



Golden Agri-Resources Ltd
Listed on the Singapore Exchange

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Creating a Sustainable Future



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• • • ABOUT THIS REPORT



GAR manages 167 oil palm estates in Indonesia

ABOUT THIS REPORT (G4-3)

Golden Agri-Resources Ltd (GAR or the Company) published our first sustainability report in 2011. Since then, we have progressively continued to update how we report and engage with our stakeholders in an open and transparent manner.

We believe that multi-stakeholder collaboration is the best way to achieving solutions for sustainable palm oil production. Through our sustainability reporting, we hope to provide stakeholders with a better understanding of our approach to sustainability and our progress in meeting our sustainability commitments.

SCOPE OF THIS REPORT (G4-17, G4-23, G4-28, G4-29, G4-30)

This report covers our environmental, social and economic performance across our plantations, mills and some key aspects of palm oil sales operations of GAR in Indonesia. Unless otherwise stated, the report does not include the Company's other activities outside of Indonesia. We will progressively begin to include our global operations in future reports.

The content of this report focuses primarily on activities carried out within the financial years of January to December 2014 and January to December 2015. This biennial approach is a change from the annual reporting cycle used in our previous sustainability reports. Our last Sustainability Report covered the financial year January to December 2013.

REPORTING STANDARDS (G4-18, G4-32)

This year we have moved to adopt the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

These reporting guidelines set out a framework for our reporting, which includes the principles and standard disclosures that we have to report on for our economic, environmental and social performance.

This report has been prepared to be in accordance with GRI G4 – Core option. This includes adhering to the GRI principles for defining report content:

- Stakeholder Inclusiveness: responding to stakeholder expectations and interests
- Sustainability Context: presenting performance in the wider sustainability context
- Materiality: focusing on issues where we can have the greatest impact and that are most important to our business and stakeholders
- Completeness: including all information that is of significant economic, environmental, and social impact to enable stakeholders to assess the Company's performance

For a full content index of our GRI G4 indicators with relevant references provided, please refer to page 59 of the report.

ASSURANCE (G4-33)

We are committed to working towards the full assurance of the information presented in our sustainability report. This year, we have taken the step to have the calculation of our GHG emissions for our subsidiary in Indonesia, PT SMART Tbk, independently verified by EY. More information can be found on our website at www.goldenagri.com.sg

OUR COMMITMENTS AND PROGRESS

All **18** GAR concessions to use HCS Approach



Nearly **50** villages in Participatory Conservation Approach in 2016



100% Traceability to Plantation for GAR-owned mills by end-2017

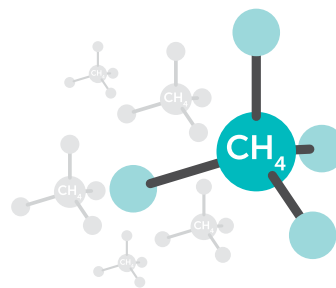


100% Traceability to Plantation for independent mills by 2020

GHG:
2016 – Assess abatement opportunities; 2017 – Develop emissions baseline; 2018 – Short, medium and long-term reduction targets



Expand **methane capture** activities from now till 2020



OUR COMMITMENTS AND PROGRESS (G4-2, G4-13, G4-15, G4-19, G4-EN12, G4-EN13, G4-EN19, G4-EN33, G4-HR8, G4-SO1, G4-SO2, G4-LA5, G4-LA6, G4-LA8)

| Our Sustainability Issues | Our GAR Social and Environmental Policy Commitments | Key Achievements/ 2014 – 2015 Progress | Moving Forward and Future Targets |
|---|--|--|---|
| Deforestation of High Carbon Stock (HCS) forests and peat lands | No development of and the conservation of HCS forests. | <ul style="list-style-type: none"> - Identified up to 21,864 hectares of HCS areas on our existing plantations. - Helped establish and participated in the HCS Approach Steering Group which published the HCS Approach Toolkit to provide guidance on implementation. - Applied the HCS Approach in PT Kartika Prima Cipta (PT KPC) plantation in West Kalimantan. | <ul style="list-style-type: none"> - Complete rolling out the HCS Approach to GAR's 18 concessions by the end of 2016. - Engage communities in joint conservation efforts through Participatory Conservation Planning (PCP) (see FPIC section below). |

| Our Sustainability Issues | Our GAR Social and Environmental Policy Commitments | Key Achievements/ 2014 – 2015 Progress | Moving Forward and Future Targets |
|--|---|--|---|
| | <p>No development of and the conservation of peat lands of any depth.</p> <p>Develop strategies for long-term rehabilitation of peat lands.</p> | <ul style="list-style-type: none"> - GAR launched a Peat Ecosystem Rehabilitation Project at PT Agro Lestari Mandiri (AMNL) in West Kalimantan. | <ul style="list-style-type: none"> - Continue to consult and engage local communities in the Peat Ecosystem Rehabilitation Project. - Design alternative livelihood programmes to enable communities to continue earning income without damaging the conservation area. - Restore hydrology and replant the area with native tree species with seedlings from community nurseries. |
| | <p>No burning for new plantings, replantings or other development (Zero Burning Policy).</p> | <ul style="list-style-type: none"> - Trained more than 10,000 Emergency Response personnel to manage and suppress fires. - Less than one percent of our land was affected by fire during 2015. | <ul style="list-style-type: none"> - Conduct outreach and collaboration with the local communities and villages around our concessions through the Desa Siaga Api programme to help villages remain fire-free. - Launch and monitor Desa Siaga Api programme in 17 villages. - Invest in new technology and equipment such as drones and increasing satellite surveillance of our concessions. |
| <p>Degradation of High Conservation Value (HCV) forests and biodiversity</p> | <p>No development of and the conservation of HCV areas.</p> | <ul style="list-style-type: none"> - Identified up to 53,477 hectares of HCV areas. - Commenced planning for rehabilitation activities in 12 plantations in Central and West Kalimantan, covering 2,053 hectares out of total riparian areas on our 8,135 hectares plantations (25%). | <ul style="list-style-type: none"> - Rehabilitation work in Central and West Kalimantan to be completed in 2016. - Evaluation of the effectiveness of the rehabilitation will be carried out. |
| | <p>Conserve and protect rare, threatened and endangered species as well as ecosystems and critical habitats of rare, threatened and endangered species.</p> | <ul style="list-style-type: none"> - Supported the release of 51 orangutans to date (11 in 2015), in partnership with Orangutan Foundation International (OFI). - Designated 1,400 hectares of HCV forest in Central Kalimantan as an orangutan sanctuary. | <ul style="list-style-type: none"> - Support the release of 100 orangutans by 2017. |

OUR COMMITMENTS AND PROGRESS

| Our Sustainability Issues | Our GAR Social and Environmental Policy Commitments | Key Achievements/ 2014 – 2015 Progress | Moving Forward and Future Targets |
|---|--|--|--|
| Free, Prior, Informed Consent (FPIC) for indigenous and local communities | Respecting the right to FPIC for indigenous peoples and local communities and recognising the need for food security in new developments. | <ul style="list-style-type: none"> - In partnership with The Forest Trust (TFT), GAR developed a Participatory Mapping (PM) process to work with local communities on mapping the land use in concession areas, which respects the FPIC rights of communities involved in development and conservation. - In 2015, GAR completed PM in about 50 villages in seven concessions. | <ul style="list-style-type: none"> - In 2016, PM will be conducted in 22 more villages. - In 2016, Participatory Conservation Planning (PCP) will be carried out in six concessions covering more than 25 villages. - FPIC remediation will be conducted in up to eight PTs in 2016 following PCP and PM schedules. |
| Community relations and resolution of community conflicts | Responsible handling of complaints and grievances. | <ul style="list-style-type: none"> - Established a new Grievance Procedure in 2015 to ensure GAR is responsive to any grievances from external parties. - In 2015, 14 grievances were raised. We have resolved and closed one, and implemented action plans to solve two other grievances. | <ul style="list-style-type: none"> - Continue to actively review and work towards resolution of grievances with stakeholders on all outstanding cases. |
| | Responsible resolution of conflicts. | <ul style="list-style-type: none"> - Resolved two out of four ongoing social conflicts. | <ul style="list-style-type: none"> - Continue to minimise conflicts through multi-stakeholder consultations. |
| Yield improvement, and palm oil research and development | Continuous yield improvement to reduce pressure on new land development without intensification of the use of chemical pesticides and fertilisers. | <ul style="list-style-type: none"> - CPO yield for GAR estates (prime age of 7-18 years old) in 2015: Nucleus = 5.44 tonnes per hectare Plasma = 4.91 tonnes per hectare (Yield target under Yield Improvement Policy of 5.8 tonnes per hectare was not met in 2015 due to adverse El Nino weather conditions). GAR maintained its high yielding performance with average CPO yield across all nucleus estates in 2015 of 4.94 tonnes per hectare, which was above the national average of 3.87 tonnes per hectare. - To improve productivity amongst our smallholders, SMARTRI organised training sessions on best practices in crop protection and mineral nutrition management for 442 farmers. - Two of our proprietary Dami Mas seed families with improved resistance of 14 – 18 percent to the disease, <i>Ganoderma boninense</i> have been officially registered by Indonesian authorities and can now be commercially distributed to plantations. | <ul style="list-style-type: none"> - Continue to achieve higher than national industry average yield per hectare. - Continue supporting smallholders by supplying them with high-yielding seeds, quality fertilisers and training in best agricultural practices. |

| Our Sustainability Issues | Our GAR Social and Environmental Policy Commitments | Key Achievements/ 2014 – 15 Progress | Moving Forward and Future Targets |
|--|---|---|---|
| Supply chain sustainability (Including smallholders) | Traceable and transparent supply chains. | <ul style="list-style-type: none"> - Mapped all mills that supply our refineries and kernel crushing plants in Indonesia (achieved 100 percent traceability to the mill). Identified 489 mills that supply GAR, of which 44 are GAR-owned and 445 are independent. | <ul style="list-style-type: none"> - A four year plan to achieve 100 percent traceability of our palm oil supply all the way to the point of origin at the plantations. - Achieve 100 percent Traceability to Plantation (TTP) for all GAR-owned mills by end-2017. - Achieve 100 percent Traceability to Plantation for our independent mills by 2020. |
| | Engaging and supporting suppliers. | <ul style="list-style-type: none"> - Visited seven mills in 2015. - In 2014 and 2015, 233 new suppliers submitted Codes of Conduct demonstrating their compliance with our sustainability policy. In 2015, GAR carried out audits of 85 of these suppliers. - In 2014 and 2015, SMARTRI organised training sessions on best practices in crop protection and mineral nutrition management (including optimal fertiliser usage) for 442 farmers, who in turn can disseminate the knowledge to their neighbours. | <ul style="list-style-type: none"> - Visit 26 mills during 2016. - Launch pilot on TTP involving GAR-owned and independent mills. - Conduct two workshops for suppliers in 2016. - Continue supporting smallholders by supplying them with high-yielding seeds, quality fertilisers and training in best agricultural practices. |
| Employee health, safety and wellbeing | Ensure plantations and mills have an OHS policy in place and regularly report against it. | <ul style="list-style-type: none"> - Conducted thorough investigations of each accident to uncover underlying causes, using expert investigators to help develop additional and enhanced safety measures. - Number of total accidents went down by 22 percent between 2014 and 2015. | <ul style="list-style-type: none"> - Continue to aim for zero fatalities. - Reduce the frequency and severity of accidents. |

OUR COMMITMENTS AND PROGRESS

| Our Sustainability Issues | Our GAR Social and Environmental Policy Commitments | Key Achievements/ 2014 – 2015 Progress | Moving Forward and Future Targets |
|--|--|---|---|
| Labour relations and human rights | <p>Ensure that the rights of all people working in our operations and supply chain are respected according to local, national and international laws ratified in the countries of operations, and in line with international best practices where legal frameworks are not yet in place e.g. the ILO's Declaration on Fundamental Principles and Rights at Work.</p> <p>Respecting human rights.</p> | <ul style="list-style-type: none"> - No incidents of discrimination or abuse related to human rights were reported in 2014 or 2015. - In 2015, there were 168 Labour Unions representing 40,638 non-management employees across our plantations in Indonesia. | <ul style="list-style-type: none"> - Continue to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace. - Conduct site visits and field assessments in three GAR concessions. |
| Operational greenhouse gas (GHG) emissions | Report and reduce GHG emissions. | <ul style="list-style-type: none"> - Verified the calculation of GHG emissions with EY. - The closed biodigester facility to capture methane gas from liquid waste at our Sei Pelakar mill reduced our GHG emissions by nearly 37,000 tonnes CO₂eq during 2015. - Installed a tank digester system to capture methane from palm oil mill effluent treatment at our Libo and Ramarama mills. | <ul style="list-style-type: none"> - Assess abatement opportunities by 2016. - Develop emissions baseline by 2017. - Set short, medium and long-term reduction targets by 2018. - Explore reduction of GHG and expand methane capture activities from now until 2020. |
| Community investment | Empowering people through community development programmes. | <ul style="list-style-type: none"> - Supported 211 schools ranging from kindergarten to junior high. These schools employ 1,714 teachers and educate 28,886 students. - Provided free medical and dental services to around 7,800 patients. - Provided 150 polyclinics with inpatient facilities, 26 doctors and 291 paramedics, serving an average of 1,113 patients daily. - Provided health education, environmental, and other awareness programmes for some 17,000 participants. - Provided support for child health and nutrition (including multivitamins and supplementary feeding) to around 5,500 beneficiaries. - Sold more than 414,000 litres of our branded cooking oil at below market prices in impoverished areas. | <ul style="list-style-type: none"> - Continue to empower communities and multiply the positive impacts of our business through a range of education, healthcare, social and economic empowerment programmes. |

| Our Sustainability Issues | Our GAR Social and Environmental Policy Commitments | Key Achievements/ 2014 – 2015 Progress | Moving Forward and Future Targets |
|--|---|--|---|
| Contamination and pollution from use of fertiliser and pesticide | <p>Reduce and minimise the use of chemical fertilisers and pesticides.</p> <p>Stop the use of paraquat.</p> | <ul style="list-style-type: none"> - Reduced the total amount of pesticides used per hectare as well as per tonne of product in the last two years. - Increased the use of biopesticides. | <ul style="list-style-type: none"> - Stop using the herbicide paraquat in our estates as of January 2016, to be replaced with glufosinate ammonium. (Achieved) |
| Water use and wastewater management | | <ul style="list-style-type: none"> - Regularly assessed the quality of our effluent to ensure that it meets the local and national water quality standard for discharge. | <ul style="list-style-type: none"> - Starting in 2016, we will pilot a water footprint assessment to help better manage our water use. |
| Waste Management | Identify, reduce, reuse, recycle and dispose of waste in an environmentally responsible way. | <ul style="list-style-type: none"> - A Zero Waste Policy is being implemented in all operations. - Achieved very significant reuse of all solid and liquid waste generated from the CPO production process. | <ul style="list-style-type: none"> - Maintain 100 percent reuse of solid and liquid waste generated from CPO production process. - Explore further optimisation of use of solid and liquid waste. |
| Certification | Compliance with all relevant national laws and international certifications' principles and criteria. | <ul style="list-style-type: none"> - Achieved RSPO certification for 263,777 hectares of plantations, including 29 mills, five kernel crushing plants, four refineries, six bulking stations and one oleochemical plant. - 128,971 hectares of our plantations and 21 of our mills have received ISPO certification. - 297,969 hectares of plantations have received ISCC certification as well as 30 of our mills, two kernel crushing plants, five refineries and 14 bulking stations. | <ul style="list-style-type: none"> - Complete the RSPO certification process by 2020. Total units to be certified by 2020 consist of 39 mills and 385,004 hectares of plantations which include 55,021 hectares of plasma plantations (as at 30 June 2010). Palm oil operations established after 30 June 2010 will be part of a separate time-bound plan¹. - Work towards ISPO certification for all of our remaining operations. |

¹ In order to comply with ongoing changes in ISPO regulations regarding the land ownership certification, we are extending the timeframe for completion of RSPO certification for the remaining 10 mills (as at 30 June 2010).

CHAIRMAN'S STATEMENT



“The GAR Social and Environmental Policy (GSEP) integrates and builds on our earlier ground-breaking sustainability policies, including the Forest Conservation Policy (FCP) (2011), Social and Community Engagement Policy (SCEP) (2011) and Yield Improvement Policy (YIP) (2012). It applies to our entire operations, our subsidiaries and our suppliers, and we have invested additional resources to ensure its proper implementation.”

