits'. We call this initiative – SMART Reach (SMART Remote Engagement, Assessment and Conference (call) from Home).

#### Q: What is SMART Reach?

Basically, we are conducting remote assessments for our suppliers. We send them a set of self-assessments, a checklist of sorts, to go through in their operations beforehand. Then we meet via teleconference to go through each item. They will have to provide answers and evidence for each portion of the assessment.

Of course there are some limitations with this method – we aren't able to see the implementation on the ground, but we are looking at ways to tackle that. Nevertheless, it doesn't stop us from assessing our suppliers, and having an open discussion and consultation on how they can improve their sustainability practices. Just like when we are doing site visits, the most important ingredient for success is trust – trust that we are here to help our suppliers, to continue improving sustainable practices.

The great thing about SMART Reach is that instead of taking three full days for the site visit as before, we now only require three hours per day for two days, to complete a visit for one supplier. Surprisingly, since we started this new way of assessment, we have received more requests from our suppliers to participate!

So SMART Reach is beneficial in saving time, saving cost – for airfare tickets, accommodation, transportation, and is even expanding our reach to even more suppliers.

**"Being pushed to find new ways of doing things has been a silver lining to the COVID-19 situation. These improvements will become our new normal, so that our assessments are done more efficiently, even when our operations resume 100 percent."**



Wahyu Wigati Wijayanti is the Head of Supplier Compliance at Sinar Mas Agribusiness and Food in Indonesia and has been working for the company since 2015. She has extensive experience in the forestry and palm oil industries.

Read more on our [website](#)



## Transforming our Supply Chain

### SUPPORTING SMALLHOLDERS

[103-2, 103-3]

Support for

**70,800**

plasma smallholders



Helping independent smallholders **with financing and other aid**

Smallholders are a critical part of Indonesia's palm supply chain, with about two and a half million farmers controlling 40 percent of palm oil estates. If we want to help improve the industry, we need to help smallholders improve their livelihoods and farming practices.

We have been supporting all our plasma smallholders achieve responsible farming for almost three decades. In 2020, around 70,800 plasma smallholders supplied FFB to GAR, about 19 percent of our total intake of FFB.

While GAR does not own the plasma plantations, they are closely integrated into our management system and we take the lead in promoting their success while adhering to the GSEP. In 2020, our smallholders achieved a CPO yield of around 4.2 tonnes per hectare, which is higher than the current national average in Indonesia of around 3.8 tonnes per hectare.

Through our partnership, we provide plasma smallholders access to high-yielding seeds and good quality fertilisers. We also ensure knowledge transfer and capacity building through regular training on Good Agricultural Practices.

GAR also extends support to independent smallholders and has been a strong supporter of the Independent Farmers Replanting Scheme since its launch in 2014. The programme was set up to encourage independent smallholders to replant with better quality, higher-yielding seeds which will help boost productivity and incomes, while potentially reducing the demand for new agricultural land. It gives farmers access to financing, helping them sustain their livelihoods during the four years it takes for the new seedlings to mature. As of end 2020, GAR secured loans of nearly IDR 123 billion from state-owned banks for farmers in Riau.

In addition, we run a range of support programmes for independent smallholders. This includes technical assistance to thousands of farmers in North Sumatra, South Sumatra, and Riau. Farmers have access to high-yielding seeds, fertiliser and herbicides, and heavy equipment rental at below-market rates. As of end-2020, we have disbursed more than IDR 300 billion in interest-free loans and other aid.

Our R&D division, SMARTRI also runs regular training programmes for smallholders. Each

year, they train several hundred farmers in agronomic practices focusing especially on integrated pest management and fertiliser management. Beneficial plants are given to the farmers at the end of the training session, to be planted in their field to contribute to the biological control of herbivores. In addition, SMARTRI staff also visit smallholder farms when requested, to help solve pest outbreak issues or nutrient deficiency cases.

### Partnerships to help smallholders



Working with partners to help smallholders **become more sustainable**

GAR is partnering with customers and other stakeholders on projects aimed at changing the palm oil industry. These projects include support for smallholders to boost their sustainable practices and improve their livelihoods, and are part of our focus in the next phase of supply chain transformation. One such project will involve working with our customer, Mars, and Koltiva, to help 4,000 smallholders in Aceh become more responsible producers.

A full list of our partnerships and projects can be found on our [website](#).

### RESPECTING HUMAN RIGHTS IN OUR SUPPLY CHAIN

[407-1, 408-1, 409-1, 412-1]

As we continue to progress with our palm supply chain mapping and develop deeper

support for our key suppliers, we are taking steps to address salient labour and human rights issues within our supply chain.

While we have not detected actual forced or child labour cases, we have noted that there are risks amongst some of our suppliers whether through lack of formal policies or through certain actions which can be perceived as indications of irresponsible labour practices.

We are therefore proactively helping them review their labour policies. This includes providing recommendations to strengthen SOPs and recruitment mechanisms. We are training and supporting suppliers to formally implement no child labour practices and protect children within their operations. We have helped several suppliers create action plans for improvement and we monitor their progress.

In 2020, we organised a webinar in collaboration with the ILO on responsible labour practices. We also worked with the Earthworm Foundation [on a series of online meetings](#) focusing on no child labour, decent wages and responsible labour practices. In addition, we are carrying out a workload study to help design guidelines for suppliers on setting workload incentives that are achievable by individual workers.



# Caring for our Customers and Consumers

## OUR CUSTOMERS

[102-2]

The bulk of our palm oil is distributed through our customers, which include traders, distributors, wholesalers, retailers as well as other businesses in the food and manufacturing industries that use our oil as a raw material in the production of secondary goods. Palm oil is an extremely versatile raw material used to make many daily products ranging from cooking oil to household cleaners – view the wide range of products on our [website](#).

We sell our products across the world, deriving the bulk of our revenue from markets in Asia.



Cooking oil production line

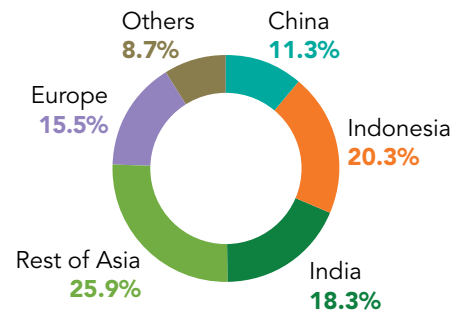




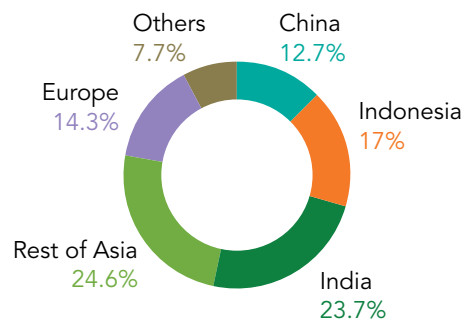
## Caring for our Customers and Consumers

### REVENUE BASED ON GEOGRAPHICAL LOCATION OF CUSTOMERS

2020 (US\$'000)  
Consolidated revenue 7,077,888



2019 (US\$'000)  
Consolidated revenue 6,431,799



In recent years we have been extending our product range into high-value areas such as low 3-MCPD products, biodiesel, and palm-based oleochemicals, which are used to manufacture soaps, detergents and other personal care products.

GAR is also proactively responding to the growing market demand for traceable and certified sustainable palm oil.

### PROVIDING CERTIFIED SUSTAINABLE PALM OIL

[102-13] [FB-AG-430a.1]

Our Indonesian operations were early adopters of certification of sustainably produced palm oil. SMART became a member of the Roundtable on Sustainable Palm Oil (RSPO) member in 2005 shortly after RSPO was founded. We also play an active role in RSPO, participating in the Board of Governors and various working groups.

Industry certification is part of GAR's ongoing commitment to adopt best practices and standards in responsible production while allowing us to meet growing demand for certified sustainable palm oil. Our latest certification data is updated regularly on our [website](#).

### ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO) CERTIFICATION

To date, over 260,000 hectares of plantations including smallholder plantations of over 51,000 hectares, 31 mills, nine kernel crushing plants,

six refineries, seven bulking stations and one oleochemicals plant have received RSPO certification.

GAR plays an active role in the RSPO. Mr Agus Purnomo, GAR's Managing Director of Sustainability and Strategic Stakeholder Engagement

is on the RSPO Board of Governors representing the Indonesian Growers Caucus (IGC). He is also Co-Chair of the Assurance Standard Committee of RSPO, and our SVP for Group Corporate Communications, Ms Anita Neville, is Co-Chair of the Market Development Standing Committee.



Loading and unloading palm oil at sea by M. Herry Aprian



## Caring for our Customers and Consumers

We participate in the RSPO working groups on deforestation; peatland; biodiversity; human rights; jurisdictional working group; and outreach and engagement. We are also involved in the RSPO task forces on HCV; FPIC; independent smallholders; compensation; Supply Chain Certification (SCC), trademark as well as Indonesia National Interpretation and review for the Principles and Criteria (P&C), and the Resolution Task Force. Our SVP for Group Corporate Communications has also been appointed chair of the RSPO's Road to COP26 Taskforce in 2021, with a remit to design and deliver a global outreach and advocacy campaign in support of sustainably produced palm oil.

### INTERNATIONAL SUSTAINABILITY AND CARBON CERTIFICATION (ISCC)

GAR maintains ISCC certification, a global certification which aims to ensure sustainable production and use of all kinds of biomass in global supply chains. ISCC is based on the implementation of the highest sustainability requirements in ecological sustainability, social sustainability, compliance with laws and international treaties, monitoring of GHG emissions and good management practices.

To date, over 280,000 hectares of plantations including smallholder plantations of over 51,000 hectares,

23 mills, six refineries, 12 bulking stations and two biodiesel plants have received ISCC certification.

All biomass intended for biofuels in destinations like Europe are ISCC certified, ensuring that our products meet the highest responsible palm oil standards in international markets.