CHAIRMAN'S STATEMENT (G4-1, G4-2, G4-14, G4-34, G4-35, G4-36)

In the two years since our last sustainability report, we have continued to deepen our commitment to sustainability. We continue to engage and collaborate with multiple stakeholders, including government, smallholders, local communities, CSOs and industry to drive change on the ground while enabling long-term growth for the industry and community.

We are focused on improving and embedding sustainability practices throughout our operations. In 2014, we expanded the scope of our sustainability policy to cover our entire supply chain. Our senior management fully supports GAR's sustainability commitments. A Sustainability Committee (SC), chaired by the Corporate Strategy and Business Development Director, was formed in 2014 comprising the senior leadership team from the upstream, downstream and corporate centre. The SC reports directly to me, who, as the Chairman and CEO of GAR, has ultimate responsibility for our sustainability strategy. The SC meets regularly to oversee the development and implementation of GAR's sustainability strategy and the monitoring of performance across all our business operations. Additionally in 2014, as part of our commitment to reporting our sustainability progress openly, we launched the [GAR Sustainability Dashboard](#), developed together with our partner, TFT.

Reflecting our commitment to continuous improvement, in 2015 we rolled out an updated and enhanced sustainability policy. The GAR Social and Environmental Policy (GSEP) integrates and builds on our earlier ground-breaking sustainability policies, including the Forest Conservation Policy (FCP) (2011), Social and Community Engagement Policy (SCEP) (2011) and Yield Improvement Policy (YIP) (2012). It applies to our entire operations, our subsidiaries and our suppliers, and we have invested additional resources to ensure its proper implementation.

SUSTAINABLE AGRICULTURE AND CLIMATE CHANGE

Climate change and sustainable agriculture were at the forefront in 2015, as Indonesia and neighbouring countries suffered the worst haze crisis since the late 1990s. The haze had a direct impact on many of our own employees and the communities living around our plantations. Recognising this, we are determined to continue channelling resources towards the long-term prevention of fires. Due to strict adherence to our Zero Burning Policy which has been in place since 1997 and our fire management efforts, less than one percent of our total plantation area was affected by fires in 2015. To date, we have trained some 10,000 emergency response personnel in fire prevention and suppression.

In November 2015, we also announced a Peat Ecosystem Rehabilitation Project covering some 2,600 hectares of

conservation area in West Kalimantan. It is in line with the Indonesian Government focus on protecting and restoring peat areas. We also launched the Desa Siaga Api pilot programme in villages in West Kalimantan and Jambi² to help train and equip the local community to prevent and rapidly suppress fires as well as to advocate sustainable land-clearing methods. We are offering CSR support to villages that remain fire-free at the end of the dry season. In addition, we are helping our suppliers comply with our Zero Burning Policy.

Climate change took centre stage globally with countries reaching consensus on action at the United Nations Climate Change Conference of the Parties 21 (COP21) meeting in Paris. In the run-up to COP 21, GAR joined 77 leading companies in signing an open letter urging world leaders to take bold action on climate change. In launching these projects and continuing to work towards sustainable palm oil, we will play our part in helping Indonesia achieve its GHG emissions goals and move towards a low-carbon economy.

DRIVING CHANGE THROUGH PARTNERSHIP AND COLLABORATION

Supporting smallholders is a key priority for us. GAR continues to help farmers obtain subsidised loans under the Innovative Financing Scheme which was launched in 2014. In Riau, 270 farmers were beneficiaries of the scheme in 2015. Using loans totalling US\$3.59 million, the farmers began replanting their estates in mid-2015. This will help smallholders improve their yields, boost their incomes and standard of living. Yield improvement also helps reduce the need to open new land for palm oil cultivation.

Our suppliers are an integral part of GAR's operations. In 2014, we embarked on a major exercise to map our supply chain to the mill and we completed this by end-2015. This helps us know and better understand our suppliers, and we are helping them implement sustainable practices which will ultimately improve the entire palm oil industry. As a next step, we will continue the mapping exercise to achieve Traceability to Plantation (TTP). We aim to achieve this for GAR-owned mills by end-2017 and for all third party mills by end-2020.

We are also innovating new participatory approaches to conservation on the ground with local communities. Our Participatory Mapping (PM) and Participatory

Conservation Planning (PCP) processes with local communities are key to supporting our commitment to maintain conservation areas that have been identified across our concession areas.

We continue to make progress in obtaining certification for our sustainably-produced palm oil. To date, 263,777 hectares of plantations including smallholder plantations of 50,874 hectares, 29 mills, five kernel crushing plants, four refineries, six bulking stations and one oleochemical plant have received RSPO certification. In addition, 128,971 hectares of plantations and 21 mills have received ISPO certification to date.

SUSTAINING OUR BUSINESS PERFORMANCE

The palm oil industry faced a downward trend in CPO prices across 2014 and 2015, and reached a low in the month of August 2015. Following a multi-year expansion programme of our downstream business, 2015 marked a shift in focus towards enhancing integration and operational excellence of our new assets.

Despite the challenging environment, we did well as our investments showed a trend of increasing contribution to our results. It also confirmed our strategy of strengthening our integrated business model to weather the challenges presented by weaker CPO prices. Our expanded downstream capabilities enabled GAR to extract greater value across the operational chain.

We are confident that prospects for the palm oil industry remain promising in the long-term.

As the most consumed and best value vegetable oil, demand fundamentals of palm oil continue to be robust. We see protecting the environment, as well as supporting the livelihoods of farmers and communities in Indonesia as a long-term investment in the future of our industry. Our ongoing commitment to continuous improvement and collaborating with others to make the palm oil industry sustainable is vital to our long-term success.



Franky Oesman Widjaja

Chairman and Chief Executive Officer
22 Aug 2016

² The Desa Siaga Api programme in Jambi is part of our technical advisory service to the surrounding estates.

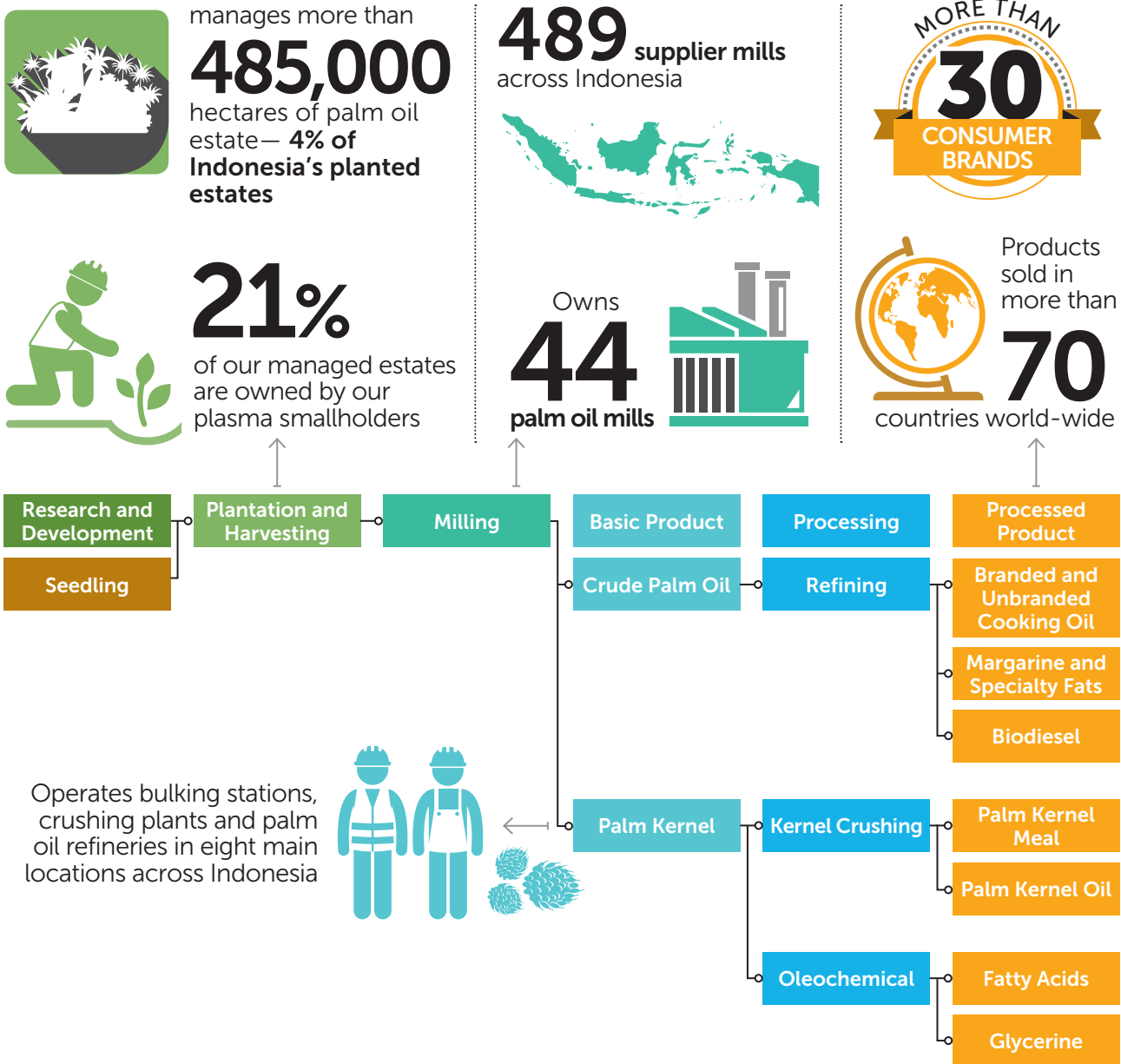


• • • ABOUT GAR



ABOUT GAR (G4-4, G4-9, G4-10)

Value chain of Our Business in Indonesia



• • • ABOUT GAR

COMPANY OVERVIEW (G4-3, G4-4, G4-5, G4-6, G4-7, G4-8, G4-17, G4-36, G4-39, G4-56)

Listed on the Singapore Exchange since 1999, Golden Agri-Resources Ltd and its subsidiaries form one of the leading integrated palm oil plantation companies in the world, with a total revenue of more than US\$6.5 billion and a core net profit of US\$221 million in 2015.

GAR's primary activities range from cultivating and harvesting oil palm trees, processing fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK), to refining CPO into industrial and consumer products such as cooking oil, margarine and shortening, as well as merchandising palm products throughout the world.

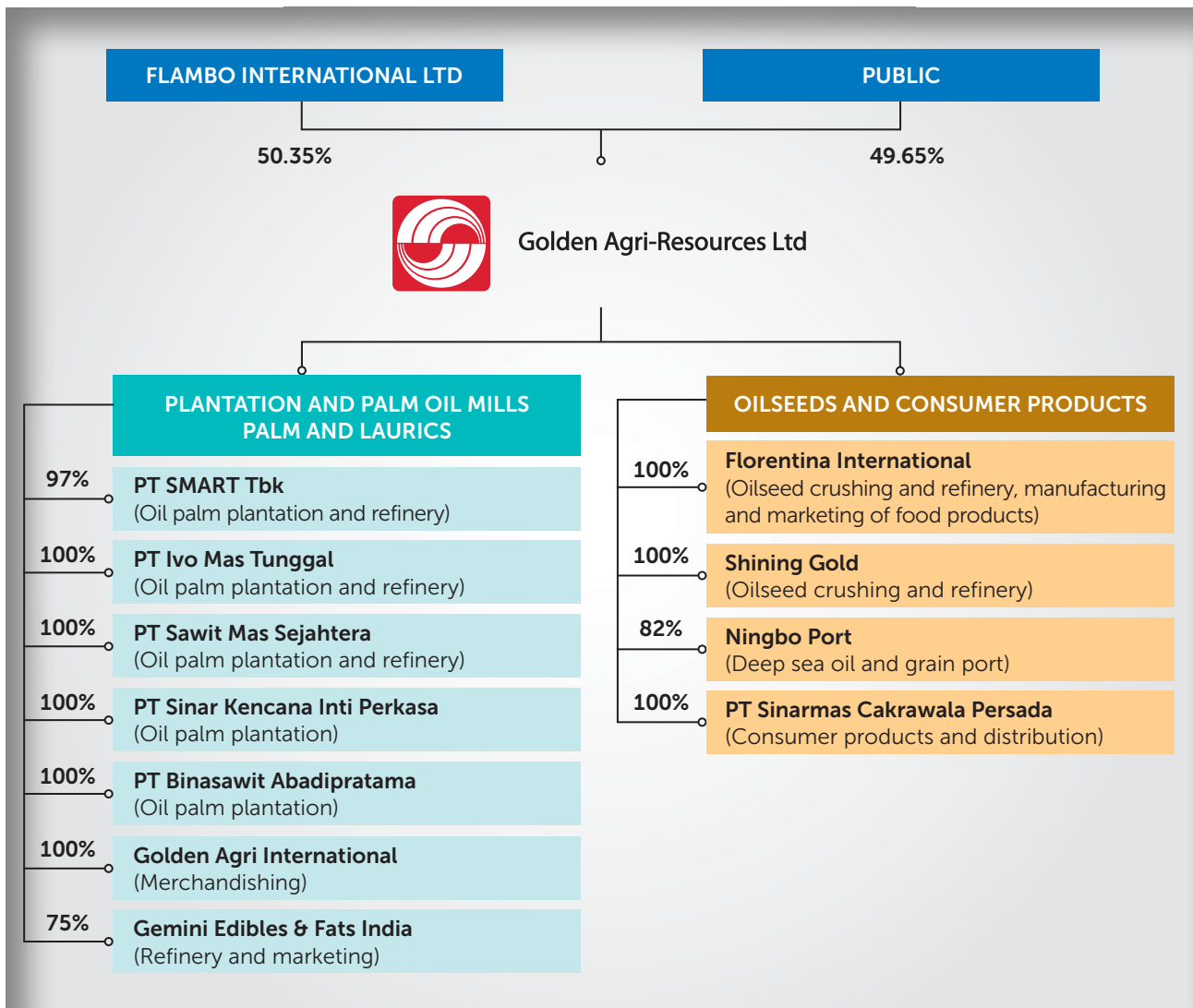
GAR also has a presence in China and India, where we operate a deep-sea port, oilseed crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

Our products are sold globally to a diversified customer base by leveraging an extensive distribution network, strong merchandising, branding, and destination marketing. GAR's shipping and logistics capabilities are bolstered by its ownership of vessels, sea ports, jetties, warehouses and bulking facilities in strategic locations.

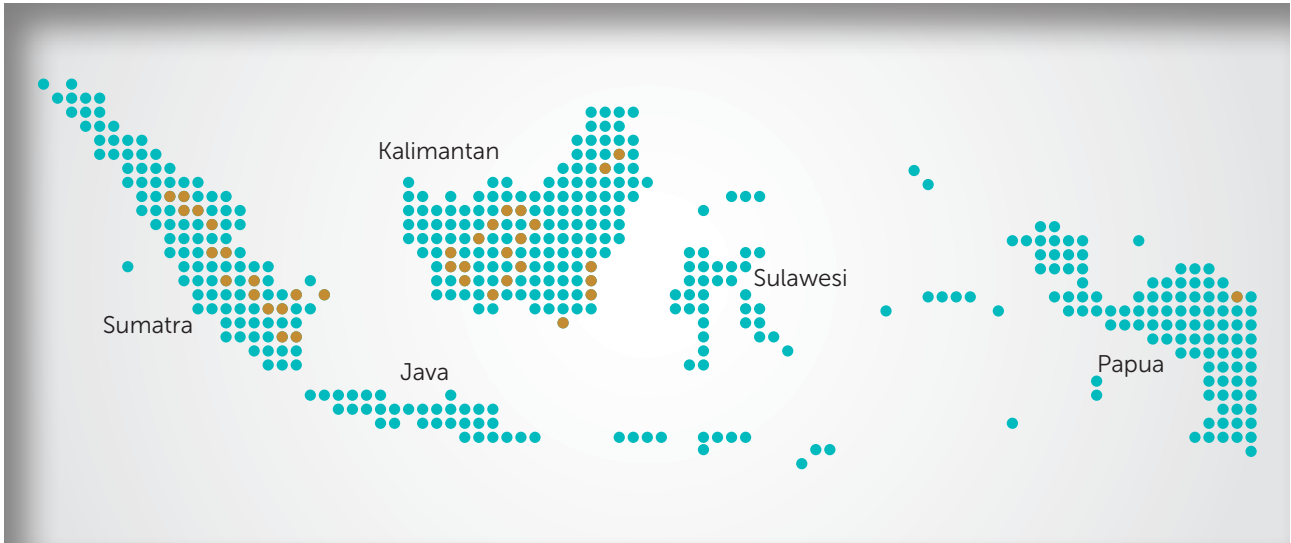
The chart below sets out a simplified corporate structure of the business, including principal operating subsidiaries and intermediate holding companies. It also shows the structure of shareholding between GAR's publicly traded shares and Flambo International Ltd, an investment company owned by the Widjaja family. 50.35 percent of GAR shares are directly and indirectly held by Flambo International Ltd and 49.65 percent are publicly held.

GAR operates independently, as each business group of the Widjaja family has its own separate management team and independent directors. GAR's subsidiary PT

Corporate Structure of GAR (G4-9)



GAR's plantations in Indonesia



SMART Tbk (SMART) is marketed under the Sinar Mas brand. However, GAR and SMART are not subsidiaries of Sinar Mas, as Sinar Mas does not refer to any operating business entity.

THE SCALE OF OUR OPERATION (G4-9)

GAR maintains its position as the leading oil palm plantation group in Indonesia with estates spanning the archipelago.

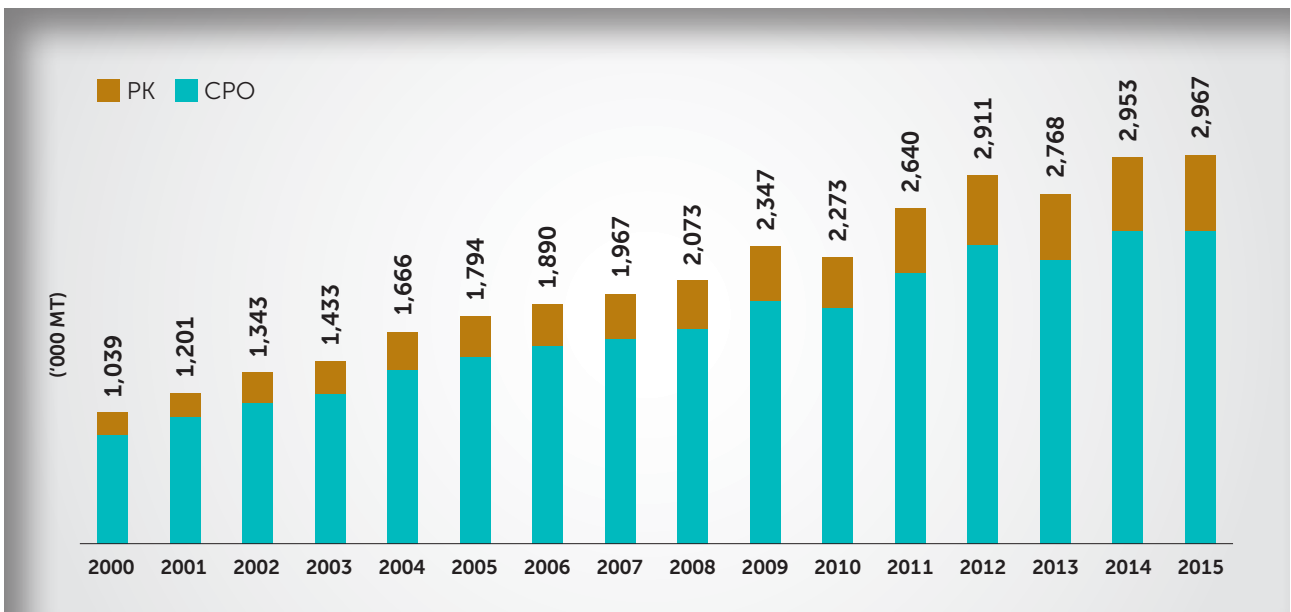
The Company manages 167 oil palm estates with a total area of 485,600 hectares. As at end 2015, the planted area consists of estates owned by GAR (called nucleus) totalling

384,400 hectares and estates owned by smallholders (called plasma) amounting to 101,200 hectares.

The harvested FFB are processed in GAR-owned milling facilities, which are strategically located near the plantations, to produce CPO and PK. GAR has 44 mills with a combined installed annual capacity of 12.21 million tonnes. During the year, our mills produced 2.38 million tonnes of CPO and 586,000 tonnes of PK.

The chart below shows GAR's growth in terms of palm product output since 2000.

Output of palm products



THE IMPORTANCE OF PALM OIL

Palm oil is produced from the fruit of oil palms which grow in fertile regions close to the equator. Oil is extracted from both the fruit and its kernel (the nut at its centre), producing crude palm oil, crude palm kernel oil and palm kernel expeller, which can be further refined and used in different products.

Palm oil has the highest yield of any oil crop and makes more efficient use of land in its production than any other vegetable oil. In 2015, mature oil palms occupied only six percent of the total harvested area for vegetable oils. However, in the form of palm oil and palm kernel oil, they supplied 39 percent of global vegetable oil production in 2015.

It is also extremely versatile, used as a cooking oil, in foods such as margarine and ice cream, and in thousands of non-food products from soaps to cosmetics, candles and pharmaceuticals. Palm oil is also a potentially valuable biofuel which can contribute to reducing carbon emissions. Palm oil's low cost and versatility have resulted in rapidly growing worldwide demand.

VOICES FROM THE GROUND

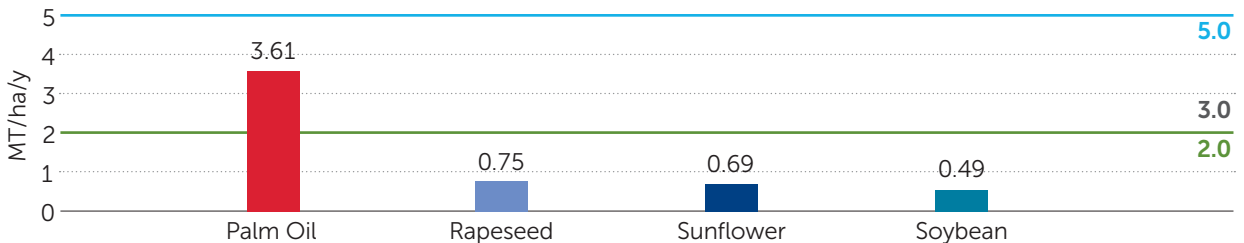
Taufikurrahman – Village Head, Marsedan Raya, on the positive impacts of the palm oil industry in PT Kartika Prima Cipta in West Kalimantan:



"The economic growth here was far below average before we had the palm oil plantation. With the opening of PT KPC we see the positive impact and improvements especially in infrastructure, healthcare and the general economic situation."

In Indonesia palm oil production is a source of livelihood for millions of famers and their communities. It provides direct and indirect employment for 16 million people and generates US\$19 billion in export revenue for the country.

Vegetable Oil Yields



Source: Oil World (2015)

OUR COMMITMENT TO CONTINUOUS IMPROVEMENT IN SUSTAINABLE PALM OIL PRODUCTION

GAR believes that socio-economic growth and advancement can go hand-in-hand with environmental protection. We are committed to sustainable palm oil production and to driving continuous improvement through engagement, partnership and collaboration. This involves working closely and engaging with stakeholders such as smallholders, suppliers, local communities, government, CSOs, customers and certification bodies.

As the largest palm oil grower in Indonesia we are particularly focused on working with the local communities in and around our concessions. We are involving the community in conservation efforts through

inclusive approaches including Participatory Mapping and Participatory Conservation Planning.

We are also increasing our outreach and collaboration with local communities around our concessions to jointly address the threat of forest fires and haze through our Desa Siaga Api programme.

Our sustainability policy also centres on the need to improve yields and productivity. The SMART Research Institute (SMARTRI) which employs scientists and agronomists plays a leading role in this. We share the benefits of the latest technological and agronomical developments with our plasma smallholders as well as independent smallholders enrolled in the Innovative Financing Scheme.

OUR VISION, MISSION AND VALUES (G4-56)



VISION

To be the best, fully-integrated, global agribusiness and consumer product company – the partner of choice



MISSION

To efficiently provide sustainable and superior quality agribusiness and consumer products, solutions and services to create value for all our stakeholders

Together with our vision and mission, our values and culture as a business commit all GAR employees to the strictest standards of behaviour: towards one another, towards our stakeholders, towards the environment and towards society as a whole.

OUR CULTURE

| | | | |
|--|--|---|--|
| PERFORMANCE We deliver outstanding results | OWNERSHIP We do what is best for the Company | COLLABORATION We work as a team | PEOPLE We realise our people's potential |
|--|--|---|--|

OUR SHARED VALUES

| | | | | | |
|---|--|---|---|--|--|
| INTEGRITY To put statements or promises into actions so that one can earn the trust of others | POSITIVE ATTITUDE To display encouraging behaviour towards the creation of a mutually appreciative and conducive working environment | COMMITMENT To perform our work whole heartedly in order to achieve the best results | CONTINUOUS IMPROVEMENT To continuously enhance the capability of self, working unit and organisation to obtain the best results | INNOVATION To come up with ideas or to create new products/tools/systems that can increase productivity and the Company's growth | LOYALTY To cultivate the spirit of knowing, understanding and implementing the Company's core values as part of the GAR family |
|---|--|---|---|--|--|

OUR CORPORATE GOVERNANCE (G4-36, G4-39)

We are committed to the highest standards of corporate governance, and to complying with the principles of the Code of Corporate Governance published in 2012.

The make-up of our board is an important part of our approach to corporate governance. The board has

eight members, including four independent directors, who exercise objective judgment in our corporate affairs, and offer independent, constructive criticism as required. The board is headed by GAR's Chairman and CEO, Franky O. Widjaja and is responsible for overseeing all aspects of our business, including our commitments to sustainability. A full list of our board directors and their profiles can be found on [our website](#).

• • • ABOUT GAR

ETHICS AND COMPLIANCE (G4-56, G4-58, DMA-Anti-Corruption, G4-SO5)

At GAR, we are committed to pursuing our business objectives with integrity and in compliance with the law, no matter where we operate. We comply with applicable laws in all the countries in which we do business, including all anti-bribery and corruption regulations. No incidents of bribery or corruption were identified in 2014 – 2015.

In 2015, we rolled out an updated [GAR Code of Conduct](#) which sets out the standards we expect all our employees, contractors and business partners to adhere to. Our Code is purposefully designed to be practically applicable to our day-to-day business, with definite guidelines on acceptable and unacceptable behaviour. The Code also details our whistleblowing procedure, encouraging employees to report any possible improprieties in confidence and without fear of retaliation.

THE VALUE CHAIN OF OUR PALM OIL BUSINESS (G4-4, G4-12, G4-17)



Gathering fresh fruit bunches for processing

Our palm oil business, which is mostly in Indonesia, is fully vertically integrated, involved in every aspect of palm oil production. We develop and produce oil palm seeds, plant and manage oil palm plantations, harvest and mill the fruit of the palms to create our palm oil products (CPO and PK). We then refine CPO and crush PK to produce higher value products such as cooking oil, margarine, shortening and other palm oil derivative goods. We sell our products both in bulk to wholesalers and direct to consumers through some of Asia's most popular food and cookery brands. In Indonesia, our products are marketed under our prominent brands, Filma and Kunci Mas.

We aim to offer an extensive range of products, and focus our research and development on evolving our portfolio to meet customer demand. This includes consumer demand for higher quality and more sustainable palm oil goods. We are working to develop a higher-value product mix, with a greater emphasis on developing PK into oleochemicals, which are used to make soaps and personal care products.

We also operate a processing business in India through our subsidiary Gemini Edibles & Fats India Private Limited, with refining capability and an established brand and distribution network in the Eastern part of the country. Through this subsidiary, we are able to participate in India's fast growing branded cooking oil and specialty fat sectors.

Our palm oil business contributes to the performance of Plantation and Palm Oil Mills as well as Palm and Laurics segments (see page 121 of GAR Annual Report 2015 Note 41 "Operating Segment Information" for further details).

THE VALUE CHAIN OF OUR OILSEEDS AND OTHERS BUSINESS (G4-4, G4-6, G4-17)

In China, GAR owns integrated vegetable oil facilities comprising one of the country's largest deep-sea ports, oilseed storage, crushing and refining facilities. We operate a deep-sea port in Ningbo, Zhejiang Province where we import and store oils and grains, including refined palm oil from our own operation in Indonesia and soybean. Our oilseed crushing and refining facilities in Ningbo and Tianjin produce soybean meal to be sold within China, refined soybean and palm oil, and higher value products such as margarine, shortening and butter oil substitutes. These are sold both to wholesalers and direct to consumers.

GAR also operates a food business in China through Florentina International Holdings Limited, which manufactures and distributes a variety of economy and premium grade snack noodle and instant noodle products, and other snack products in the country.

This business contributes to the performance of Oilseeds and Other segments (see page 121 of GAR Annual Report 2015 Note 41 "Operating Segment Information" for further details).

BALANCING SUSTAINABILITY WITH STRATEGIC GROWTH OPPORTUNITIES (G4-13)

To sustain our long-term growth, we continue to study the potential for oil palm plantations in other countries. We are investing in Africa through The Verdant Fund LP, a private equity fund that owns Golden Veroleum (Liberia) Inc (GVL). The Liberian government has granted GVL a concession to develop land for oil palm plantations. GVL follows sustainable development practices and is a member of the RSPO, adhering to principles including the protection of HCS forests. As at end of 2015, GVL cultivated 12,300 hectares of oil palm

plantations, with GAR providing technical expertise to ensure quality and sustainability.

OUR FINANCIAL PERFORMANCE IN 2014 – 2015

(G4-9, G4-EC1)

In 2014, we saw solid growth in our revenues which increased by 16 percent to US\$7.6 billion with plantation output growing and downstream capacities expanding. This was supported by our consistent focus on implementing best-in-class management practices across our operational units, which boosted our palm oil output by seven percent, reaching 2.95 million tonnes, despite dry conditions in the early part of the year.

During 2015 GAR's revenues declined by 15 percent to US\$6.5 billion, as a result of a 25 percent drop in CPO prices. However as the integration of our new downstream assets progresses, we witnessed notable improvement in downstream operations which

mitigated the low-price environment, and eventually helped to maintain our core net profit at US\$221 million. GAR's financial position remains a sound one with a prudent adjusted net debt to equity ratio of 0.22 times.

Looking ahead, we are confident that the prospects for the palm oil industry remain promising in the long-term. As the most consumed and best value vegetable oil, demand fundamentals of palm oil continue to be robust. Food demand will maintain its growth in line with the growing populations and rising per capita income in developing countries, while non-food demand will largely be driven by the biodiesel mandates.

The chart below shows GAR's economic value generation from its integrated palm oil business and its distribution during 2014 and 2015.