### INDONESIAN SUSTAINABLE PALM OIL (ISPO)

GAR also supports the ISPO Scheme developed by the Indonesian Ministry of Agriculture to improve the competitiveness of Indonesian palm oil in world markets and to meet Indonesia's commitment to reduce greenhouse gases and focus on environmental issues.

To date, over 230,000 hectares of plantations and 35 mills have received ISPO certification.

### DEVELOPING A BIOFUEL MARKET FOR PALM OIL

Our two biodiesel plants continued to operate at full capacity, producing 600 thousand tonnes of biodiesel to fulfil the B30 biodiesel mandate in Indonesia. We have received a volume allocation of around 717,000 kilo litres from the Indonesian government in 2021. To meet this demand, we are also in the process of expanding our biodiesel capacity by 1,500 tonnes per day.

### OUR CONSUMERS

Aside from distributing palm oil to industrial customers, we also sell edible oil and food products directly to the end consumer in large markets like Indonesia, China and India.

For a full list of our products and brands, please see our [website](#). For more information on our consumer markets and future business strategy, please refer to the [GAR Annual Report 2020](#).

### ENSURING CONSUMER SAFETY, WELL-BEING AND PRODUCT QUALITY

[103-2, 103-3, 416-1]

Our consumers rely on GAR brands for safe and high quality products that they can trust. We use international standards to ensure the quality of our products, bar codes for traceability, and we systematically record expiry dates and batch data. We have also obtained the following certifications:

- All six palm oil refineries are RSPO SCC and ISCC-certified.
- All six palm oil refineries in Indonesia are accredited with ISO 9001.
- Two palm oil refineries has ISO 22000 certification, recognising that they adhere to strict international food safety standards.
- Four palm oil refineries have FSSC 22000 food safety certification.
- All six palm oil refineries in Indonesia are accredited with ISO

14001, recognising that they have implemented effective environmental management system (EMS).

- All six palm oil refineries in Indonesia are accredited with ISO 45001, recognising that they have implemented management systems of occupational health and safety to reduce occupational injuries and diseases
- Two palm oil refineries are Halal-certified.
- All six palm oil refineries are Kosher-certified.
- Our PKE, PFAD, and PKFAD products at four of our plants have obtained GMP+B2 certification.
- Five of our plants have CPPOB certification (Good Manufacturing Practices for Processed Food).
- Ready-to-eat margarine and cooking oil products from Surabaya refinery are SNI certified.

We are aware of consumer concerns about the health and safety aspects of our end products. Our Downstream Research and Development department is actively addressing this area. GAR continues to focus on minimising occurrence of 3-monochloropropane diol (3-MCPD) precursors following the European Food Standards Authority revision of 3-MCPD and glycidyl fatty acid esters (GE) levels. Our business successfully tackles the 3MCPD/GE issue holistically, for example by minimising Free Fatty Acids (FFA) in CPO and optimising refining techniques. We are also continuing to optimise



## Caring for our Customers and Consumers

identification methods for 3-MCPD and GE esters. Every year, GAR participates in the FAPAS UK 3-MCPDE, 2-MCPDE and GE proficiency tests with satisfactory results. Read more about our efforts [here](#).

SMART has in-house laboratories in two of our sites: Surabaya and Marunda, which are ISO 17025 certified and has the capability to test 3-MCPDE, 2-MCPDE and GE. Both laboratories have been accredited for this 3-MCPDE, 2-MCPDE and GE parameters by National Accreditation Committee (KAN).

We have put considerable effort into removing trans-fatty acids from all our products. We continue to work on having 100 percent trans fat free products by 2023 in line with WHO targets, having achieved this for 98 percent of all margarine, shortening and specialty products.

Cooking oil fortification is another focus area, with the government of Indonesia implementing mandatory fortification of Vitamin A in cooking oil. We are making sure we provide healthy fortified cooking oil in line with legal requirements. In addition to Vitamin A, our Filma margarine is also fortified with vitamins B1, B2 and B3.

We are also working to replace or convert soy lecithin to sunflower-based alternatives to reduce allergens in our products.

Following interest from several global customers, we are developing non-GMO high oleic palm oil (all our palm oil raw materials are non-GMO). High oleic oil is high in monounsaturated fats and has a better nutritional profile. We are carrying out a research project on developing a new hybrid high oleic palm oil and are testing several potential hybrids.



Our in-house chefs create new recipes using Filma products





# Our Environmental Management



Waterfall in a conservation forest by Septian Hardi Putra

Supporting:



We are acutely aware of our responsibility to protect the environment as we operate mainly in Indonesia, home to some of the richest biodiversity on Earth, and rainforests which are key to mitigating climate change.

Environmental management is one pillar of our sustainability policy, and we have invested heavily in time and resources to implement this core tenet of the GSEP. We are committed to protecting ecosystems by focusing on conserving High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas, tackling climate change, and managing waste and water responsibly. We believe this is imperative not just to safeguard the health of our planet and its population but also the longevity of our business. Despite the ongoing pandemic, we are continuing work on the ground wherever possible and with pandemic safety measures in place.



## FOREST AND BIODIVERSITY CONSERVATION

[103-2, 103-3, 304-1, 304-2]

We continue to implement our long-term forest and biodiversity conservation initiatives. We are currently maintaining 75,000 hectares of conservation area consisting of [High Carbon Stock](#) (HCS) forests and [High Conservation Value](#) (HCV) areas. This area is slightly larger than Singapore.

We take a landscape approach to conservation beyond the boundaries of our concessions. One way we do this is through our community conservation partnerships. These began in 2015 when we started Participatory Mapping (PM) – a process to help villages map out critical areas such as customary boundaries and land necessary for food security. This map is then lodged with and formally recognised by the authorities, serving to clarify land tenure rights and enable villages to gain access to government development funds for the first time.

The mapping lays the foundation for further dialogue on conservation through our [Participatory Conservation Planning \(PCP\)](#) process. Our intensive consultative approach takes into account local community concerns, needs and aspirations. These include food security requirements, the ability to earn a decent living and maintain a good quality of life. Part of this process involves designing suitable [Alternative Livelihood](#) projects for the local community.

We have rolled out PM in 158 villages across our concessions to date. In 2020, this programme was interrupted due to the necessity of social distancing measures during the ongoing pandemic. The resumption of the programme will be dependent on the evolving pandemic situation. The same applies to our PCP programme. Nevertheless, to date, we have convinced several communities to set aside some 43,000 hectares of HCS forests for conservation.



## Our Environmental Management

We are also supporting our suppliers' commitments to protect over 100,000 hectares of HCS and HCV areas. We are doing this by sharing the importance of complying with our no deforestation commitments as well as guiding them in best practices and helping them formalise their own no deforestation policies. Since we began our deep engagement with suppliers, 17 of them have carried out HCV and HCS assessments, which involves commitment, time and monetary resources.

Altogether, through our landscape approach and work with the local community and suppliers, we currently support, directly and indirectly, the conservation of over 218,000 hectares of forest. We are also involved in landscape initiatives in Siak and Aceh Tamiang.

For further details on our forest conservation efforts as well as risk mitigation please see our latest [CDP disclosure on Forests](#). Since 2018, the CDP has awarded us a score of A- in this area.

### PEAT CONSERVATION AND REHABILITATION

[304-3]

#### Peat Ecosystem Rehab in West Kalimantan:



**1,000 ha** revegetated;  
water management plan developed  
with Tanjungpura University

We strictly enforce our no development on peat policy. We ensure this by mapping and demarcating the peat areas in our concessions and making sure that no development takes place in those areas. Furthermore, since 2014, we have not started any new developments on our nucleus plantations in favour of focusing on yield improvement.

We are also committed to peat conservation. We are using our model of community conservation

partnership to carry out the protection and rehabilitation of 2,600 hectares of degraded peatland in our PT Agro Lestari Mandiri (AMNL) concession in West Kalimantan. This project was launched at the end of 2015 following a severe El Niño which led to widespread peat fires.

In 2020, despite the global pandemic, we were able to continue working on the project. To date, we have revegetated 1,000 hectares of the area as a buffer zone and we continue to monitor and maintain optimum water levels to keep the peat wet. From the beginning of the project, we have worked on Alternative Livelihood projects for the local community in tandem with the physical rehabilitation of the area. This helps on two fronts: improving food security and livelihoods, and forest conservation. We are working with partners including the University of Tanjungpura (UNTAN), L'Oréal and the South Pole Group. In 2020, we developed a water management plan with University of Tanjungpura. This is a key long-term step to keep the peat area wet and reduce the risk of peat fires which contribute to haze. We also carried out an educational initiative for local communities on adaptive cultivation in peat areas.

Other peat-related activities in 2020 include:

1. Complying with the latest RSPO Principles and Criteria on peat by reporting our peat inventory across our plantations.
2. Carrying out peat ecosystem restoration activities in accordance with the regulations of the Indonesian Government, including monitoring the levels of groundwater, channel water, peat subsidence as well as rainfall. The results are reported quarterly to the relevant environmental authorities.
3. GAR's subsidiary, PT SMART signing an MoU with the Peat Restoration Agency to work together on peat rehabilitation and related community initiatives. Several educational activities were carried out including education on peat conservation and peat restoration.

Read more about our peat management practices on our [website](#).





## Our Environmental Management

### RIPARIAN ZONE REHABILITATION

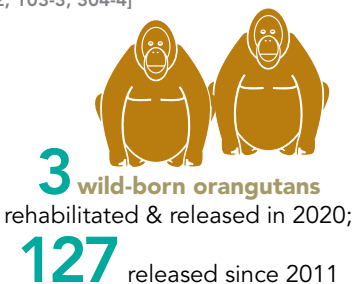
Our management of HCV areas involves the rehabilitation of riparian zones that have previously been cleared or planted. These riparian buffer zones play a crucial role in providing wildlife habitats and maintaining water systems.

Since 2015, GAR has been carrying out a riparian rehabilitation programme in our 18 concessions. By 2018, we completed the rehabilitation of over 2,700 hectares of riparian buffer zone. We have also completed the revegetation of the areas.