Economic value generated and distributed from palm oil business* in 2014 – 2015

| | 2014 | 2015 |
|--|-----------|-----------|
| Direct economic value generated | | |
| Revenue from external customers (US\$'000) | 6,574,055 | 5,686,540 |
| Economic value distributed (% of revenues) | | |
| Operating costs | 79.1% | 80.9% |
| • Plasma farmers | 4.4% | 4.5% |
| • Other suppliers | 74.7% | 76.4% |
| Employee wages and benefits | 8.1% | 8.7% |
| Payments to providers of capital | 2.5% | 2.9% |
| Tax payments to governments | 5.8% | 3.0% |
| Community investments (Philanthropy) | 0.1% | 0.1% |
| Economic value retained (calculated as 'Direct economic value generated' less 'Economic value distributed') | | |
| Economic value retained | 4.4% | 4.4% |

Note:

* Refers to the performance of Plantation and Palm Oil Mills as well as Palm and Laurics Segments

OUR AWARDS

2014

- 2014 Frost and Sullivan Indonesia Excellence Awards as the Home Grown Palm Oil Plantation Company of the Year and Palm Oil Trader of the Year awarded to GAR
- 1st Champion of Indonesia Original Brands 2014 in the Cooking Oil and Margarine category – based on a survey by SWA Magazine and Business Digest awarded to SMART
- 2014 Primaniyarta Award as Global Brand Creator and Outstanding Winner for Five Times Achievement from the Ministry of Trade of the Republic of Indonesia awarded to SMART

2015

- ASEAN Entrepreneurial Excellence Award from Ernst & Young awarded to GAR Chairman and CEO, Franky O. Widjaja

2016

- Sustainable Business Awards from Global Initiatives in Land use, Biodiversity and Environment category awarded to SMART
- Social Business Innovation Awards from Warta Ekonomi for Social Business Innovation and Green CEO 2016 awarded to SMART and President Director of SMART, Daud Dharsono

OUR APPROACH TO SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY (G4-15, G4-16)

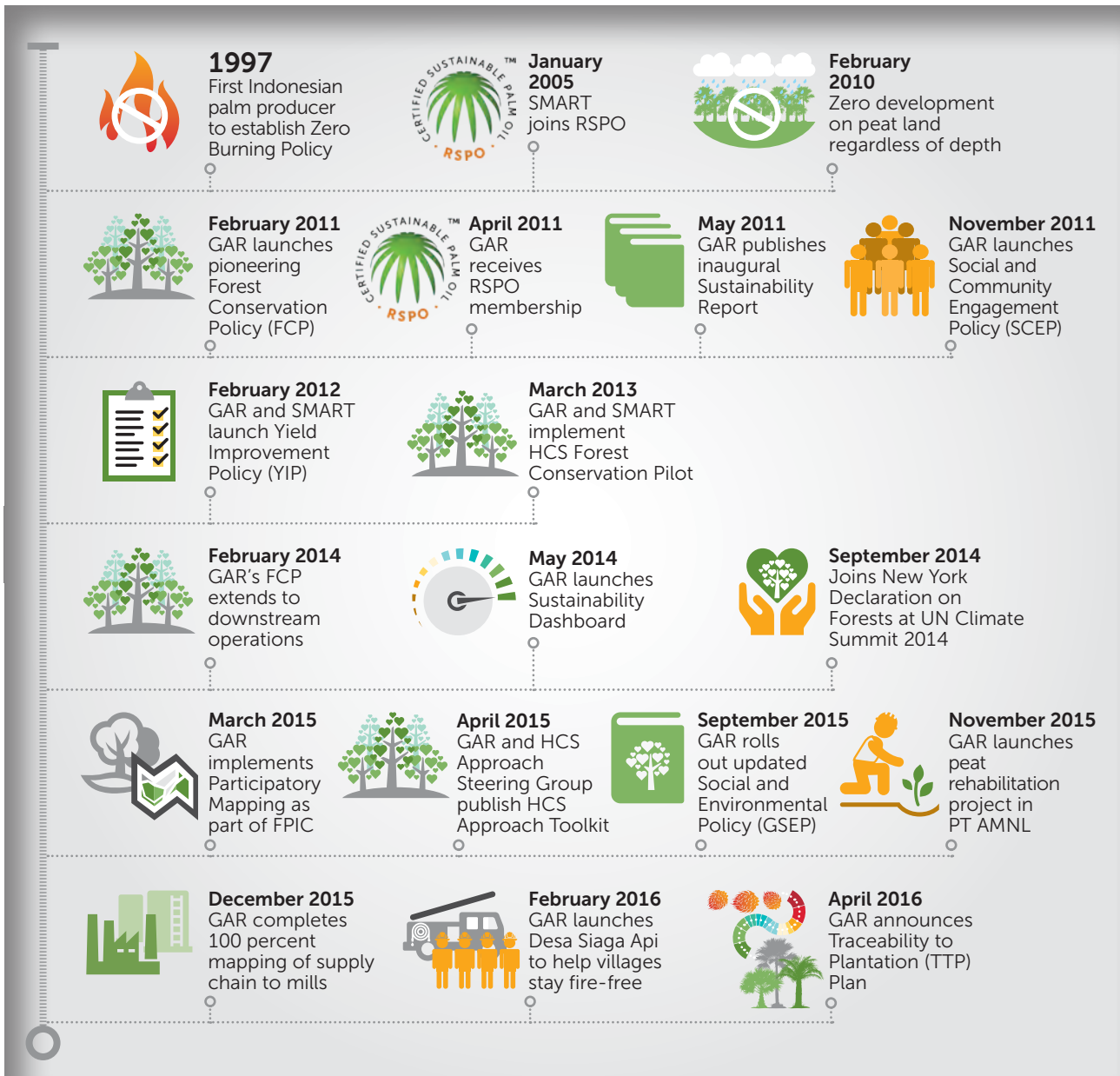
Our sustainability strategy takes a scientific approach to understanding our most material issues across all areas of our business: the environment, the marketplace, the workplace and the communities around us. We benchmark our performance in these areas against international and industry standards such as the RSPO Principles and Criteria, the HCS Approach and the United Nations Global Compact (UNGC).

A sustainable future for palm oil can only be achieved through partnership and collaboration: with the smallholder farmers in our supply chain; with the communities around our plantations; and with all those

with an interest in preserving forests and biodiversity and tackling climate change, including government and CSOs. Feedback and input from our partner, TFT played an important role in our effort to develop a new approach to sustainability. This includes an updated and more holistic sustainability policy for our business, and a renewed commitment to implementing and embedding sustainability in our operations.

We have also developed the [GAR Sustainability Dashboard](#) which provides real-time data on the progress we are making against our key sustainability objectives. The dashboard is accessible via the GAR website.

Our Sustainability Milestones



OUR SUSTAINABILITY POLICY (G4-15)

In 2011, GAR adopted a groundbreaking Forest Conservation Policy (FCP), which committed our business to working towards sustainable palm oil production that involves no deforestation and no burning. This was followed shortly by our Social and Community Engagement Policy (SCEP) and Yield Improvement Policy (YIP). In 2015, we published an updated GAR Social and Environmental Policy (GSEP), which integrates all our sustainability policies in one document and applies to our entire value chain. The GSEP centres on environmental management; social and community engagement; work environment and industrial relations; and marketplace and supply chain.

STRENGTHENING OUR SUSTAINABILITY IMPLEMENTATION (G4-34, G4-35, G4-36)

We are focused on improving and embedding sustainability practices throughout our operations. Our senior management fully supports GAR's sustainability commitments. A Sustainability Committee (SC), chaired by the Corporate Strategy and Business Development Director, was formed in 2014 comprising the senior leadership team from the upstream, downstream and corporate centre. The SC reports directly to the Chairman and CEO of GAR, who has ultimate responsibility for our sustainability strategy. The SC meets regularly to oversee the development and implementation of GAR's sustainability strategy and the monitoring of performance across all our business operations.

We have also invested additional resources dedicated to the implementation and rollout of the GSEP across



The updated [GSEP](#) can be found on our website

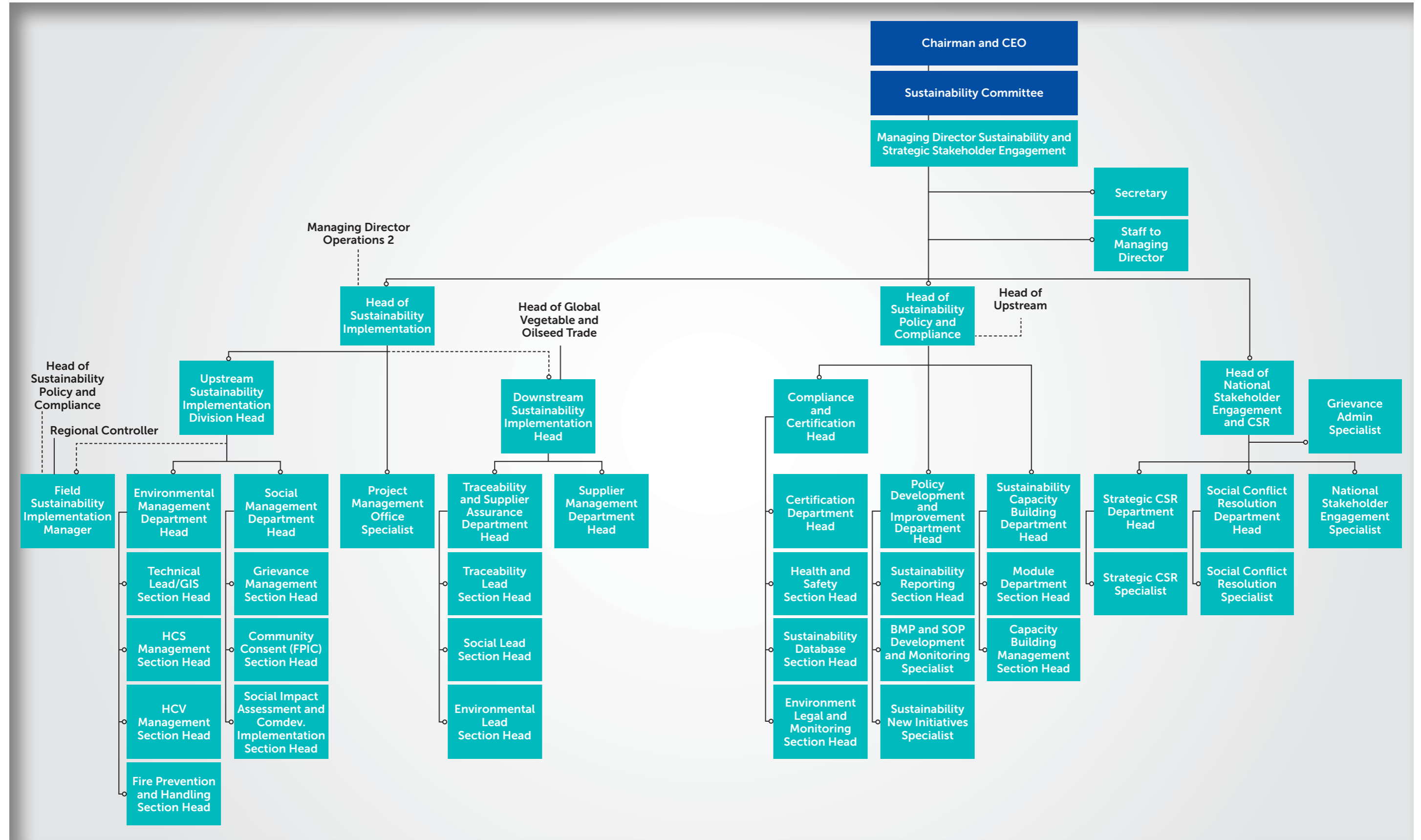
our operations. In 2015, the number of personnel in the Sustainability Department increased to nearly 130 at head office in Jakarta and around 190 in the field. Training on GSEP implementation is ongoing with over 1,700 employees receiving training in 2015.



A worker harvesting at one of our plantations

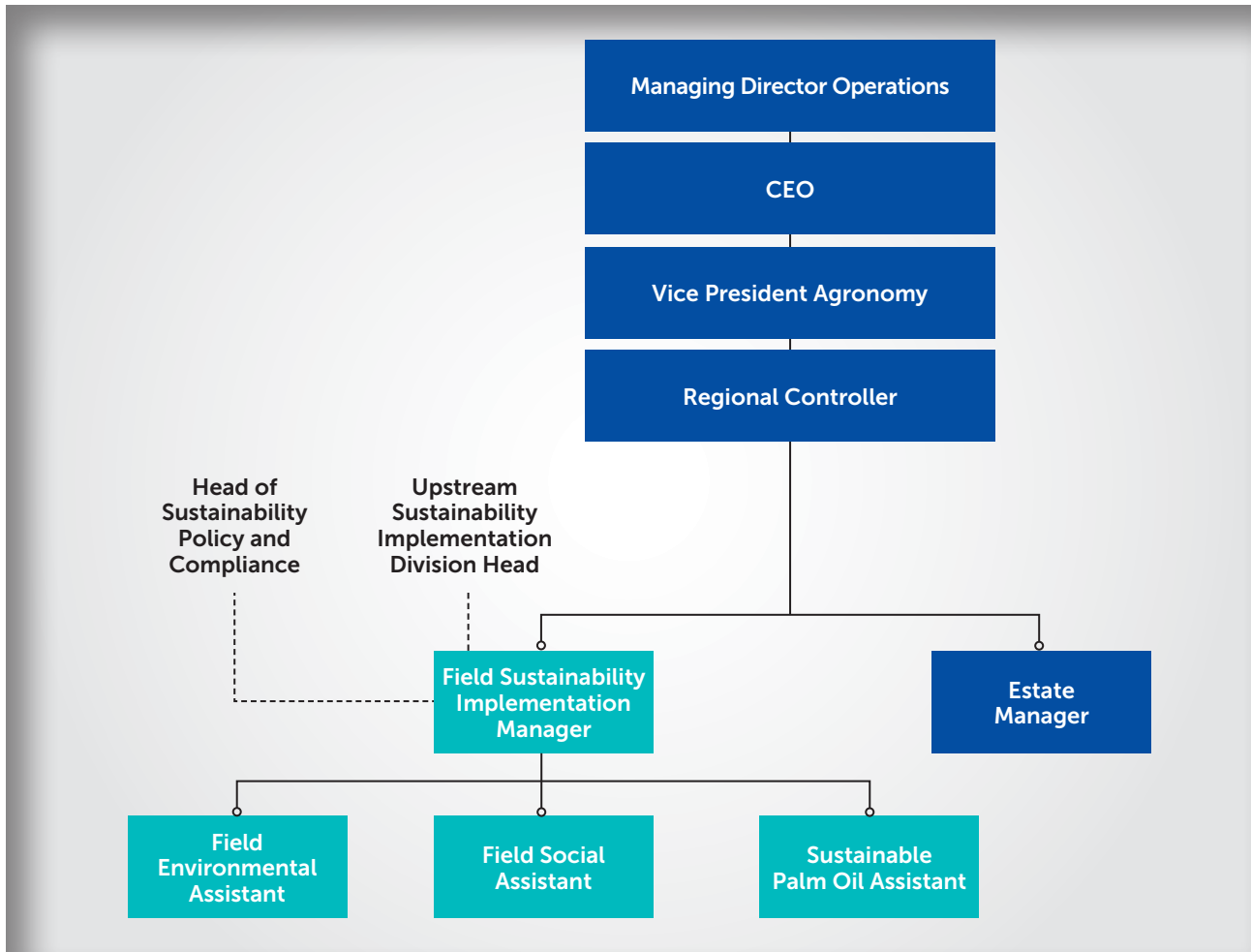
OUR APPROACH TO SUSTAINABILITY

Our Sustainability and Strategic Stakeholder Department



OUR APPROACH TO SUSTAINABILITY

Our Upstream Field Sustainability Implementation Organisation Structure



DEFINING OUR MATERIAL ISSUES (G4-18)

In 2015, we engaged Corporate Citizenship, a leading specialist sustainability consulting firm, to conduct a materiality assessment, reviewing the relative importance of different sustainability issues for both our stakeholders and our long-term business success. We will use this materiality assessment to make sure that we are addressing the issues that matter most in our reporting, and to inform the continuous evolution of our sustainability strategy.

We followed global best practice in conducting our materiality assessment, using the guidance in the Global Reporting Initiative’s (GRI) G4 Sustainability Reporting Guidelines. This included gathering both internal and external perspectives on the material issues that matter most throughout our value chain.