To further improve our understanding of riparian zone rehabilitation, we are participating in the Riparian Ecosystem Restoration in Tropical Agriculture (RERTA) Project with Cambridge University. This project will provide specific recommendations on the most appropriate options for restoring riparian margins in established oil palm plantations, and an evidence base to improve sustainability in tropical agricultural landscapes. Data is collected on biodiversity, ecosystem functions, and crop yield before, during, and after riparian restoration. Outputs will be published in peer-reviewed academic and industry journals, presented at conferences, and delivered as policy guidance for the industry. For more information, see the [RERTA Project](#).

### PROTECTING BIODIVERSITY

[103-2, 103-3, 304-4]



Operating in Indonesia places us in or near areas of rich biodiversity. Through HCV assessments carried out by licensed HCV assessors, we have identified the rare and endangered species within our concessions and surrounding areas. For our full list of threatened species under Indonesia's National Law of Protected Species (Indonesian Government Regulation No. 7 of 1999) or on the IUCN Red list, see our [website](#).

We continue to work to preserve and protect HCV areas and operate a strict Zero Tolerance Policy towards hunting, injuring, possessing and killing of rare and endangered wildlife.

We educate our employees, local communities and related stakeholders on the importance of protecting rare and endangered species. GAR also continues to work on orangutan conservation as a special focus area. Under a partnership with [Orangutan Foundation International](#) (OFI),

we supported the release of another three orangutans back to the wild in the Seruyan Forest in Central Kalimantan. From 2011 to 2020 we have released 127 primates. We aim to release a total of 160 orangutans by the end of 2021, but this timetable will likely be affected by the ongoing pandemic. Our OFI partnership agreement also focuses on local community and school education programmes on the protection of orangutans. Read more about our orangutan rehabilitation efforts on [our website](#).

### LONG-TERM PREVENTION OF FIRE AND HAZE

[103-2, 103-3]



32 villages in

Desa Makmur Peduli Api community programme to reduce fires



#### Fire prevention:

children's education programme & book launched under DMPA

**Zero Burning Policy:**  
99.98% of GAR area NOT affected by fires in 2020



10,000 Emergency Response personnel to suppress fires



Fire monitoring and reporting continuously improved

We remain committed to preventing fire and haze. Through strict adherence to our Zero Burning Policy, 99.98 percent of the GAR area was fire-free during 2020. Our fire prevention measures include having more than 10,000 Emergency Response Personnel on standby across all our plantations. Our estates are also equipped with fire-fighting equipment. For more details on our approach to fire management, see our [website](#).

We continue to support our fire-free programme, Desa Makmur Peduli Api (DMPA). To date, 32 villages have been





## Our Environmental Management



Hydrant use during simulation exercise by Dewi Setyowati

enrolled in the programme. In 2020, we launched an education programme aimed at elementary school pupils using a [children's book, Rumbun and Jungle Friends](#) under the DMPA initiative. The book helps teachers educate pupils on the importance of preventing forest and land fires. Our team in Indonesia managed to continue their outreach and training through Zoom calls and podcasts, reaching 400 teachers through dedicated virtual workshops and another 700 participants via podcasts.

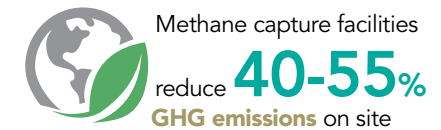
### REDUCING GHG EMISSIONS

[103-2, 103-3] [FB-AG-110a.2]

We are committed to reducing the Greenhouse Gas (GHG) emissions from our operations.

We recognise that emissions resulting from land use change and cultivation is one of the most significant impacts for any agribusiness. Our conservation of HCS forests, which retain large stores of carbon, is one way we are contributing to the avoidance of emissions. Another significant source of GHG emissions comes from Palm Oil Mill Effluent (POME), the wastewater from processing fresh fruit bunches (FFB), which emits methane if left untreated. POME treatment is one of our main GHG emissions reduction activities. We also carry out methane capture at some of our mills.

### Emission Reduction from Methane Capture and Composting



To treat POME, we mix it with shredded empty fruit bunches to produce compost, which is used as organic fertiliser in some of our estates. This contributes to a reduction of chemical fertiliser consumption, which is the second largest GHG emissions source after POME. Since early 2020, we have also implemented the use of coated urea fertiliser, which further contributes to GHG emissions reduction.

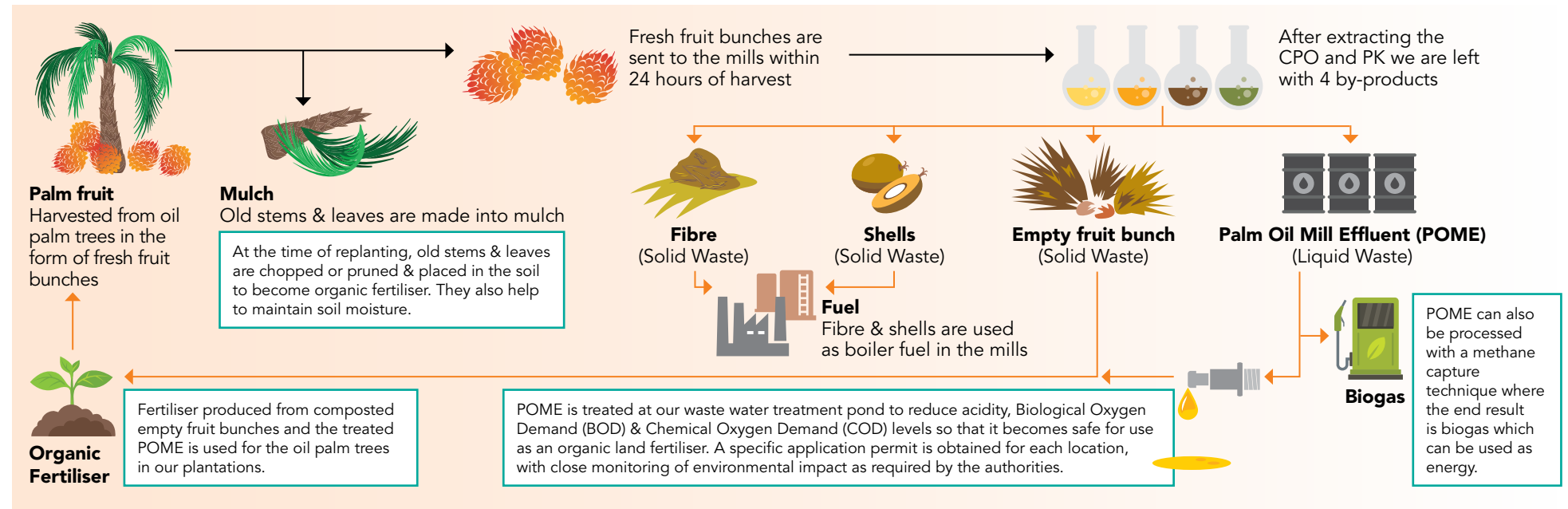
We continued to reduce GHG emissions in our operations through our methane capture facilities installed at seven mills in Central Kalimantan, Jambi and Riau. The facilities capture methane gas which is then used as an alternative energy source, generating electricity for our palm oil mills. These facilities can reduce between 40 – 55 percent of operational emissions on site. We also reduced GHG emissions through composting.

Please see our latest [CDP disclosure on climate change](#) for more information on our GHG emissions.



## Our Environmental Management

### RECYCLING WASTE AT EACH CPO PRODUCTION STAGE



### WASTE RECYCLING AND REUSE

[103-2, 103-3]



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

Under our Zero Waste Policy we aim to reuse, recover and recycle. Since 2015, we have achieved 100 percent recycling of

waste from the CPO production process in our upstream operations.

The waste includes solid and liquid waste. Solid waste consists of empty fruit bunches (EFB) of oil palm, fibre and shells. Liquid waste or POME is generated from the processing of FFB to CPO. We use both types of waste as organic fertiliser and fuel.

Our downstream waste is disposed of through municipal landfills or incinerators.

Hazardous waste is collected for proper disposal by authorised third parties.

### MANAGING OUR WATER FOOTPRINT

[103-2, 103-3] [FB-AG-140a.2]

Water is a vital resource for our operations and the communities where we operate. We recognise that water availability is an increasingly important issue in the face of climate change, and we are looking at ways to minimise our water footprint.

We strive to meet all our water needs through surface water that is processed to meet the quality standards required for production. We use ground water only in very limited quantities in locations where no surface water is available. We continue to improve our water efficiency by recycling and reusing where appropriate.

Palm oil trees need adequate amounts of water in order to grow. As such we have not developed plantations in water-



## Our Environmental Management

stressed areas. Our plantations are rain-fed and not irrigated.

We follow strict land management practices that are designed to reduce the risk of surface and ground water pollution. These include not applying herbicides or chemicals near and around riparian areas; restricting the application of treated liquid waste (POME) which is used as fertiliser to 50 metres from riparian areas; and planting vetiver grass to minimise soil erosion at riparian areas. We submit water sample analyses to the environmental agencies at least twice yearly.

We have noted the increasing occurrence of extreme weather phenomena like El Niño which can lead to severe draught. We are now exploring ways to optimise water use in our plantations through the use of advanced technology including AI.

For more information on our water footprint please see our latest [CDP disclosure on water](#).

### INTEGRATED PEST MANAGEMENT

[103-2, 103-3]



We have adopted an Integrated Pest Management (IPM) approach which combines cultural, mechanical, biological and chemical means to control pests while

minimising economic, public health and environmental risks.

Natural solutions and biological controls are our preferred methods for controlling pests across all our plantations, including beneficial plants that attract parasitoids to control pests, pathogens or bacteria, and natural predators. We supplement this approach using handpicking and mechanical traps.

Examples of this include breeding barn owls to control the rat population; encouraging leopard cats which also prey on rodents to stay within our plantations; controlling leaf-eating caterpillars through diversity of flora; and encouraging the growth of beneficial plants and using pheromones to control rhinoceros beetles.

### Monitoring and minimising the use of pesticides



IPM and selective weed control are the basis of the utilisation of pesticides in GAR plantations:

- Insecticides and rodenticides are used only as a final resort, when the population of herbivores and rats are above an acceptable level and are no longer controllable through natural or biological solutions.

- The utilisation of herbicides is mainly to maintain an appropriate access to the palms, for their maintenance and for harvesting. A selective strategy is implemented in order to minimise the use of herbicides.
- In addition, SMARTRI is continuously looking for alternative solutions in order to reduce the utilisation of herbicides, through the use of more efficient and less environmental damaging new molecules, or through innovative products.

Overall, the quantity of chemical pesticides used in GAR plantations have declined in the last few years. In 2016, GAR stopped using paraquat. In addition, pesticides that are categorised as World Health Organization Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions are not used, except in specific situations identified in national best practice guidelines, such as during an extreme pest infestation.

In parallel to minimising the use of chemical pesticides, GAR is promoting the use of biopesticides to enhance the health condition of the soils and the palm trees.

### MAINTAINING SOIL FERTILITY

GAR implements best agricultural management practices to maintain and enhance soil fertility through

a comprehensive mineral nutrition management plan. We aim to minimise the quantity of fertiliser applied whilst maximising yields. This reduces the pressure to open more land and minimises the risk of soil degradation from oil palm cultivation.

We have SOPs which specify that the use of fertilisers should be tailored to the texture of the soil and its capacity for retaining nutrients; that fertilisers should not be applied during periods of heavy rain; and that there should always be an appropriate interval between applications. We also recycle palm fronds and other organic products to increase the fixing capacity of soils.

### YIELD IMPROVEMENT

[103-2, 103-3]

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



We focus on improving the yield of oil palms as part of our long-term strategy for responsible and sustainable agriculture. The ability to obtain higher yields from existing agricultural land through better seed stock means higher





## Our Environmental Management

revenue while potentially reducing the need for more agricultural land.

Following years of R&D, GAR launched super high-yielding seeds Eka 1 and Eka 2, capable of producing over 10 tonnes/hectare/year of CPO in 2017. This is almost three times higher than the current national average in the Indonesian palm oil industry. SMARTRI and [SMART Biotechnology Centre](#) are now working on creating a sufficient clonal seed stock to be planted in the estates in the next few years.

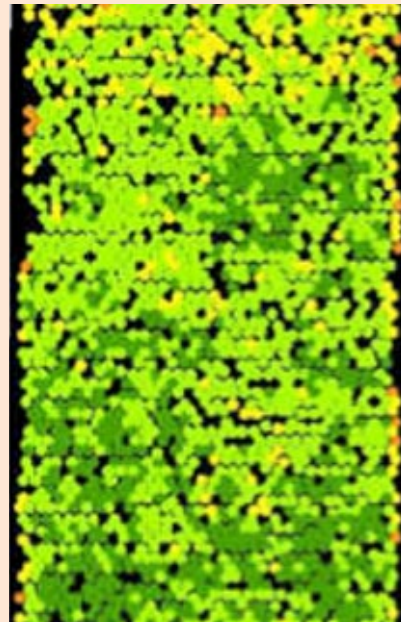
Our biotech division has also succeeded in finding and developing genes related to resistance to the Ganoderma disease.<sup>1</sup> These can be used as molecular markers to select seeds and clones that are resistant to the disease.

In light of climate change, SMARTRI is also continuing to work on developing more climate-resilient varieties which are more drought-resistant as well as looking at strains which can better adapt to high CO<sub>2</sub> content in the atmosphere. The biotech division is looking into developing genetic molecular markers for selecting seeds and clones that are drought-resistant.

<sup>1</sup> *Ganoderma boninense* is a major pathogen that affects the oil palm tree and eventually kills it.

### Spotlight on GAR and new technologies

GAR is pursuing intensification of oil palm cultivation through a progressive implementation of precision agriculture. Precision agriculture aims to maximise yield through more precise application of inputs such as fertiliser and chemicals – doing more with less. This approach includes finding new ways to increase the efficiency of field practices; using new research



Mapping the vegetative development of our palms (each dot represents one palm tree)

tools such as biotechnology and high throughput phenotyping; and combining new technologies for remote observation of palm trees with AI and digitalisation.

GAR is already using some techniques in the field while readying others for rollout. These techniques can help increase palm productivity as well as reduce negative impacts on the environment and our workers in the



New generation fertiliser spreader

field. For example, we have been testing new methods of fertiliser application, using a new generation of spreaders that are able to modulate the application rate based on site requirement. We are developing a similar approach in our use of pesticides, with the aim of continuously reducing the use of chemicals. We are also carrying out remote observation using satellites and drones and exploring ways and means to improve and expand this.





## Our Environmental Management



Aerial photography team by Habib Twindy Lubis

### MONITORING ENVIRONMENTAL IMPACT

[103-3, 307-1]

We manage and regularly monitor every aspect of our operations in order to minimise adverse impact on the natural environment. The monitoring is in accordance with the Environment Management Plan (*Rencana Pengelolaan Lingkungan*) and the Environment Monitoring Plan (*Rencana Pemantauan Lingkungan*), as set out in the Environmental Impact Assessment (*Analisa Mengenai Dampak Lingkungan*) documents submitted to the Government of Indonesia.

Assessment of the environmental parameters is conducted by SMARTRI, our ISO 9001:2008 and ISO 17025 accredited internal laboratory, as well as external laboratories referred by the Indonesian authorities.

Our regular internal monitoring and assessments are guided by the ISO 14001:2004 Environment Management Systems and ISO 9001:2008 Quality Management Systems.

GAR did not incur any fines or penalties for violations of environmental regulations.

### PROPER ACHIEVEMENT

Since 2007, GAR has participated in the Indonesian Ministry of Environment's national public environmental reporting initiative known as the Programme for Pollution Control, Evaluation and Rating (PROPER). The programme uses a colour-coded rating to assess water and air pollution control, hazardous waste management and environmental impact. PROPER also considers other indicators, including the impact of a company's community

development programmes; progress of biodiversity conservation efforts; efficiency of water management; and innovations in emissions reduction, waste management and energy efficiency.

In 2020, 31 GAR mills passed the PROPER assessment with Blue rating. Four of our downstream facilities have also achieved Blue rating. To ensure that we are aligned with PROPER requirements, internal audits and training are carried out in the company's mills.

### PROPER RATING SYSTEM

Gold	For businesses/activities that have successfully displayed environmental management effort and achieved excellent results.
Green	For businesses/activities that have displayed environmental management effort and achieved results better than those required by regulation.
Blue	For businesses/activities that have displayed environmental management effort, and have achieved the minimum standard required by regulation.
Red	For businesses/activities that have displayed environmental management effort, but have achieved only part of the minimum standard required by regulation.
Black	For businesses/activities that do not display significant environmental management effort.



## Our Environmental Management

### ENVIRONMENTAL MANAGEMENT DATA

#### Direct (Scope 1) GHG emissions

[305-1] [FB-AG-110a.1]

Scope 1 GHG emissions (tCO <sub>2</sub> e)	2018	2019	2020*
Gross direct emissions (tCO <sub>2</sub> e)	2,046,551	2,094,250	2,182,501
Biogenic emissions <sup>2</sup> (tCO <sub>2</sub> e)	2,552,614	2,465,726	2,411,070
Emissions intensity (tCO <sub>2</sub> e/tonne CPO produced)	0.84	0.91	0.99

Note:

\* Unaudited/unverified data.

Direct GHG emission calculation started from 2018 and it will be calculated and audited biannually. Prior Scope 1 calculation, we conducted carbon footprint assessment in 2016 to identify emission source in our operational activities. Thus, we can measure our significant emission source.

Scope 1 GHG emissions are calculated following the ISO 14064-1:2006 standard, using an operational control approach. Direct Scope 1 emission sources include emissions from stationary combustion, mobile combustion, synthetic fertiliser application, and POME treatment. Calculation includes CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O.



Automatic fertiliser feeding system at palm oil nursery powered by solar cells by Elisabeth Leonora Leleury

#### Emission reduction through methane capture 2020

[305-5]

Biogas plant	Emission reduction (tCO <sub>2</sub> e)
Semilar	76,549
Pelakar	26,837
Hanau	41,048
Libo	50,617
Ramarama	49,326
Sungai Rungau	79,285
Perdana	64,549
<b>Total</b>	<b>388,210</b>

Methodology: CDM AMS-III.H. version 19

GHG measured: CH<sub>4</sub>

#### Emission reduction through composting 2020

[305-5]

Composting plant	Emission avoidance (tCO <sub>2</sub> e)
Jelatang	17,230
Sako	70,901
Kuayan	67,493
<b>Total</b>	<b>155,623</b>

Methodology: CDM AMS-III.F. version 12

GHG measured: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O.

2 Biogenic emissions come from burning of biomass and biodiesel and biogas consumption.



## Our Environmental Management

### Water consumed and recycled (m<sup>3</sup>)

[303-5] [FB-AG-140a.1]

	2018	2019	2020
Freshwater consumption <sup>3</sup> (flowmeters)	13,584,151	15,926,850	14,071,871
Seawater consumption	2,495,496	2,956,312	3,002,579
Third party (for eg. municipal) water consumption	1,035,000	1,283,532	1,223,680
Produced water consumption	9,566	11,481	0
Water consumption per metric ton of CPO <sup>4</sup>	3.46	4.27 <sup>5</sup>	4.11
Water recycled/reused <sup>6</sup>	284,800	236,866	733,150 <sup>7</sup>

### Hazardous waste (tonnes)

[306-2]

	2018	2019	2020
Upstream hazardous waste <sup>8</sup>	-	558	526
Downstream hazardous waste <sup>8</sup>	107,340	104,413	142,172

### Upstream non-hazardous waste (100% reused)

Type of Waste	Total Quantity Produced & Reused (tonnes)	Reused as
Fibre	1,402,806	Fuel
Shell	645,290	Fuel
EFB	2,356,714	Organic fertiliser
POME*	7,175,325	Organic fertiliser

\* POME: 100 percent is applied in the field after traditional anaerobic and aerobic treatment to render the chemical and physical characteristics compliant with national regulations. A specific application permit has been obtained for each location, with close monitoring of environmental impact as requested by the authorities.