The materiality assessment process involved three stages: identifying a long list of issues relevant to our sector and grouping these into 16 topic areas; a survey of external stakeholders and internal management to assess each topic’s potential significance; and working with Corporate Citizenship to validate the findings and create

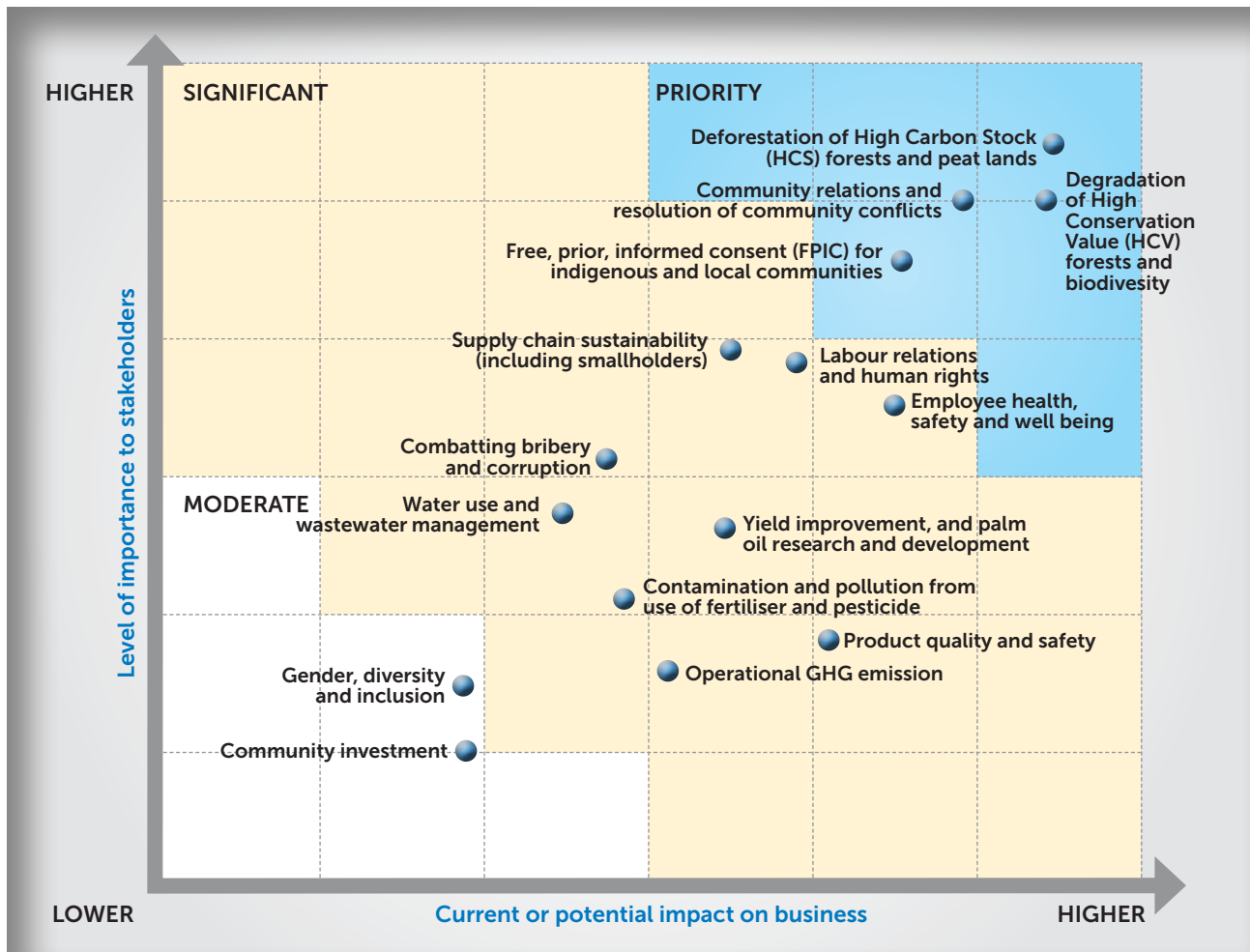
our materiality matrix, which reflects our understanding of the relative importance of sustainability issues.

We recognise that the process of assessing materiality is part art and part science. In assembling our materiality matrix we have relied on objective judgment informed by a robust process of gathering the right perspectives. The external stakeholders consulted through our survey included representatives from academia, banks and investors, civil society organisations, customers and consumers, certification bodies, Indonesian and Singaporean government, trade and industry associations, as well as other stakeholder groups. We contacted 119 people across these external stakeholder groups and received 47 responses.

APPLYING MATERIALITY THROUGHOUT OUR VALUE CHAIN (G4-19, G4-20, G4-21)

One of the most important ways in which the materiality matrix informs our on-going sustainability strategy involves focusing our efforts on our upstream operations in terms of forest conservation and community engagement. Another important aspect is ensuring supply chain sustainability.

Our Materiality Matrix



| Material Issue | Value Chain | | |
|---|-------------|---------------------------------------|------------------------------|
| | Plantation | Production, Processing and Refineries | Distribution and Consumption |
| Deforestation of High Carbon Stock (HCS) forests and peat land | | | |
| <ul style="list-style-type: none"> Removal of HCS forests – distinguished forests that hold a higher amount of carbon – and peat land are major sources of GHG emissions contributing significantly to climate change. | ▲ | ■ | ◆ |
| Degradation of High Conservation Value (HCV) forests and biodiversity | | | |
| <ul style="list-style-type: none"> Avoiding deforestation or development of HCV areas of high biological, ecological, social or cultural values can help reduce habitat loss and maintain plant and animal regional species diversity. | ▲ | ■ | ◆ |
| Community relations and resolution of community conflicts | | | |
| <ul style="list-style-type: none"> Maintaining community dialogue and engagement, and promoting peaceful resolution of any conflicts and disputes that arise. | ▲ | ■ | ◆ |

Key (Actual/potential impact): Significant ▲ Moderate ■ Low ◆

OUR APPROACH TO SUSTAINABILITY

Free, prior, informed consent (FPIC) for indigenous and local communities

| | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Respecting community rights by: <ul style="list-style-type: none"> Freely informing communities of licenses, government and company policies regarding land compensation, development plans, land valuation approach, process of verifying land ownership, proof of ownership and procedures for land measurements and compensation in cases of location permits. Ensuring FPIC and complying with local and national law in land offers. | ▲ | ■ | ◆ |
|--|---|---|---|

Supply chain sustainability (Including smallholders)

| | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> Ensuring the ethical and sustainable sourcing of goods and services that are not tied to environmental harm and social conflict, while ensuring that we are supporting the socio-economic development and livelihoods of those connected to our supply chain. | ▲ | ▲ | ■ |
|---|---|---|---|

Labour relations and human rights

| | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Fair, ethical, and positive relations with our workforce (including employees, casual workers and smallholder farmers), respecting human rights and labour rights. | ▲ | ▲ | ◆ |
|--|---|---|---|

Employee health, safety and wellbeing

| | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> Prevention of work-related illness, injury and accidents by continually improving OHS performance, in accordance with government regulations and implementing best practices standards. | ▲ | ▲ | ■ |
|---|---|---|---|

Combatting bribery and corruption

| | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> Taking measures to prevent and eliminate bribery and corruption within business practices and operations. | ▲ | ▲ | ■ |
|---|---|---|---|

Yield improvement and palm oil research and development

| | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Leveraging best practices and technology to reduce resource use and pressures, while contributing resources that propel research and development towards these improvements. | ▲ | ■ | ◆ |
|--|---|---|---|

Water use and wastewater management

| | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Use of best practice management systems that minimise water pollution and maximise water efficiency in our operations. | ▲ | ▲ | ◆ |
|--|---|---|---|

Contamination and pollution from use of fertiliser and pesticide

| | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Minimisation of contamination and pollution from fertiliser and pesticide use by employing Integrated Pest Management (IPM) approaches—an environmentally sensitive approach limiting application of fertilisers and pesticides. | ▲ | ◆ | ◆ |
|--|---|---|---|

Product quality and safety

| | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> Adherence to best practice product quality and safety standards such as ISO 9001:2008 to ensure the highest product quality and safety. | ■ | ▲ | ▲ |
|---|---|---|---|

Operational GHG emissions

| | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Reduction of GHG emissions primarily from palm oil production (nitrogen fertiliser application), land use change, palm oil mill effluent and the distribution and consumption of products. | ■ | ■ | ■ |
|--|---|---|---|

Gender, diversity, and inclusion

| | | | |
|--|---|---|---|
| <ul style="list-style-type: none"> Supporting gender, diversity and inclusion in accordance with the UN Global Compact, and include non-discrimination and promotion of women in the workforce. | ▲ | ▲ | ◆ |
|--|---|---|---|

Community investment

| | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> Empowering the community by employing locals, implementing community programmes in education, healthcare, and building and providing public infrastructure, housing and facilities, and giving financial aid. | ▲ | ▲ | ◆ |
|---|---|---|---|

Key (Actual/potential impact): Significant ▲ Moderate ■ Low ◆

• • • STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT (G4-24, G4-25, G4-26, G4-27)

Partnership, engagement and collaboration is crucial in building a sustainable palm oil industry. Our success depends on reaching out, engaging and connecting a broad range of different stakeholders: investors, customers and consumers, local and indigenous communities, smallholder farmers, government, employees, civil society organisations and other stakeholders in the industry. Details about our initiatives to engage key stakeholders in sustainable palm oil production can be found in the chapters on "Our Social and Community Engagement" and "Our Suppliers".

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

We believe that a proactive approach to stakeholder engagement is essential. We have identified the stakeholder groups that are fundamental to our operations, and which have the greatest influence over the impacts of our business. We adopt a tailored approach to ensure regular engagement with these groups.

We operate in a dynamic industry and our understanding of our most important stakeholder groups must evolve to reflect this. We therefore review and update the way that we communicate with our stakeholders on a continuous basis.

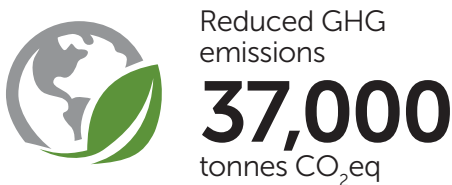
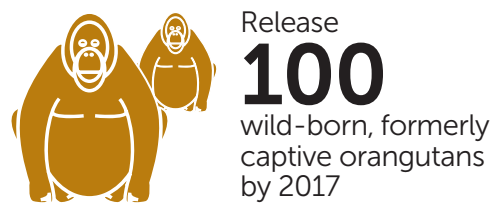
Overview of Stakeholder Engagement

| Stakeholder Group | How GAR engages with stakeholders | Areas of interest | Outcomes |
|--|--|--|---|
| Customers and consumers | Multi-stakeholder forums and industry groups; One-on-one meetings; Monthly e-update; GAR website; GAR Sustainability Dashboard; Annual Report; Sustainability Report; Social media | Deforestation, Fire and Haze; Traceability and supply chain compliance with GSEP; RSPO certification; Social and community/Free Prior and Informed Consent (FPIC) issues; Clarification of media reports on GAR. | Positive reputation; Better understanding of GAR's sustainability progress; Customer support for joint community projects. |
| Employees | Annual appraisals; Townhall meetings; Trade union meetings; HR training sessions; Surveys; GAR website; GAR Sustainability Dashboard; Social media | Employee development; Remuneration; Health and safety; GAR sustainability policy including Fire and Haze. | Better understanding of company policies, culture and values; Improved awareness of GSEP. |
| Investors, banks, financial analysts | Investor briefings; One-on-one communications; Communication via email; Monthly e-update; GAR website; GAR Sustainability Dashboard; Annual Report; Sustainability Report | Deforestation, Fire and Haze; Traceability and supply chain compliance with GSEP; RSPO certification; Social and community/FPIC issues; Clarification of media reports on GAR. | Positive reputation; Better credit profiling by banks; Foundation for good long-term relationship and engagement. |
| Governments | One-on-one meetings; Multi-stakeholder forums; Events; GAR website; GAR Sustainability Dashboard; Annual Report; Sustainability Report | Support for government policies in palm oil sector; Smallholder development; Fire and Haze; Supply Chain management and development. | Collaboration in Innovative Financing Scheme; Desa Siaga Api community outreach programme to tackle forest fires in line with GOI focus on tackling fire and haze; Collaboration with Indonesia Estate-Crop Fund for Palm Oil (BPDP Sawit) on supplier development. |
| Industry bodies and trade associations | One-on-one meetings; Multi-stakeholder forums; Events | Deforestation and Fire and Haze; Traceability and supply chain compliance with GSEP; RSPO certification; Social and community/FPIC issues. | Development of standards to manage HCV areas; Guidelines on good practices for peat lands, FPIC and other palm oil sustainability matters. |

• • • STAKEHOLDER ENGAGEMENT

| Stakeholder Group | How GAR engages with stakeholders | Areas of interest | Outcomes |
|--|---|---|---|
| Local communities | FPIC through our participatory conservation approach; Complaints handling and conflict resolution mechanisms; Two-way dialogue and consultation with community groups and representatives; Involvement in our community programmes; Involvement in the Desa Siaga Api programme to combat fire and haze | FPIC; Social conflict; Employment; Poverty alleviation; Health; Education; Energy self-sufficiency; Disaster relief; CSR; Fire and haze. | Developed new guidelines and continued to build capacity in areas such as mediation, conflict management and Participatory Mapping to facilitate the successful implementation of the GSEP; Continued investment in our comprehensive range of community programmes, which address community needs such as education, energy self-sufficiency, healthcare and disaster relief; Launch of Desa Siaga Api programme (2016). |
| Media | One-on-one communications, briefings, interviews, articles and op-eds; Corporate events; Multi-stakeholder forums and external events; GAR website; GAR Sustainability Dashboard; Annual Report; Sustainability Report; Social media | Deforestation, Fire and Haze; Traceability; FPIC; Social conflict; Yield and productivity; Business strategy; Industry outlook and performance. | Raised awareness of GAR's sustainability commitments and developments and business strategy; Positive media coverage of GSEP milestones; Better understanding of GAR's business. |
| Civil society organisations (CSOs) | Multi-stakeholder forums; Regular one-on-one meetings; GAR Sustainability Dashboard; GAR website; Monthly e-update; Annual Report; Sustainability Report; Social media | Deforestation, Fire and Haze; HCS Approach; Biodiversity/HCV; Traceability; FPIC; Social conflict; Grievances involving third party suppliers. | Feedback and input for the GSEP; Joint development of HCS Approach. |
| Suppliers (including smallholders) | One-on-one communications; Workshops and training sessions; Site visits; Questionnaires; GAR website; GAR Sustainability Dashboard; Annual Report; Sustainability Report | Compliance with GSEP; Traceability; How to learn from GAR experience of implementing sustainable practices. | 100 percent traceability to the mill; Best practices sharing in sustainable practices and training on traceability; Collaboration on carrying out Traceability to the Plantation. |
| Certification bodies: RSPO, ISPO, ISCC | Regular reporting; participation in working groups; One-on-one meetings; Roundtable meetings | Compliance with P&C; Sustainable policy development and review. | Active membership in RSPO – GAR is part of the Dispute Settlement Facility Advisory Group, the Biodiversity and HCV Working Group and Innovation Lab. |

OUR ENVIRONMENTAL MANAGEMENT



OUR ENVIRONMENTAL MANAGEMENT (G4-2, G4-14)

As a leading agribusiness, GAR believes in a sustainable palm oil industry that can balance the need to protect the environment while promoting economic growth and development. We see protecting the environment as a long-term investment in the future of our industry.

We continue to work on strengthening the implementation of our environmental management commitments under our GSEP. These include no development of HCS forests, HCV areas and peat lands; Zero Burning; and reducing GHG emissions.

TAKING A LONG-TERM APPROACH TO PREVENTING FOREST FIRES AND HAZE (G4-2, G4-14, DMA-Emissions, G4-EN11)

The pollution and destruction caused by forest fires in Indonesia was a top environmental concern in 2015. Many of the forest fires in Indonesia occur in carbon-rich peat lands, which then result in the thick smog known as haze. A severe El Niño weather phenomenon led to a prolonged dry season, which resulted in the worst forest fires and haze in 20 years in Southeast Asia. This pollution had a direct impact on many of our own employees and the communities living around our plantations, affecting their health and disrupting their daily lives. This is why GAR continues to channel resources into fire management and long-term prevention.

Since 1997 GAR has operated a strict Zero Burning Policy on all its concessions. We also have a policy of no development on peat. This, in tandem with our fire management efforts, resulted in less than one percent of the land that we manage being affected by fire during 2015. These efforts include the training of more than 10,000 Emergency Response personnel to suppress fires. We have also invested in new technology and equipment such as drones and increased satellite surveillance of our concessions in order to be able to respond quickly when hotspots and fires are detected.

Eliminating burning on our own plantations is only a part of the solution. We are now focused on finding long-term solutions to forest fires outside our plantations. One important initiative focuses on increased outreach and collaboration with the local communities and villages around our concessions through the Desa Siaga Api programme. This programme aims to help villages remain fire-free. In 2016, GAR launched pilots in 17 villages in West Kalimantan and Jambi. Through the project, we will equip and train local residents so that they are able to prevent and suppress fires rapidly. At the same time, we will be advocating sustainable methods of clearing land without fire and raising the community's awareness of the health hazards of fire and haze. Villages in the programme will be evaluated at the end of the dry season and we will offer CSR

OUR ENVIRONMENTAL MANAGEMENT



Training villagers to rapidly suppress fire

support of up to Rp100 million (US\$7,483) per year for community infrastructure projects to those villages that have remained fire-free.