### Downstream non-hazardous waste (tonnes)

	2018	2019	2020
Domestic waste	3,757	2,821	2,495

### Pesticides used (kg or l active ingredients per ha)

	2019	2020
Acaricides*	0.000	0.000
Fungicides*	0.006	0.003
Glyphosate	0.404	0.479
Herbicides**	0.506	0.594
Insecticides	0.037	0.093
Rodenticides	0.004	0.016
<b>Total</b>	<b>0.957</b>	<b>1.185</b>

\* Used only in nurseries. \*\* Zero paraquat since January 2016.

### Biopesticides used for total GAR (kg commercial products)

	2019	2020
Bacillus thuringiensis	0	0
Cordyceps	24	0
Mycorhyza	861,586	201,989
Trichoderma	909,894	177,114
Virus	0	0
<b>Total</b>	<b>1,771,527</b>	<b>379,103</b>

3 Source of freshwater for CPO processing and supporting activities (office building, workers' housing, staff housing, laboratory, canteen): river and groundwater.

4 Based on water used solely for production process.

5 Less CPO was produced in 2019 and 2020 compared to previous years.

6 Figure does not include POME which is a mix of solids and wastewater and which is 100% recycled.

7 Water data collection was expanded in 2020 to include Upstream water reuse.

8 100 percent disposed by authorised third-party.



# Nature in the Palm Oil Industry

1	2
	3

The majority of the photos featured in this year's report were taken by our employees. The following photos show the diverse biodiversity found in our plantations. Many of the images were captured by staff monitoring our conservation areas. These photos demonstrate that numerous species continue to thrive alongside palm oil development.



1. Night monitoring of HCV area by Nugroho Prasetyo Winasis 2. Bees above the bridal tear flower (*Antigonon leptopus*) by Hamza Adilatma Nugroho 3. Perch by Taufik Hidayatulloh





## Nature in the Palm Oil Industry

4



4. Biodiversity in oil palm plantations by Sherly





## Nature in the Palm Oil Industry

5	6
	7



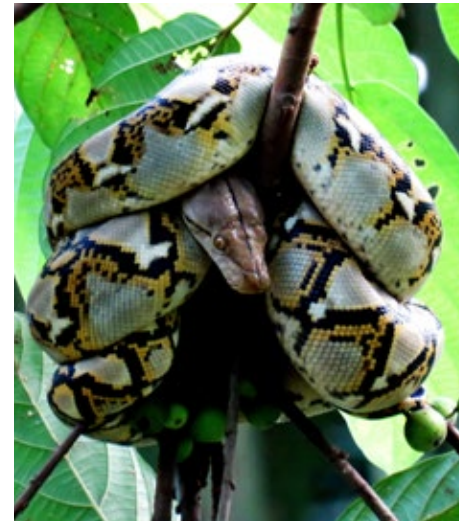
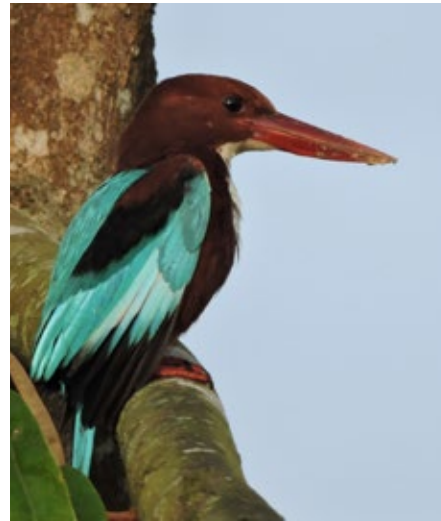
5. Antigonon leptopus or Bridal Tears – this plant is useful in maintaining a balance between pests and predators without the need to use chemicals by Ricki Hamdani Sinaga  
 6. Fauna by Muhammad Riza  
 7. White-cheeked turtles or Siebenrockiella crassicolis, unexpectedly found in our oil palm plantations by Hendra Rizmadhani





## Nature in the Palm Oil Industry

8	9	11	13
	10	12	



8. Oil palm fauna - Rat Eagle (*Elanus caeruleus*) by Habib Twindy Lubis 9. A Scrub Bird perched on one of the trees in the conservation area by Bobi Riharno 10. Cheiracanthium by Uti Heriansyah  
11. Reticulated python (*Malayopython reticulatus*) in oil palm plantation catching mice as food by Bobi Riharno 12. HCV monitoring at conservation area, North Central Kalimantan by Nugroho Prasetyo Winasis  
13. Crow butterfly (*Euploea midamus*) by Daniel Ricky Sihite



## Nature in the Palm Oil Industry

14

15

16



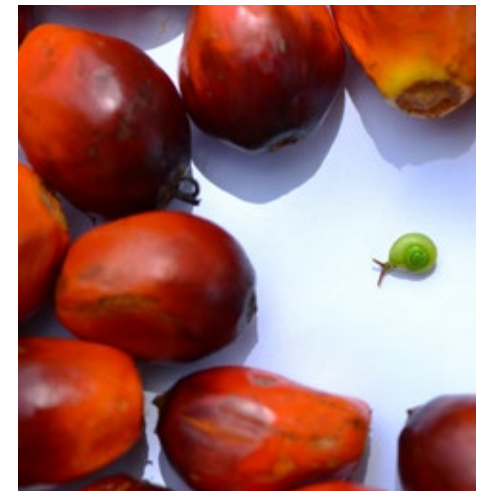
14. An owl: a natural predator to control rodents that can damage oil palm trees by Uti Heriansyah 15. Yellow Crowned Turnera flower by Aldi Nanda 16. Anisoptera by Uti Heriansyah





## Nature in the Palm Oil Industry

17	19	20
18		21



17. Biodiversity in oil palm plantations by Sherly 18. Secondary fauna monitoring (Fulgorid planthoppers) at Sungai Nusa Estate by Ambar Ardhiyatno 19. A gray langur (*Trachypithecus cristatus*) observed during routine monitoring in HCV Areas in Padang Halaban Estate by Bobi Riharno 20. This plant is very useful for predators which help control pests in oil palm plantations – Yellow Crowned Turnera flower by Aldi Nanda 21. Green snail of Borneo (*Rhinocochlis nasuta*) by Uti Heriansyah





# Engaging and Empowering the Community

[413-1]



Affordable Cooking Oil Bazaar at Nahiyang Estate Assisted Village by Nahiyang Estate c/o Alkaf

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





## Engaging and Empowering the Community

During this unprecedented global pandemic, we continued to focus on supporting the local communities in and around our plantations. We are helping to provide masks and other personal protective equipment (PPE) for employees, communities and medical personnel working in the villages. Our long-term initiatives such as Alternative Livelihoods have also proved useful in helping rural communities maintain food security in a period when global and local supply chains were disrupted.

Other critical facilities which we maintain in rural areas are also providing key services during the pandemic. Visits to our 104 clinics increased due to more patients having to be tested or seeking treatment. The clinics will also prove critical in the COVID-19 vaccination programme.

The palm oil sector plays an important role in the rural development of communities in countries like Indonesia. In addition to providing employment opportunities, we focus our community efforts by respecting the rights of indigenous and local communities; building important infrastructure such as roads, schools and healthcare; as well as

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



**COVID-19 aid:**

**136,900** masks for employees and local communities



Spraying of disinfectant in **28 villages** for **>1,600** households



**13,900** litres of free branded cooking oil to help those impacted by COVID-19



**3,200** sets of PPE (Hazmat suits, masks/face shields, gloves) to medical personnel



**12,900** food packages to **8,800** recipients affected by COVID-19



At the same time, we recognise that the establishment of plantations creates changes for local communities and indigenous people. As stated in the GSEP, we are committed to respecting human rights and fulfilling Free, Prior and Informed Consent (FPIC) requirements before any operations begin.<sup>1</sup> GAR is also committed to improving processes and procedures with regards to respecting the customary rights of local and indigenous communities.

**RESPECTING HUMAN RIGHTS AND FREE, PRIOR AND INFORMED CONSENT (FPIC)**

[103-2, 103-3, 411-1]

**Participatory Mapping:**

**158** villages since 2015



FPIC is a core tenet of the GSEP and part of our commitment to upholding human and community rights. We implement FPIC in all our plantations. Respecting FPIC means we ensure that decision-making by indigenous peoples and local communities regarding the presence of our operations is done:

- Without pressure and intimidation (free);
- Performed before an activity that has impact on the surrounding communities is carried out (prior);

<sup>1</sup> Since 2014, GAR has stopped opening new nucleus estates, choosing instead to focus on yield improvement.





## Engaging and Empowering the Community

- With sufficient knowledge about the activity and its impact on the surrounding communities (informed);
- So they may express agreement or disagreement to such activity (consent).

Our FPIC SOP summary can be found [here](#).

Our rollout of Participatory Mapping (PM), including land tenure studies, seeks to ensure FPIC is implemented properly. Our programme was interrupted in 2020 due to the COVID-19 related safe distancing measures. Nevertheless, we have carried out PM at 158 villages. See the section on [Environmental Management](#) for further details.

In 2020, as part of the [Global Agribusiness Alliance](#), we also helped to produce a [toolkit](#) to advance human rights policy and practice in the agribusiness sector.

### RESPONSIBLE CONFLICT RESOLUTION

Our policies and practices are designed to minimise the likelihood of any conflicts arising from our operations. However, when these conflicts do arise we are committed to working towards a responsible resolution.

Our conflict management system maps all conflicts related to our operations

and develops action plans to address them. It incorporates: transparent monitoring and reporting; the option for local community and customary groups to access independent legal and technical advice; the ability for complainants to choose individuals or groups to support them or act as observers; as well as the option of a third-party mediator. We categorically reject the use of violence in any dispute.

Our SOP for conflict resolution can be viewed [here](#).

### INVESTING IN COMMUNITIES

[103-2, 103-3]

GAR aims to help multiply the positive impacts of the palm oil business through a range of education, healthcare, social and economic programmes for communities. In 2020, many of our annual community programmes which required close social interaction had to be curtailed or disrupted due to the necessity of social distancing.

Nevertheless, our long-term investment and implementation of CSR programmes was recognised and [we won two Indonesian CSR awards](#) including the TOP CSR Awards 2020 #Star 5 and TOP Leader on CSR Commitment 2020. We also won the Tempo CSR Country Contributor Award 2020. The awards recognised our [long-term fire prevention programme with the community - DMPA](#), our [Alternative Livelihood programmes](#)

and our focus on education and health in local communities.

We work with a wide range of partners including government agencies, local communities, as well as the Eka Tjipta Foundation (a non-profit social organisation founded by the family of the late Eka Tjipta Widjaja in 2006) and the Tzu Chi Foundation in Indonesia (affiliated with the non-denominational global Tzu Chi organisation established in Taiwan).

Indonesia is a country with a young population. In this context, education is key, as it helps young people escape the cycle of rural poverty and increases their social mobility. Being able to earn a decent living from palm oil, coupled with the provision of schools in rural areas by plantation companies, has allowed many farmers' families to keep their children in school and even send them on to further education and urban white-collar jobs.

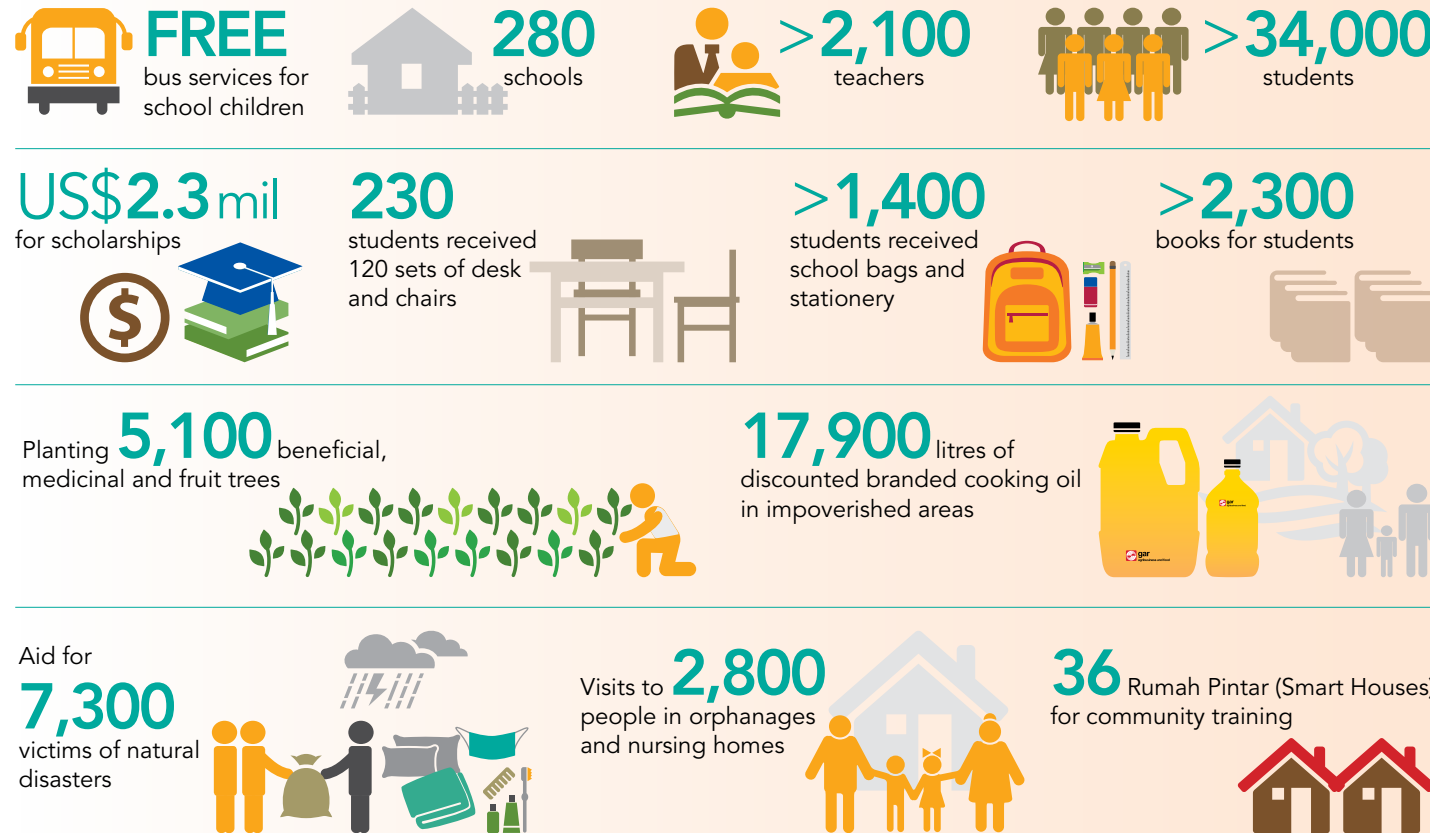


While father works, children stay in school by Bambang Wisaksono





## Engaging and Empowering the Community



All children of workers living on our estates receive free education from kindergarten to junior high school, and heavily subsidised higher education. We also offer heavily subsidised education at all levels for children living near and around our estates.

In line with the nine years of compulsory education required by the Indonesian government, we ensure that each estate has educational facilities ranging from kindergarten to sixth grade. Additionally, we make sure that every region has a junior high school for the children of our employees and of local communities. Currently, GAR supports 280 schools<sup>2</sup> with over 2,100 teachers for more than 34,000 students across our concessions. We also donated books and educational materials to over 3,700 students.

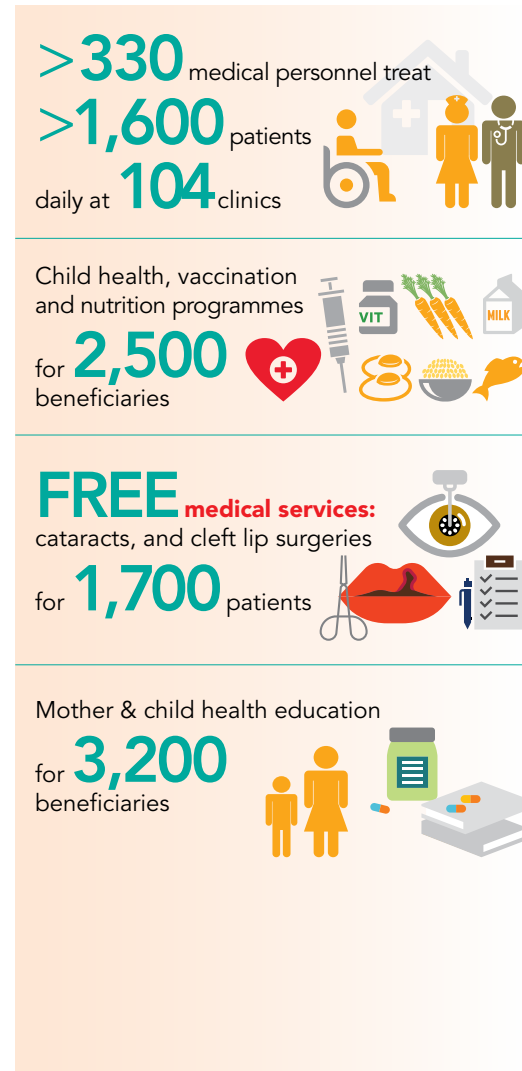
In 2020, we provided over US\$2.3 million in scholarships for higher education at Indonesian and international universities and institutes.

Aside from schools, we have constructed over 36 Rumah Pintar or Smart Houses since 2011 for community training programmes. Each Rumah Pintar has a library and play room, and is equipped with computers. There is a particular focus on early childhood and women's education.

<sup>2</sup> We support educational establishments through financial aid, wages for teachers and provision of infrastructure and facilities.



## Engaging and Empowering the Community



We help improve the wellbeing of local communities by providing access to healthcare in remote and rural areas, which would otherwise be poorly served. We currently mobilise more than 330 medical personnel at 104 clinics. During a crisis like the pandemic, these facilities have proven to be key in serving the community. In 2020, these clinics received on average over 1,600 patients daily, due to Covid-related procedures such as COVID-19 screening and tests.

### PROMOTING SMALL AND MICRO ENTERPRISES

Our presence plays an important role as an economic driver and multiplier, and has helped in the development of various businesses in the remote areas of Indonesia.

In the last few years, Alternative Livelihood projects have been launched in nearly 60 communities. These have allowed communities to grow extra food for their own use and improve their food security. For example, communities in several villages are taught how to grow vegetables, such as water spinach, spinach, chilli, mung bean, breed livestock and fish. Communities can save up to IDR 300,000 a month in expenses per household. Surplus crops can also be sold to earn a monthly additional income of up to IDR 500,000 per household.