Another initiative is the launch of the Peat Ecosystem Rehabilitation Project at our concession in PT Agro Lestari Mandiri (AMNL) in West Kalimantan, in November 2015. The project will rehabilitate a peat land conservation area of approximately 2,600 hectares and is in line with the Indonesian government's focus on restoring and protecting peat areas. GAR has appointed environmental specialists, Malaysian Environmental Consultants (MEC) to manage the project.

Key components of the project include the physical rehabilitation of the peat area through hydrology management to reduce the area's vulnerability to fires. A natural buffer consisting of native trees will also be planted to protect the conservation area. Securing the community's support for and involvement in the conservation effort is another critical component. This will involve intense consultations with the community about their role. In order to further encourage the community to participate, GAR will be designing alternative livelihood programmes for them. These programmes aim to allow the local communities to continue earning an income without damaging the conservation area.

Updates on these projects can be found on the [GAR Sustainability Dashboard](#).

PROMOTING AND REFINING THE HCS APPROACH (G4-EN11, G4-EN12, G4-EN13)

The HCS Approach to land use is a practical and scientifically robust approach that aims to distinguish the forests that hold a high amount of carbon, or have the potential to hold a high amount of carbon, from degraded forests that have a lower carbon stock, such as shrub or grasslands.

GAR first developed the HCS Approach in partnership with TFT and Greenpeace in 2011, with the aim to reduce

VOICES FROM THE GROUND

Sukri Tarigan, firefighter with the Emergency Response Team at PT Agro Lestari Mandiri in West Kalimantan: *"I feel good as a firefighter because I am involved in putting out the fire as quickly as possible so that it does not spread to the plantation area. The first 24 hours is the most critical for us, we have to act fast."*



VOICES FROM THE GROUND

Datuk Lawai, the Chief of Dayak Ketapang tribe in PT AMNL in West Kalimantan, on the Desa Siaga Api awareness-raising programmes, *"We should never stop talking about the dangers of land and forest fires and how to overcome this. When I return home, I will be able to deliver the right information on land and forest fire prevention and management to my people."*



deforestation and trace the carbon footprint of the palm oil industry. Currently we have identified 21,864 hectares of HCS areas on our existing plantations.

Since our initial development of the HCS Approach, many other stakeholders in the industry, including plantation owners, traders and consumer companies, have adopted the approach. As the HCS Approach becomes more widely adopted, GAR and other stakeholders have focused on ensuring that it is applied

consistently and that there is a practical, scientifically sound basis for identifying HCS forests. We have also sought to develop a framework that engages communities in the classification of HCS areas and the need to conserve them.

Along with other key stakeholders we established an HCS Approach Steering Group to provide oversight and governance as to how the approach is applied. In March 2015, the Steering Group published the first edition of the HCS Approach Toolkit which provides complete technical guidance for implementation, including gaining the consent of local communities for forest conservation, management and conservation. The Toolkit takes HCS practitioners through the process of classifying forests using a combination of satellite images, ground analysis, and integrating HCS with HCV areas and peat lands to produce a conservation plan and land use map. The HCS Approach was initially applied in GAR's PT Kartika Prima Cipta plantation in West Kalimantan and is now being rolled out to our other concessions.

PRESERVING HCV AREAS AND PROTECTING RARE AND ENDANGERED SPECIES (G4-EN14)

HCV areas are areas that have significant biological, ecological, social or cultural value at the national, regional or global level. Our GSEP commits GAR to managing, protecting and not developing the 53,477 hectares of HCV areas that we have identified within our concessions. We work with experts in HCV to continuously improve the way we manage and monitor our HCV areas.

REHABILITATING RIPARIAN ZONES (G4-EN13)

A key element in our management of HCV areas involves the rehabilitation of riparian zones that have previously been cleared or planted. This is part of our commitment under the GSEP. These areas have

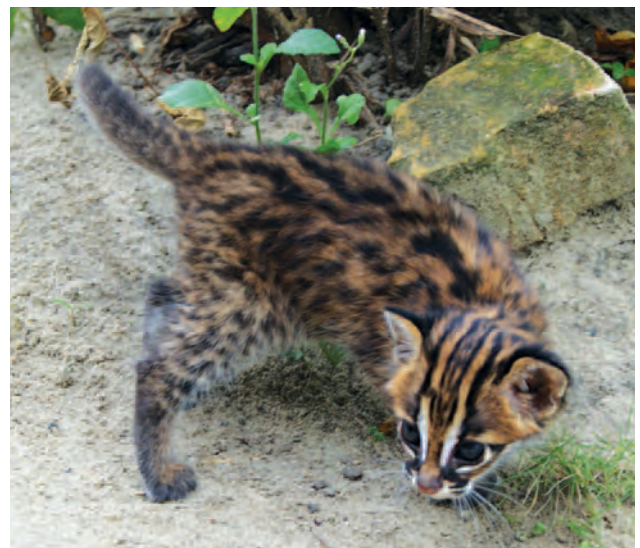
particular ecological importance, providing specific wildlife habitats and playing a key role in water systems and the prevention of soil erosion. In 2015, we started planning rehabilitation activities in 12 plantations in Central Kalimantan and West Kalimantan, covering 2,053 hectares out of the total 8,135 hectares of riparian areas across our plantations. Rehabilitation work is scheduled for 2016 and we will be evaluating the effectiveness of the rehabilitation.

PROTECTING RARE AND ENDANGERED SPECIES: SUPPORTING ORANGUTAN CONSERVATION (G4-EN14)

We have a Zero Tolerance Policy towards the injuring, possessing and killing of rare and endangered wildlife within our plantations and run education programmes for employees, local communities and other relevant stakeholders on the importance of protecting rare and endangered species.



Tyson and Eka released back to the wild in December 2015



Left to right: Two of the threatened species found in our concessions: black-winged Kite (*Elanus caeruleus*) and Leopard Cat (*Felis bengalensis*)

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Through our HCV assessment, we have identified the rare and endangered species within our concessions and the surrounding landscape. Their habitats are classified as HCV areas to be conserved. 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, please see the [GAR Sustainability Dashboard](#).

Summary of Endangered Species (IUCN Red List)

| | | |
|----------------------|-----------------------|----|
| Birds | Near threatened | 15 |
| | Least concern | 61 |
| | Vulnerable | 4 |
| | Critically endangered | 2 |
| Mammals | Data deficient | 1 |
| | Near threatened | 4 |
| | Least concern | 9 |
| | Vulnerable | 9 |
| | Endangered | 6 |
| | Critically endangered | 1 |
| Reptiles | Least concern | 5 |
| | Vulnerable | 2 |
| Plant Species | Least concern | 11 |
| | Vulnerable | 12 |
| | Endangered | 4 |
| | Critically endangered | 16 |

Support for orangutan conservation is a particular focus for GAR. Since 2011, we have partnered with Orangutan Foundation International (OFI) to support the release of wild-born but formerly captive orangutans into their natural habitat in Seruyan Forest. So far, we have released 51 orangutans under the programme, including 11 in 2015. In 2014, we extended the partnership with OFI by three years and we aim to release a total of 100 orangutans by 2017.

Our partnership with OFI also includes training our employees in orangutan conservation. Since the launch of the partnership, we have trained more than 1,000 of our employees working in field operations in Kalimantan, with some now overseeing our biodiversity and conservation efforts. As part of these efforts, we have designated 1,400 hectares of HCV forest in Sungai Rungau, Central Kalimantan as an orangutan sanctuary.

In 2013 and 2014 we conducted surveys of the orangutan population over 1,200 square kilometres

of HCV areas in our plantations in Central Kalimantan. These surveys were able to confirm the availability of food sources and showed a constant population of between nine and 12 orangutans.

ENGAGING THE COMMUNITY IN PARTICIPATORY CONSERVATION (G4-EN12, G4-EN13)

To meet our conservation commitments, we need to engage and involve the communities that live in the area in those efforts. We have carried out intensive engagement with local communities to enable them to understand their role in forest conservation and how it benefits them. One of the ways that GAR is doing this is through Participatory Mapping (PM) exercises. This is carried out in line with FPIC principles. Through PM, GAR and local communities map the land use in its concessions. The mapping allows all stakeholders to identify and designate critical areas for the community such as areas important for food security as well as conservation areas. This spatial plan is recognised formally and lodged with local authorities. The exercise also allows us to involve the community in conservation planning.

For more on participatory conservation see the chapter on "Our Social and Community Engagement".

MEASURING AND MANAGING OUR OPERATIONAL GREENHOUSE GAS EMISSIONS (DMA-Emissions, G4-EN15, G4-EN17)

Our commitments to no development of HCS forests and Zero Burning represent the most significant measures that we can take to reduce the GHG emissions associated with our business. We are also committed to measuring and reducing GHG emissions across every step of our production process.

In 2015 we embarked on a three-year Carbon Footprint Assessment Project to gain a better understanding of the emissions associated with our Indonesian operations and how to reduce them. We commissioned external experts EY to review and verify how we calculate our carbon footprint, identify viable opportunities to reduce emissions and set short, medium and long-term reduction targets for the business.

Carbon Footprint Assessment Project

| Objectives | Timeframe |
|---|-----------|
| Sumatra Region: Verify the calculation of GHG emissions and assess abatement opportunities | 2015 |
| Kalimantan Region: Verify the calculation of GHG emissions and assess abatement opportunities | 2016 |
| Verify the calculation of GHG emissions, assess abatement opportunities, develop emissions baseline and set short, medium and long-term reduction targets | 2017 |



Reducing GHG emissions: a methane capture facility and biogas engine to generate electricity

During the first year of the project, we have focused on the verification of GHG emissions for all our operations in the North Sumatra and Riau regions for CPO, PK and PKO products. This is presented in two charts below.

Verified GHG Emissions for North Sumatra Region in 2015:

| Product | Unit | Verified GHG emissions from plantation and mill | Emissions from Palm Oil Mill Effluent (POME) based on ISCC | Total for North Sumatra |
|----------------------|-----------------------------|---|--|-------------------------|
| Crude Palm Oil (CPO) | kg-CO ₂ eq/t-CPO | 416.00 | 432.53 | 848.53 |
| Palm Kernel (PK) | kg-CO ₂ eq/t-PK | 315.00 | 327.29 | 642.29 |

Verified GHG Emissions for Riau Region in 2015:

| Product | Unit | Verified GHG emissions from plantation and mill | Emissions from Palm Oil Mill Effluent (POME) based on ISCC | Total for Riau |
|-----------------------|-----------------------------|---|--|----------------|
| Crude Palm Oil (CPO) | kg-CO ₂ eq/t-CPO | 475 | 432.68 | 907.68 |
| Palm Kernel (PK) | kg-CO ₂ eq/t-PK | 360 | 319.72 | 679.72 |
| Palm Kernel Oil (PKO) | kg-CO ₂ eq/t-PKO | 550 | 741.75 | 1,291.75 |

Recognising that we produce GHG emissions from our operations, we are continuously looking for ways to reduce emissions using the best available technology. In Sumatra, we have installed a closed biodigester facility (a covered lagoon) to capture methane gas from palm oil mill effluent (POME) at our Sei Pelakar mill, and a tank digester system at our Libo and Ramarama mills. The Sei Pelakar mill biodigester reduced our GHG emissions by nearly 37,000 tonnes CO₂eq in 2015.

We utilise biogas from the methane capture projects for energy by using biogas engines to generate electricity for

the operations in our mills. From now till 2020, we plan to expand our methane capture activities.

MANAGING OUR WATER FOOTPRINT (G4-EN8)

Water is a vital resource for both our business and the communities in our supply chain. It is the main supplementary material used in palm oil production and sustains the lives of our employees, suppliers and the local communities where we operate. We aim to meet all of our water needs through surface water that is processed to meet the quality standards required for the production process and use ground water only in very

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limited quantities in locations where no surface water is available. We continue to improve our water efficiency by recycling and reusing where appropriate in the palm oil production process.

Water consumption (m³ per tonne of CPO produced)

| Year | 2013 | 2014 | 2015 |
|-------------------|------|------|------|
| Water consumption | 3.30 | 3.03 | 3.12 |

We also take steps to minimise any risk of pollution of surface and ground water. We follow land management practices that are designed to reduce these risks – for more details see the section below on “Soil Fertility and Pest Management”.

We aim for continuous improvement in managing our impact on water quality, and this includes measuring the effectiveness of our farming practices in preventing pollution.

WASTE RECYCLING AND REUSE (DMA-Effluents and Waste, G4-EN22, G4-EN23)

GAR’s Zero Waste Policy aims to reuse, recover and recycle. We reuse 100 percent of the solid and liquid waste generated from the CPO production process. Solid waste includes 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 as a source of energy.



All waste from the production process is recycled

The chart below provides the detailed breakdown of the use of our plantation waste as organic fertiliser and fuel in 2015.

| Type of Waste | Total Quantity Produced (tonnes or m ³) | Total Quantity recycled (tonnes or m ³) | Usage |
|---------------|---|---|--------------------|
| Fiber | 1,853,000 | 1,853,000 | Fuel |
| Shell | 850,000 | 850,000 | Fuel |
| EFB | 3,117,000 | 3,117,000 | Organic fertiliser |
| POME | 5,139,000 | 5,139,000 | Organic fertiliser |

EFB

100 percent is applied fresh, or after composting with effluent, in the field as organic fertiliser.

POME

100 percent is applied in the field after traditional anaerobic and aerobic treatment in order 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.

SOIL FERTILITY AND PEST MANAGEMENT (G4-14)

GAR implements best agricultural management practices that maintain and enhance soil fertility through a comprehensive mineral nutrition management plan. The objective is to minimise the quantity of fertiliser applied, whilst maximising yields, reducing the pressure to clear land, as well as reducing the risk of soil degradation as a result of oil palm cultivation.

Our Standard Operating Procedure (SOP) specifies that the use of fertilisers should be tailored to reflect 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 recycle palm fronds and other organic products to increase the fixing capacity of soils.

We follow 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 method 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. Rat control is predominantly managed through barn owls kept in

our plantations; leaf-eating caterpillars are controlled through diversity of flora and encouraging beneficial plants and pheromones are used to control rhinoceros beetles (*Oryctes Rhinoceros*).

MONITORING AND MINIMISING THE USE OF PESTICIDES (G4-EN25)

We aim to minimise pesticide use throughout all growth phases of the palms. We only use chemical fungicides in our nurseries, and only deploy chemical insecticides and rodenticides to control outbreaks of infestation when biological controls have failed. In such cases, these products are used carefully and in compliance with national laws. Most of the pesticides that we use are chemical herbicides for weed control and management. We apply these according to the following strict SOPs:

- Temporal selectivity: applying at specific times and reducing the number of applications to between one and three per year, depending on the type of herbicide
- Spatial selectivity: spraying only the circle of the palms and harvesting path, or about 20 percent of the soil surface
- Product selectivity: choosing only herbicides that are compatible with conserving an understory of plants to cover the soil

In the last two years, we have seen a slight decline in the total amount of pesticides used per hectare as well as per tonne of product. This has been due to favourable field conditions associated with stringent management.

Starting in January 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. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances in ways that do not endanger health or the environment.

Active ingredients in pesticides used in GAR's plantations

| | kg or liter/ha | | |
|------------------------------|----------------|--------------|--------------|
| | 2013 | 2014 | 2015 |
| Acaricides | <0.001 | <0.001 | <0.001 |
| Fungicides* | 0.005 | 0.011 | 0.001 |
| Herbicides | 0.471 | 0.412 | 0.418 |
| including Paraquat | 0.115 | 0.093 | 0.082 |
| Insecticides | 0.005 | 0.017 | 0.012 |
| Rodenticides | 0.001 | 0.004 | 0.006 |
| Total pesticides used | 0.481 | 0.443 | 0.437 |

* used only in nurseries

kg or liter per tonne of CPO produced

| | 2013 | 2014 | 2015 |
|------------------------------|--------------|--------------|--------------|
| Acaricides | <0.001 | <0.001 | <0.001 |
| Fungicides* | <0.001 | 0.002 | <0.001 |
| Herbicides | 0.084 | 0.071 | 0.072 |
| including Paraquat | 0.020 | 0.016 | 0.014 |
| Insecticides | <0.001 | 0.003 | 0.002 |
| Rodenticides | <0.001 | <0.001 | <0.001 |
| Total pesticides used | 0.086 | 0.076 | 0.075 |

* used only in nurseries

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.