Local communities grow vegetables which help maintain their food security during the pandemic by Muhammad Rozi



## Engaging and Empowering the Community

### Spotlight on Alternative Livelihood Programmes during the global pandemic

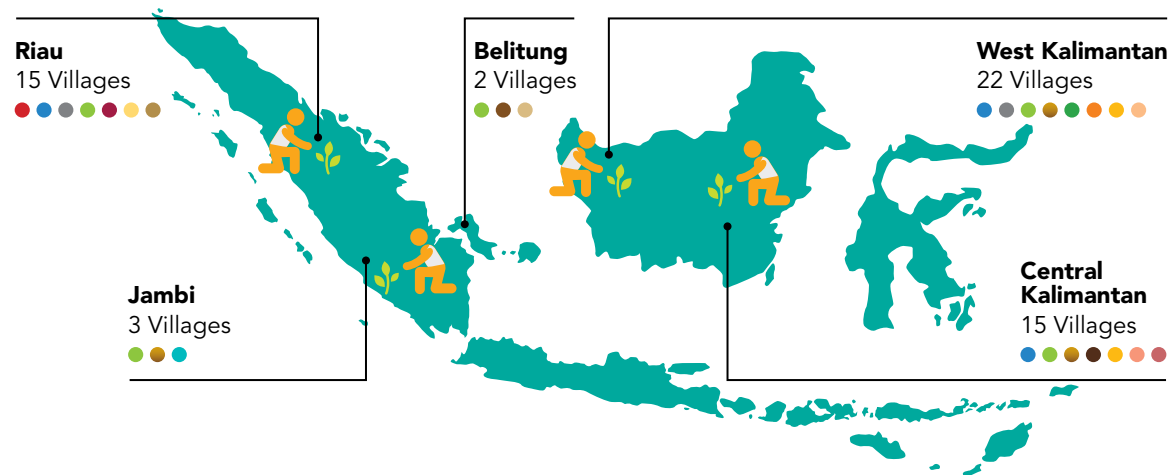
For a few years now, GAR has been helping communities better plan, fund and grow food and other crops as part of our Alternative Livelihood and Integrated Ecological Farming Programmes. Against the backdrop of the current pandemic, the importance of enabling communities to improve their own food security through

producing food locally is more evident than ever. Food secure communities are more resilient against supply disruptions.

The availability of whole foods, such as grains, fruits and vegetables plays a critical role in improving nutrition. In addition, growing cash crops generates additional incomes and potentially spurs further

economic development and prosperity in the communities.

To date, this programme has helped about 60 communities across Indonesia improve their agricultural practices and grow crops ranging from organic vegetables to coffee.



Red Ginger	Vegetables	Paddy Rice	Moringa	Coffee
Freshwater fish	Palm Sugar	Medicinal Plants and Herbs	Chicken	Pigs
Goat	Banana and Tempe	Organic Pepper	Honey	Roselle Syrup
Fish Snacks	Fish Crackers	Eggs		

Read more [here](#).

### OUR EMPLOYEES IN THE COMMUNITY

**>2,000** blood donors  
participate in regular blood donation drives



We involve and mobilise our staff for various causes. For example, we urge employees and tenants at our corporate headquarters in Jakarta and our operation units to participate in regular blood donation drives for the Indonesian Red Cross. More than 2,000 blood donors comprising employees and members of local community participated in 2020. We also encourage our employees to contribute funds regularly to the Tzu Chi Foundation.



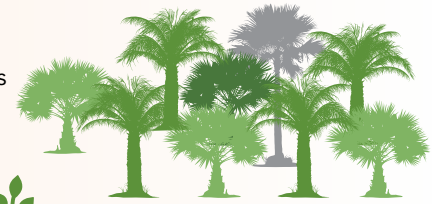


# Our People

We created employment for  
over **173,500**  
people in Indonesia



including **70,800** plasma smallholders



Taking care of oil palm seedlings by Habib Twindy Lubis





## Our People

The palm oil industry is a major engine of economic growth in Indonesia. It has generated employment for millions of people across the country helping to lift incomes and living standards of local communities. We provide employment for over 173,500 people in Indonesia including 70,800 plasma scheme smallholders. As a responsible employer, GAR is committed to providing fair employment opportunities by respecting labour and human rights. We aim to foster a safe working environment, provide learning and development opportunities, empower women and promote a culture of diversity.

### PAYING FAIR WAGES AND EMPLOYEE BENEFITS

[103-2, 103-3, 401-2, 403-6]

We are committed to ensuring that all employees of GAR receive a wage that is equal to or above the minimum wage set for their respective province, in addition to a range of additional benefits.

Minimum wages in Indonesia are set by provincial and district authorities, and take into account the local prices of goods and services, and therefore the amount required for living.

In terms of benefits, full-time workers receive free healthcare for themselves and their family, company housing, water, electricity and free education for their

children from kindergarten to junior high. GAR also provides its full-time workers with basic necessities such as rice.

Our part-time workers receive free medical services at our polyclinics and their children have access to education at our estate schools.

### RECOGNISING, RESPECTING AND STRENGTHENING WORKERS' RIGHTS

[103-2, 103-3, 409-1]

We believe in the fair, equal and respectful treatment for all our employees and workers. Through the GSEP, we have reinforced our commitment to ensuring that the rights of all people working in our operations are respected. The company also fully complies with local, national and ratified international laws. We adhere to all Indonesian labour laws covering areas such as freedom of association for our employees, decent pay and working hours, non-discrimination and the complete elimination of child and forced labour. Where legal frameworks are not yet in place, we defer to the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.

Our commitment to fair labour is also emphasised in our company Code of Conduct and employment practices.



CPO shipments in Ketapang Bulking West Kalimantan by Yosa Prapitha

We have an equal opportunities policy on employment, banning discrimination based on race, national origin, religion, disability, gender, sexual orientation, union membership and political affiliation. Employees enter into employment freely and are not required to deposit identity papers or money.

We are also engaging our supply chain on our labour standards, including prohibiting child labour, as part of our efforts to help them comply with the GSEP and adopt responsible practices. For more information on how we work on human rights in our supply chain, see the section on [Transforming our Supply Chain](#).



## Our People

### PROHIBITING CHILD LABOUR

[408-1]

As per regulations, the minimum age for employment in GAR in any capacity is 18 years. We aim to prevent all forms of child labour, and we rigorously enforce these principles at all our plantations, mills and other workplaces. Our recruitment officers check identification cards against the candidate's schooling records, such as their school diploma, to ensure that we only employ people aged 18 and above. We also provide schools and day care centres for our workers' children which allows parents to send their children somewhere safe while they are at work. GAR is currently categorised as an Achiever by the [Global Child Forum](#) Southeast Asia Benchmark, which assesses major companies on how well they uphold and promote children's rights.

### DIVERSITY AND GENDER EQUALITY

[103-2, 103-3, 406-1]

We believe in promoting gender equality in the workplace. The manual and physically demanding nature of agricultural work means that certain jobs continue to be more suited to male rather than female employees. Male workers perform physical tasks such as harvesting FFB which can weigh between 23-27 kg, and carrying them to trucks for transport to the

mills. Women generally work on weeding and collecting loose fruits that have fallen on the ground.

Many women in rural areas also prefer to take on part-time jobs, as it gives them the flexibility and time for other responsibilities such as tending to the household; childcare; family gardens and other small businesses.

We have zero tolerance for sexual harassment. We conduct extensive training and socialisation for all estate and mill workers to ensure this is understood. Gender committees with representatives from labour unions and management have been set up to promote female participation and advancement in the workplace. These committees also handle sexual harassment complaints. When a case of harassment is reported either formally or informally, the relevant committee investigates the situation to determine whether further sanctions or law enforcement actions are needed. During the investigation, the committee also provides assistance and support to the victim. In 2020, no cases of harassment or abuse were reported.

### FREEDOM OF ASSOCIATION AND TRADE UNION MEMBERSHIP

[102-41, 407-1]



Freedom of association is mandated by Indonesian Law and Regulation No. 21/2000 on Trade/ Labour Unions and is in line with the International Labour Organization Convention No. 98 on the freedom of organisation and collective bargaining.

Each of our units has union representatives, elected by members. They meet with local management representatives regularly in bipartite forums, to discuss and resolve issues. In 2020, 62,000 employees (69 percent) were represented by 122 labour unions across our operations.

### TRAINING AND DEVELOPING OUR PEOPLE'S SKILLS

[103-2, 103-3, 404-2, 404-3]

We see training and development as an investment that delivers benefits to both employees and the employer. GAR spent more than USD 2.9 million in 2020 on training and development in our Indonesian operations.

We have introduced the Objective & Key Results (OKR) approach to achieve business results. Through OKR, every individual will work towards concrete, action-oriented and results-driven targets. Regular performance feedback is one of the important aspects to ensure the effectiveness of OKR. This can now be carried out through Workday, a HR digital platform. Using Workday, all GAR employees will undergo a career development and Key Performance Indicator (KPI) review at least once a year.



In 2020, we switched to using virtual tools such as webinars and online workshops to carry out employee training programmes due to the necessity of safe distancing during the pandemic.

GSEP training has also been carried out for over 74,000 employees to date.

For more details on employee training see the [GAR Annual Report 2020](#).



## Our People

### CREATING A SAFE AND HEALTHY WORKPLACE

[103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-9] [FB-AG-320a.1]



With over a hundred thousand employees across our operations, we take our responsibility in providing a safe and healthy workplace very seriously. Our Occupational Health and Safety (OHS) management system aims to minimise workplace accidents, fatalities and other negative health impacts and covers all employees. The OHS systems that we implement are based on national and international frameworks. National requirements include Indonesian national OHS standards (regulation no. 50 (2012)). We also base our OHS system on various certifications including ISO 14001, OHSAS 18001 and ISO 45001. Sustainable palm oil certification OHS requirements are also taken into consideration including the Principles and Criteria of RSPO, ISCC and ISPO.

Additionally, our Indonesian operations under SMART are certified under the SMK3 (Sistem Manajemen Keselamatan dan Kesehatan Kerja) OHS management system, in recognition of good OHS

management and implementation. Fifteen mills and one estate have been reviewed and certified under SMK3. These certifications are valid for three years and a fresh audit is carried out prior to renewal.

We currently have over 200 OHS experts within our workforce and conduct periodic training for all employees in accordance

with national regulations. The pandemic interrupted scheduled OHS training in 2020. Despite this, more than 3,000 of our employees received OHS training and online OHS training was implemented in 14 regions.

In compliance with Law No. 1 of 1970 on Occupational Safety, each of our units has an OHS Supervisory Committee,

which promotes co-operation between management and employees on OHS. On average, the committees for our plantations and mills have 40 members, with 60 percent worker representation. The committee meets monthly to review OHS data and performance. Monthly safety briefings are given to employees.

We also assess work-related hazards through Hazard Identification and Risk Analysis, and by conducting OHS Cross Inspection to record unsafe actions and conditions. The Safety Committee will consider the hazards and risks and determine suitable action to address gaps such as additional training; reviewing and strengthening safety SOPs; and ensuring Personal Protective Equipment (PPE) is adequate and worn by employees.

All our downstream facilities have Occupational Health Service Centres. The centres conduct Health Risk Assessments (HRA) annually to identify occupational health hazards and establish control measures to minimise such risks.

### Workplace accidents

We regret to report two fatalities involving our employees and two involving our contractors in 2020. The fatal incidents included being struck with a palm harvesting tool and falling.



Morning circle during the pandemic by Teguh Kurniawan





## Our People

We have investigated each accident thoroughly and implemented various action plans to safeguard against future occurrences such as improved and targeted safety training. We will continue to work on instilling a stronger OHS awareness and practices throughout our operations, as well as continuing to aim for a declining trend in workplace accidents and zero fatalities.

### Healthcare and Well-being

[403-6]

We are committed to providing our entire workforce with access to healthcare, including in remote rural areas where there is less incentive for healthcare professionals to practice. We have over 100 clinics, which cover all our estates, and more than 330 medical personnel providing medical services that is free for our workers.

The medical care that our facilities provide includes pre-employment medical check-ups for new recruits, and special medical check-ups for workers who are exposed to potential health and safety hazards. The medical check-up programme is part of our effort to prevent and treat work-related illnesses through early detection.

To promote employee wellness, talks on various health topics are held regularly. An example included talks on the prevention of HIV and the danger of drug addiction. Information is also disseminated regarding

### Looking after employees during the pandemic

We continue to ensure that our employees stay safe and healthy during the ongoing global pandemic. We have instituted new management measures at the workplace including mask-wearing, temperature

checks, frequent disinfection, cleaning and safe distancing. We comply with the guidelines issued by authorities wherever we operate and remain on standby to implement measures such as Working from Home whenever required. More details can be found on our [website](#).



Body temperature check before entering the workplace by Nugroho Wahyu Widiyanto

ergonomics and work fatigue. We also provide healthy menus based on medical advice at staff canteens, in an effort to promote better nutrition for our employees. Sports and fitness facilities for employees such as basketball and badminton courts are also available.

### Security guards

[410-1]

The safety of our workers and their families is of utmost importance, particularly in isolated rural areas. We employ security guards for our operations in Indonesia to ensure that our plantations and surrounding communities are secure. Our security guards are required to undergo a 21-day comprehensive training programme by the Bhakti Manunggal Karya Centre of Education and Training (BMK). Upon completion, they receive a certificate from the Indonesian National Police. The programme covers human rights standards as well as professional ethics.

Our security guards do not carry firearms but are equipped with standard defensive security tools such as batons and handcuffs.



## Our People

### DATA SUMMARY

#### Profile of employees

[102-8, 401-1]

	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
Permanent	45,897	16,231	51,996	18,124	52,716	18,277
Fixed-term	23,788	16,387	18,589	12,034	19,557	12,239
Full-time	64,735	25,749	67,285	26,388	68,261	25,874
Part-time	4,950	6,869	3,300	3,861	4,012	4,642
New hires	1,937	502	1,418	408	1,544	538
New hire rate	4.2%	3.1%	2.7%	2.3%	2.9%	2.9%
Turnover	1,821	470	1,425	385	3,679	1,254
Turnover rate	4.0%	2.9%	2.7%	2.1%	7.0%	6.9%

#### Lowest wage rate and minimum legal wage<sup>1</sup>

[202-1]

Region	GAR lowest monthly wage (IDR)	Provincial minimum wage (IDR)	Ratio of GAR's lowest monthly wage and provincial minimum wage
Sumatra	2,588,192	2,588,912	1:1
Kalimantan	2,692,000	2,692,000	1:1
Papua	3,655,032	3,655,032	1:1

#### Ratio of basic salary of women to men

[405-2]

Category	Ratio (average female salary/average male salary)
Staff	1.04
Middle management	1.03
Senior management	1.04

#### Diversity and gender indicators

##### Employee gender profile

[405-1]

	Male	Female
Board	100.0%	0.0%
Senior management	74.8%	25.2%
Middle management	82.2%	17.8%
Junior management	83.1%	16.9%

##### Employee age profile

Age group	Board	Senior management	Middle management	Junior management	Average
<30	0%	5%	2%	38%	<b>32%</b>
30 – 50	0%	53%	69%	55%	<b>57%</b>
>50	100%	42%	29%	7%	<b>11%</b>

<sup>1</sup> This refers to the lowest legal minimum wage listed among the provinces where GAR has operations. Indonesia's 2020 list of legal minimum wages in different provinces can be found at [wageindicator.org](http://wageindicator.org).



## Our People

### OHS indicators

[403-9]

	2018	2019	2020
Number of fatalities (US)	9	5	2
Rate of fatalities (US)	0.05	0.03	0.01
Number of fatalities (US contractors)	0	0	0
Rate of fatalities (US contractors)	0	0	0
Number of fatalities (DS)	0	1	0
Rate of fatalities (DS)	0	0.09	0
Number of fatalities (DS contractors)	2	0	2
Rate of fatalities (DS contractors)	0.45	0	0.36
Number of recordable work-related injuries (US)	717	781	489
Rate of recordable work-related injuries (per 1,000,000 work hours)	4	4.09	2.09
Number of recordable work-related injuries (DS)	25	25	7
Rate of recordable work-related injuries (per 1,000,000 work hours)	2.8	2.5	0.47
Number of recordable work-related injuries (US contractors)	0	1	7
Rate of recordable work-related injuries (US contractors)	0	0.32	2.51

	2018	2019	2020
Number of recordable work-related injuries (DS contractors)	6	15	3
Rate of recordable work-related injuries (DS contractors)	1.36	2.65	0.54
Lost Time Injury Frequency Rate (US)	0.05	2.88	2.09
Lost Time Injury Frequency Rate (DS)	0	0.12	0.43

### Training and development

#### Average hours of training

[404-1]

Employee level	2020
Staff	1
Middle management	5
Senior management	3

Employee gender	2020
Male	5
Female	3





# United Nations Global Compact COP

## UNITED NATIONS GLOBAL COMPACT (UNGC)

[102-12]

The United Nations Global Compact (UNGC) is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour,

environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. GAR, through its subsidiary SMART has subscribed to the UNGC principles since 2006. In 2018, GAR became a signatory of the UNGC signifying our continuing commitment.

Progressively, we take appropriate actions in line with the principles as fundamental guidelines for the sustainable development of our business. We continue to support UNGC by incorporating the ten principles in the way we do business, which helps make us a better corporate citizen.

As an active participant of the UNGC, this report also serves as our Communication on Progress Report (COP) to the UNGC. In our opinion, we meet the requirements for the Global Compact Active reporting level. Please refer to the UNGC reference table for our implementation of the ten principles of UNGC.

<b>Human Rights</b>	<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights; and <b>Principle 2:</b> make sure that they are not complicit in human rights abuses.	<a href="#">p 04, 05, 21, 29, 31, 37, 54, 55, 60, 61, 63</a>
<b>Labour</b>	<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; <b>Principle 4:</b> the elimination of all forms of forced and compulsory labour; <b>Principle 5:</b> the effective abolition of child labour; and <b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation.	<a href="#">p 05, 07, 18, 31, 60, 61</a>
<b>Environment</b>	<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges; <b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility; and <b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.	<a href="#">p 04, 08, 15, 16, 20, 21, 36-46</a>
<b>Anti-Corruption</b>	<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery.	<a href="#">p 06, 17</a>

Our sustainability efforts also support these specific UN SDGs:





# Glossary

3-MCPD	– 3-monochloropropane diol	ISPO	– Indonesian Sustainable Palm Oil
AR	– GAR Annual Report	PCP	– Participatory Conservation Planning
CFA	– Carbon Footprint Assessment	PK	– Palm Kernel
CPO	– Crude Palm Oil	PM	– Participatory Mapping
CSO	– Civil Society Organisation	POME	– Palm Oil Mill Effluent
CSR	– Corporate Social Responsibility	PT	– Perseroan Terbatas (Limited Liability Company)
EFB	– Empty Fruit Bunch	PT AMNL	– PT Agrolestari Mandiri
FFB	– Fresh Fruit Bunch	PT BAP	– PT Binasawit Abadipratama
FPIC	– Free, Prior and Informed Consent	RSPO	– Roundtable on Sustainable Palm Oil
GAR	– Golden Agri-Resources Ltd	SASB	– Sustainability Accounting Standards Board
GHG	– Greenhouse Gas	SDGs	– Sustainable Development Goals
GRI	– Global Reporting Initiative	SMART	– PT SMART Tbk
GSEP	– GAR Social and Environmental Policy	SMART SEED	– Social and Environmental Excellence Development
HCS	– High Carbon Stock	SMART SPOT	– Sustainable Palm Oil Training
HCV	– High Conservation Value	SMARTRI	– SMART Research Institute
HGU	– Hak Guna Usaha (Right to Cultivate)	SOP	– Standard Operating Procedure
IPM	– Integrated Pest Management	TTP	– Traceability to the Plantation
ISCC	– International Sustainability and Carbon Certification	UNGC	– United Nations Global Compact



Use as a tool for calculating yields in TPH by Hendra Tri Andi Wijaya

## Feedback and Contact

[102-53]

We see our Sustainability Report as part of our continuous engagement with our stakeholders and would welcome your feedback.

Please contact our Head of Sustainability Reporting and Disclosure, Lim Shu Ling, at [shuling.lim@goldenagri.com.sg](mailto:shuling.lim@goldenagri.com.sg)

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