Biopesticides used in GAR plantations

| Type of biopesticides | 2013 | 2014 | 2015 |
|------------------------|----------------|----------------|----------------|
| Bacillus thuringiensis | 16 | 680 | 1,760 |
| Cordyceps | 5,943 | 15,723 | 7,966 |
| Mycorhyza | 91,063 | 271,175 | 189,851 |
| Trichoderma | 131,236 | 400,635 | 303,199 |
| Virus | 0 | 35 | 0 |
| Total | 228,258 | 688,248 | 502,776 |

OUR PROPER ACHIEVEMENT (G4-EN25, G4-EN32)

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.

In 2015, 29 of our mills participated in the assessment process for PROPER. Four mills were rated green for exceeding the expected compliance level and 24 mills obtained a blue rating for achieving the regulatory standards. One mill was not given a rating, due to an administrative penalty.

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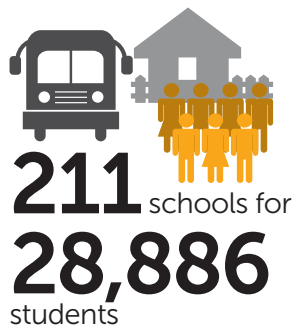
PROPER rating system

| | |
|--------------|---|
| 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 parts of the minimum standard required by regulation. |
| Black | For businesses/activities that do not display significant environmental management effort. |

PROPER Achievement 2013 – 2015

| No | Company | Mill | 2013 | 2014 | 2015 |
|----|-------------------------------|-----------------|-------|------|-------|
| 1 | PT SMART Tbk | Padang Halaban | Green | Blue | Blue |
| 2 | PT SMART Tbk | Batu Ampar | Green | Blue | Green |
| 3 | PT Djuandasawit Lestari | Muara Kandis | Blue | Blue | Green |
| 4 | PT Sumber Indah Perkasa | Sungai Buaya | Blue | Blue | Green |
| 5 | PT Ivo Mas Tunggal | Sam Sam | Blue | Blue | Blue |
| 6 | PT Kresna Duta Agroindo | Jelatang | Red | Blue | Blue |
| 7 | PT Kresna Duta Agroindo | Langling | Red | Blue | Blue |
| 8 | PT Sinar Kencana Inti Perkasa | Sungai Kupang | Green | Blue | Green |
| 9 | PT Tapian Nadenggan | Hanau | Blue | Red | Blue |
| 10 | PT Sumber Indah Perkasa | Sungai Rungau | Blue | Blue | Blue |
| 11 | PT Foresta Lestari Dwikarya | Tanjung Kembiri | Blue | Blue | Blue |
| 12 | PT SMART Tbk | Tanah Laut | Green | Blue | Blue |
| 13 | PT SMART Tbk | Bukit Kapur | Green | Blue | Blue |
| 14 | PT Kresna Duta Agroindo | Pelakar | Red | Blue | Blue |
| 15 | PT MP Leidong West Indonesia | Leidong West | Blue | Blue | Blue |
| 16 | PT Bumi Permai Lestari | Bukit Perak | Blue | Blue | Blue |
| 17 | PT Ramajaya Pramukti | Rama Rama | Blue | Blue | Blue |
| 18 | PT Ivo Mas Tunggal | Libo | Blue | Blue | Blue |
| 19 | PT Ivo Mas Tunggal | Ujung Tanjung | Blue | Blue | Blue |
| 20 | PT Buana Wira Lestari | Kijang | Blue | Blue | Blue |
| 21 | PT Buana Wira Lestari | Nagasakti | Blue | Blue | Blue |
| 22 | PT Buana Wira Lestari | Indrasakti | Blue | Blue | Blue |
| 23 | PT Sumber Indah Perkasa | Sungai Merah | Blue | Blue | Blue |
| 24 | PT Agrolestari Mandiri | Pekawai | Blue | Blue | Blue |
| 25 | PT Sinar Kencana Inti Perkasa | Senakin | Blue | - | - |
| 26 | PT Satya Kisma Usaha | Sungai Bengkal | - | Red | - |
| 27 | PT Tapian Nadenggan | Langga Payung | - | Blue | Blue |
| 28 | PT Sawit Mas Sejahtera | Sungai Kikim | - | Red | Blue |
| 29 | PT Bumi Sawit Permai | Bumi Sawit | - | - | Blue |
| 30 | PT Sawit Mas Sejahtera | Pangkalan Panji | - | - | Blue |

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(DMA-Biodiversity, DMA-Environmental Grievance Mechanisms, DMA-Supplier Human Rights Assessment, G4-2, G4-HR12, G4-EN34)

The cultivation of oil palm brings significant positive impacts for Indonesian society by creating jobs, alleviating poverty, and empowering people to secure a better livelihood for themselves and future generations. At the same time, we recognise the establishment of plantations can create changes for local communities and indigenous people. A key tenet of our sustainability principles centres on ensuring Free, Prior and Informed Consent (FPIC) of these communities before any operations begin. GAR is also committed to improving its processes and procedures with regards to respecting the customary rights of local and indigenous communities.

The active participation and support of these communities is also essential for other aspects of sustainability. We seek to engage local communities in forest conservation, and take an inclusive and collaborative approach to

addressing our sustainability challenges through our participatory conservation approach.

At the same time as ensuring that the development of our industry aligns with the interests of all our communities, we seek to multiply the positive socio-economic impact that palm oil has. We do this by promoting entrepreneur development in and around our concessions and supporting communities in addressing communal needs such as education, energy self-sufficiency, healthcare and disaster relief.

RESPECTING THE RIGHT TO FREE, PRIOR AND INFORMED CONSENT (FPIC) FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES (G4-HR12, G4-EN34)

Our commitment to FPIC is embedded within our GSEP. This applies to every plantation that GAR owns, manages or invests in regardless of the scale of our involvement. It commits us to ensuring that a decision-making process by the indigenous people and local communities is done

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without pressure and intimidation (free), performed before an activity that has impact on the surrounding communities is carried out (prior), and 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).

For land acquisition, the implementation of this policy includes:

- Participatory Mapping and Land Tenure Study of all indigenous peoples and local community lands prior to negotiation
- Social Impact Assessments carried out using participatory methods, the results of which will be publicly available and actively shared with relevant stakeholders
- Engaged and open negotiation processes
- Documented agreements signed by and shared with all relevant parties

The approach aims to protect communities' rights to keep their forests and agricultural lands, and to ensure that food security is never compromised by land being converted for plantations. Before any new development, we assess local communities' food security and ensure that land used for food crops or to fulfil community needs will not be planted on.

When GAR is granted a location permit (Ijin Lokasi) for a concession, we follow a process of socialisation before any development takes place. The socialisation process involves informing communities of the licenses, government and company policies regarding land compensation, development plans, land valuation approach, process of verifying land ownership and requirement for proof of ownership, and procedures for land measurements and compensation.

After the socialisation, we ensure that all communities have understood and accept what the company has communicated, explained and offered during the process. When the necessary due diligence is completed, compensation will be made to those who have accepted the offer. Members of local government document and witness any land transfers that take place.

As part of our commitment to recognising and respecting the rights of indigenous peoples and other local communities, GAR and its CSO partner (LINKS) have developed and trialled a practical guide for FPIC fulfilment on additional plasma development.

PARTICIPATORY APPROACH TO CONSERVATION: ENGAGING THE COMMUNITY IN CONSERVATION PLANNING (G4-EN13)



Participatory Mapping with local communities

ADDRESSING COMMUNITY CONCERNS IN PT KARTIKA PRIMA CIPTA (PT KPC), WEST KALIMANTAN

GAR has continued to make progress on resolving the concerns of the community in PT KPC which involve FPIC issues. The Forest People's Programme (FPP) brought these to GAR's attention and filed a complaint with RSPO in 2014. See latest updates on RSPO website: <http://www.rspo.org/members/complaints/status-of-complaints/view/75>

Throughout 2015, GAR continued public consultations with the communities in PT KPC to address concerns related to land tenure. GAR and FPP have also met

regularly to review progress made on their joint action plan to resolve the case.

In May 2015, the RSPO issued a ruling asking GAR to stop new developments pending resolution of the case. Prior to this, GAR had already suspended all new plantings in November 2014. In mid-2015 following consultations with local communities and to address their wish to participate in the plasma smallholder scheme, GAR applied to the RSPO for plasma development to continue. As of August 2015, the RSPO indicated that GAR could proceed.

Engaging and working with local communities is a key element of our sustainability strategy. Together with our partner TFT, we have developed a process to work with local communities on mapping the customary village boundaries and land use in concession areas. This information will be used to identify natural resources and areas of land that are critical to the community such as food security. For GAR, this also allows us to strengthen the community role in conservation planning and subsequently conservation management. We help them to understand their role in forest conservation and how it benefits them.

The Participatory Mapping (PM) process respects the FPIC rights of communities involved in development and conservation, in compliance with RSPO principles. Our mapping methodology leverages the knowledge of community members, making them key stakeholders in the process.

Through PM, communities identify the areas where they have customary rights and which are important to their livelihoods or cultural needs. These areas are then separated and excluded from plantation development and future conservation efforts following HCV and HCS assessments. Government, communities and companies can then use the maps as a basis for discussion on land use planning.

GAR has an action plan to implement PM throughout its concessions. In 2015, GAR completed PM in nearly 50 villages in seven concessions. As a next stage, we began implementing Participatory Conservation Planning (PCP) to improve micro level land-use planning in the villages. Independent facilitators will help communities tackle the question of securing sufficient land for their food security through PCP.

Looking ahead, we will continue to roll out these participatory approaches in the rest of our concessions. In order to improve the process, we have revised our PM and PCP guidelines and included a Work Instruction that outlines the different responsibilities and tasks. TFT has supported us in this.

Latest updates can be viewed on the [GAR website](#) and [Sustainability Dashboard](#).

In addition, we are working with Ekologika Consultants on trial projects aimed at getting the community involved in jointly managing and monitoring HCV areas in two concessions in West Kalimantan, PT Kartika Prima Cipta and PT Paramitra Internusa Pratama.

RESPONSIBLE HANDLING OF COMPLAINTS AND GRIEVANCES (DMA-Human Rights Grievance Mechanisms, G4-HR12)

In 2015, GAR established a Grievance Procedure to ensure that as a company, we are responsive to any grievances from external parties.

The Grievance Procedure acts a reference point for our management and employees when handling any grievance. It helps us to address a wide range of concerns and covers our worldwide operations and our third-party suppliers.

During 2015, 14 grievances were raised with GAR. Of these, one has been resolved and is considered closed, two have action plans implemented and are being monitored until the grievances are resolved. GAR continues to actively review and work towards a resolution with stakeholders on all other grievances.

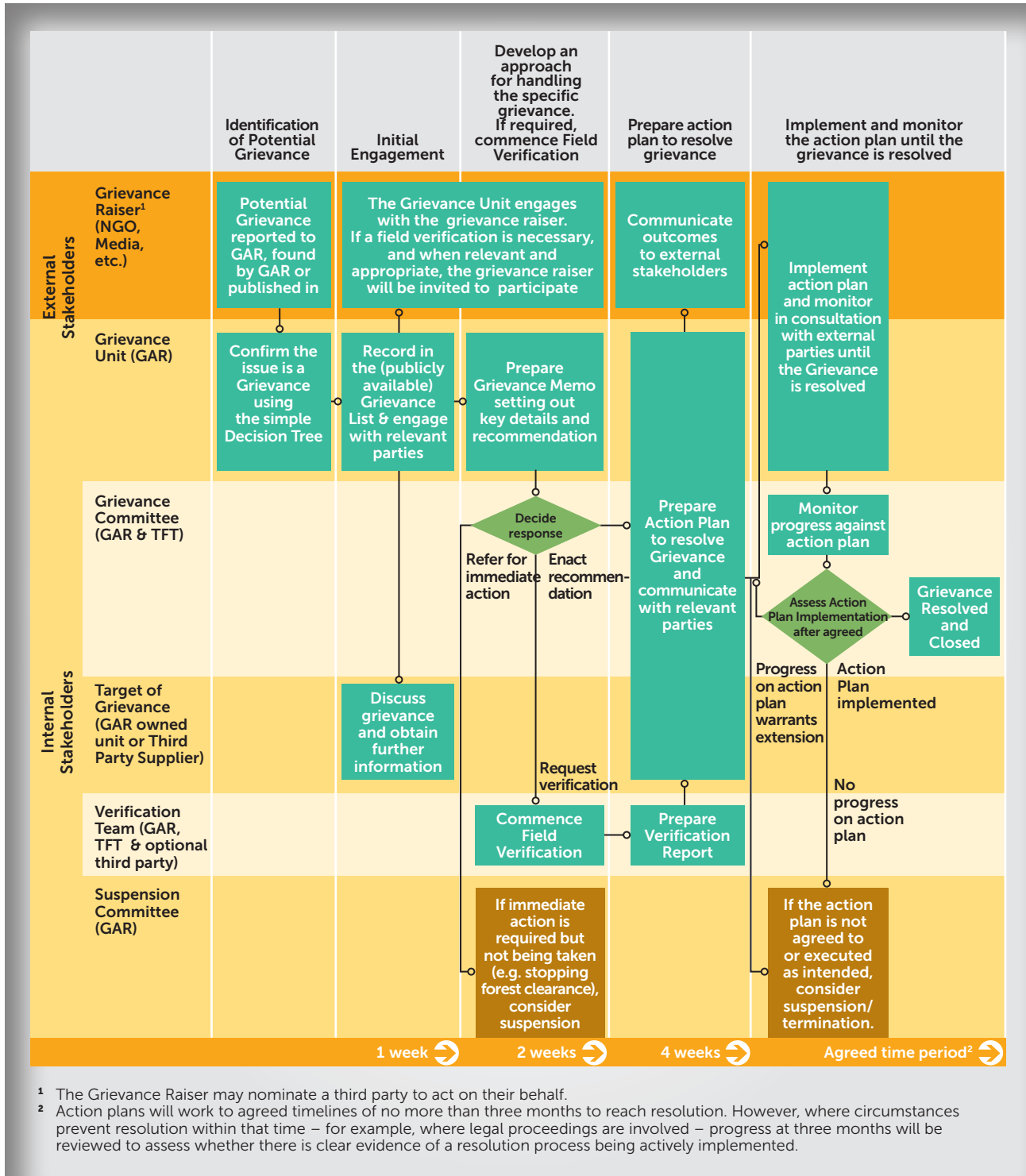
The Grievance List can be viewed on the [GAR Sustainability Dashboard](#).

Participatory Mapping status as of December 2015

| No. | PT | Status | | |
|-----|--|-----------------|---------------------|--------------------------------|
| | | Data Collection | Public Consultation | Share results with Communities |
| 1 | Agrolestari Sentosa (15 villages) | Completed | Completed | Completed |
| 2 | Paramitra Internusa Pratama (4 villages) | Completed | Completed | Completed |
| 3 | Kartika Prima Cipta (10 villages) | Completed | Completed | Completed |
| 4 | Buana Adhitama (12 villages) | Completed | Completed | Completed |
| 5 | Persada Graha Mandiri (4 villages) | Completed | Completed | Completed |
| 6 | Bangun Nusa Mandiri (10 villages) | Completed | Completed | Ongoing |
| 7 | Aditunggal Mahajaya (2 villages) | Completed | Completed | Completed |

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GAR Grievance Procedure



RESPONSIBLE CONFLICT RESOLUTION
 (DMA-Indigenous Rights, G4-HR8, G4-HR11, G4-HR12, G4-SO2)
 Our policies and practices are designed to minimise the likelihood of any conflicts related to our operations. However, when these conflicts do arise, we are committed to working towards a responsible resolution.

We have worked with relevant stakeholders to put in place a balanced, accountable, mutually agreed and documented conflict resolution system that is accessible to smallholders, indigenous peoples, rural communities and other parties potentially affected by our operations.

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.

SUCCESSFULLY RESOLVING SOCIAL CONFLICTS THROUGH COOPERATION AND CONSULTATION

Resolving land tenure issues in Biru Maju

Following intense multi-stakeholder consultations with the community in Biru Maju village in 2014 and 2015 and other relevant stakeholders including the RSPO, a formal agreement on resolving the land tenure issues between Biru Maju and PT Buana Artha Sejahtera (BAS) was signed on 21 April 2016.

Background and action taken

A group from the Biru Maju community had claimed that part of BAS concession overlaps with an Area Penggunaan Lain (APL) or Other Uses Area which they also claim as designated for transmigration purposes.

As detailed in our last Sustainability Report, a Task Force comprising members from the Company, TFT and the NGO LINKS was formed and conducted an assessment of the situation on the ground. The Task Force recommended that BAS partner with Biru Maju community members on a plasma development programme. Many in the community expressed a keen interest in the scheme.

Simultaneously, we also engaged with the local government to resolve this issue. As requested by the village head, the process was also mediated by the Dispute Settlement Facility (DSF) of RSPO. The local government concluded that there was no overlap between the BAS concession and the Biru Maju village boundaries.

In April 2016, Biru Maju as represented by its Village Head, and BAS signed an agreement that the conflict is considered resolved. As part of the agreement, BAS will continue to manage the APL land and help Biru Maju villagers develop plasma plantations.

In July 2016, the RSPO informed GAR that the Complaints Panel agreed that the case had been resolved through bilateral engagement and that it be considered closed.

Mutual cooperation in Jambi leading to successful conflict resolution

Working together with multiple stakeholders, GAR has been able to successfully resolve a case in the village of Karang Mendapo (Karmen) in Jambi which involves SMART subsidiary PT Kresna Duta Agroindo (KDA),

which, in partnership with the Koperasi Tiga Serumpun (KTS), manages plasma plantations of farmers of eight villages under the cooperative credit scheme, Koperasi Kredit Primer Anggota (KKPA).

Background and action taken

The dispute revolves around land and estate management issues. Under the KKPA, smallholders in the KTS cooperative entrusted their land to KDA, which manages the plantations. A bank loan was granted to KTS with KDA as guarantor as per national banking regulations. As part of the plasma partnership, KTS is contractually obliged to sell the fresh fruit bunches (FFB) harvested to KDA. A proportion of the proceeds of the sales would then be used to repay the loan and interest.

In September 2008, a group of villagers from Karmen began to manage the disputed plantations in Karmen and Batu Ampar, a neighbouring village. The group sold the FFB harvested to other mills instead of KDA. As a result, loan and interest payments from the disputed areas was discontinued. Meanwhile, KDA, being the guarantor of the credit facility, continued to service the bank loan and interest. The conflict escalated in January 2011 when a clash between the group of villagers from Karmen and the local police resulted in injuries.

To resolve the matter amicably, SMART engaged TFT to assist in mediation. Following a series of consultations facilitated by TFT, the Karmen leadership, KTS and KDA signed a resolution on 14 October 2011 with an action plan for mutual cooperation. The 12 points of the Agreement included a commitment that all FFB harvested in Karmen would be delivered to KDA, and that a proportion of the revenue received would be used to repay the loan and interest.

Following on from the report in our Sustainability Report 2013, in May 2014, TFT gathered key stakeholders from SMART, KDA, KTS, BPD, Karmen, Batu Ampar, four local NGOs, RSPO and the Sub-District Head or Camat of Pauh to discuss progress on the 12-point Agreement. It was agreed at the meeting that the BPD will set up an institution to manage plasma plantations for the communities in Karmen and ensure continual and, eventually, full delivery of FFB to KDA as committed in the plasma partnership with KTS and KDA. There was a consensus to improve cooperation, communication and transparency amongst the various parties. As of

OUR SOCIAL AND COMMUNITY ENGAGEMENT

August 2014, full delivery of FBB from Karmen to KDA resumed. Bank loan repayments were also resumed.

At the end of 2014, following a decree by the Regent of Sarolangun which defined the boundary between Karmen and Batu Ampar, both communities agreed to accept the official decision.

In the second half of 2015, SMART decided to organise a Focus Group discussion (FGD) on the progress of the 12-point Agreement. The FGD involved KDA, KTS and Village Heads of Karmen and Batu Ampar.

Recommended long-term solutions included the establishment of a local agency that is inclusive,

transparent and accountable which would represent the village. This agency would manage plantation-related work and all issues in the village.

The Dispute Settlement Facility (DSF) of the RSPO facilitated a review meeting involving all relevant parties in February 2016. The RSPO Complaints Panel noted in a letter dated 7 June 2016, that it was satisfied that KDA has carried out its obligations in the 12-point agreement and continues implementation of ongoing actions in Karmen. As such the Panel agreed that the case has been resolved through bilateral engagement and that it should be considered closed.

EMPOWERING COMMUNITIES (DMA-Local Communities, G4-SO1)

GAR seeks to empower communities and multiply the positive impacts of our business through a range of education, healthcare, social and economic empowerment programmes.

1,714 teachers and educate 28,886 students. We also contributed to the building of a new campus for Prasetya Mulya Business School in Western Jakarta.

We ensure that each estate has educational facilities from kindergarten to sixth grade schooling, supporting the Indonesian Ministry of Education's requirement for nine years of compulsory education for every child. We also ensure that each region in which we operate has a junior high school that meets the needs of our employees and local communities.

Children of both permanent employees and casual workers living on our estates receive free education from kindergarten to junior high school and heavily subsidised higher education. Children living around our estates also receive heavily subsidised education at all levels. To further encourage our employees to send their children to school, we provide free school bus services for all students.

During the year, we also donated books, teaching and learning materials to 1,786 students in Central Kalimantan, Jakarta, Riau, South Kalimantan and West Kalimantan. In 2015, the Company started an early childhood education programme together with the Indonesia Heritage Foundation (IHF). The programme involves 18 teachers from 10 schools in Central Kalimantan, Jambi, Riau, South Kalimantan, and West Kalimantan regions.

Other key education programmes supported by GAR include:

- The Sekolah Eka Tjipta programme, a strategic collaboration with Eka Tjipta Foundation to improve the quality of schools on our plantations through innovative teacher training methods and community involvement
- The Rumah Pintar programme, with which we establish community learning centres on our plantations that

VOICES FROM THE GROUND

Dionesia Desiwanti – School teacher, on the improvements in education around PT Kartika Prima Cipta in West Kalimantan:

"I have noticed how the schools have developed and changed (since the palm oil plantation started). The schooling provided previously was limited and there were only a few books available. Now, many facilities have been provided. For me, the most wonderful thing is that every morning I see cheerful children eager to learn."



Education

GAR believes that education is key to breaking the cycle of poverty and unlocking the potential of Indonesia. In 2015, we supported 211 schools ranging from kindergarten to junior high. These schools employ



Providing education for children in our estates

are focused on early childhood education and the education and empowerment of women

- A contribution of more than US\$2.5 million for scholarship programmes in 2015 including Tjipta Pemuda Bangun Palma, SMART Engineer, SMART Diploma, SMART Planters, other programmes through collaboration with the Bandung Institute of Technology and Science (ITSB) and the Eka Tjipta Foundation, as well as contributions to the Singapore University of Technology, the Lee Kuan Yew Scholarship Fund and St Joseph's Institution International Scholarship Fund. We also made contributions to the Peking University Education Foundation (USA) and TsingHua Education Foundation

Assisting the Needy

GAR also collaborates with the Tzu Chi Foundation in our community efforts. Together, we have implemented many successful programmes to assist and enable the needy. Our initiatives in 2015 included:

- Free medical and dental services for approximately 7,800 patients
- Surgery for around 150 patients with conditions such as harelip, hernia and cataracts
- Health education, environmental, and other awareness programmes for approximately 17,000 participants
- Providing support for child health and nutrition (including multivitamins and supplementary feeding) to around 5,500 beneficiaries
- Providing assistance for reconstruction and aid packages including blankets, clothes, beds, carpets and school clothing, for more than 370 victims of forest fire in Central Kalimantan and North Sumatra
- Planting around 3,000 mangroves in riparian zones and mangrove areas as well as medicinal plants

- The sale of more than 414,000 litres of our branded cooking oil at below market prices in impoverished areas

Healthcare

The healthcare facilities that we provide for permanent and casual employees, along with their families, is one of the most important positive impacts that GAR operations have on local communities. Since many of our plantations are in remote areas, the clinics that we establish on our estates have a vital role to play in extending access to healthcare. By the end of 2015, we had 150 plantation polyclinics with inpatient facilities, 26 doctors and 291 paramedics, serving an average of 1,113 patients daily.

Promoting Small and Micro Enterprises

Our operations create a range of entrepreneurial opportunities for the communities around them – and these are an important aspect of the economic impact that GAR has. In remote, rural areas, local entrepreneurs often handle the transportation of palm oil and vehicle repair workshops, gas stations and other automotive businesses, as well as employment opportunities for drivers, technicians and service staff.

We also help empower palm oil smallholders under the plasma scheme, as well as village cooperatives (Koperasi Unit Desa or KUD) and oil palm smallholder cooperatives (Koperasi Petani Sawit or KOPSA).

Providing Infrastructure and Facilities

GAR seeks to support our employees and their communities by helping to build and maintain the infrastructure required for health and wellbeing. We build and maintain roads, bridges and community halls, as well as places of worship such as mosques and churches. We also encourage the formation of co-operatives that can help to make basic necessities more affordable. An important aspect of our support for communities involves providing financial backing for important cultural events such as religious festivals.

Assessing the most important needs for different communities is an important part of our approach. When the community of PT Kartika Prima Cipta identified that they had a pressing need for clean water, we stepped in to support the building of a new clean water system in 2015. For another village in West Kalimantan, a reliable source of electricity was needed and we were able to help procure and install solar panels in order to provide this.

Engaging our employees in the community

An important part of our strategy for developing our people involves encouraging them to get involved in their communities. We encourage employees and tenants at our corporate headquarters in Jakarta and a number of our operating units to participate in regular blood donation drives for the Indonesian Red Cross. More than 2,000 employees did so in 2015. We also encourage our employees to contribute funds regularly to the Tzu Chi Foundation. A dedicated team oversees the distribution and responsible use of these donations.

IMPROVING SUSTAINABILITY THROUGH RESEARCH AND DEVELOPMENT

IMPROVING SUSTAINABILITY THROUGH RESEARCH AND DEVELOPMENT (G4-EN31)

Using technology and R&D to improve yields and agricultural practices is one of the core tenets of our sustainability policy. GAR launched its Yield Improvement Policy in 2012 which has now been integrated into the GSEP. By improving productivity and yields, GAR can produce more palm oil using less land. GAR can also share this expertise with others in the industry, especially smallholders.

In 2014 and 2015 GAR spent US\$13.64 million and US\$8.37 million on its R&D activities for both upstream and downstream businesses.

THE SMART RESEARCH INSTITUTE (SMARTRI) (G4-15)

As at end 2015, our research arm, SMARTRI employed around 80 graduate researchers in the main research station in Libo, in Riau, Sumatra as well as in our research substations in GAR's plantations. SMARTRI focuses on supporting GAR's sustainable palm oil production through innovation, developing best practices and an improved oil palm breeding programme.

SMARTRI conducts research in:

- Agronomy, which includes oil palm tree mineral nutrition, water management, soil fertility, eco-physiology studies, and the development of sustainable cultivation practices

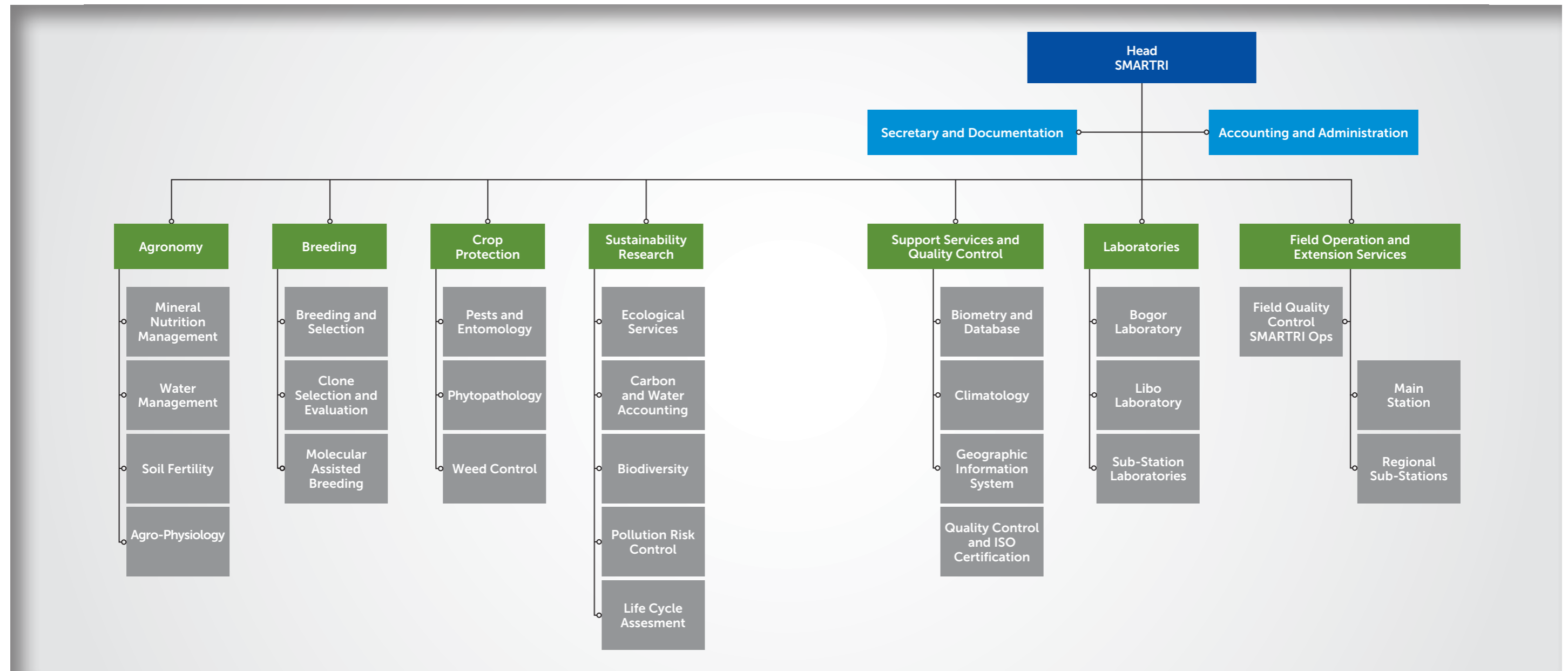
- Breeding, namely the continuous improvement of the oil palm tree through a conventional selection programme, and more recently through assisted molecular breeding.³ The development of tissue culture also contributes to improving yields
- Crop protection, predominantly through an Integrated Pest Management (IPM) approach

- Sustainability, including the development of methodologies and tools to assess the environmental impact of our field practices, and the development and testing of more sustainable agricultural practices. We also conduct studies on ecosystem services

SMARTRI has been ISO 9001:2008 certified for its quality management system in 2003 and accredited with ISO 17025 for its analytical laboratory in 2005. Our research activities are managed by seven departments

³ Molecular marker assisted selection does not involve the insertion of targeted genes from one species to another as practiced in genetic engineering techniques

Structure of SMARTRI



IMPROVING SUSTAINABILITY THROUGH RESEARCH AND DEVELOPMENT

YIELD IMPROVEMENT THROUGH R&D

In the palm oil industry, the quality of planting material is recognised as the most critical factor in maximising yields. GAR has been using its proprietary high-yielding Dami Mas seeds in new plantings and replantings since 2002. The Dami Mas seeds were developed through stringent and robust breeding experiments conducted by SMARTRI. Producing our own seeds also provides seed security and genetic purity in our seed supply.

In 2015, GAR maintained its high yielding performance with average CPO yield across all nucleus estates of 4.94 tonnes per hectare, which was above the national average of 3.87 tonnes per hectare. Furthermore, GAR has achieved average CPO yield of 5.44 tonnes per hectare in 2015 from nucleus estates at prime age (7 – 18 years).

Besides working on improving the yield potential of seeds, SMARTRI also conducts research into disease resistance. In South East Asia, *Ganoderma boninense*, a disease caused by fungus in the soil affects our plantations. To tackle this SMARTRI has screened more than 1,700 progenies over the past seven years, and identified several of them as having a relatively high resistance to *Ganoderma* disease. Based on these results, two of our proprietary Dami Mas seed families have been officially registered by Indonesian authorities and can now be commercially distributed to plantations. This will help the industry reduce the loss of oil palm trees. We estimate that these seeds have a 14 to 18 percent improved resistance to the disease. They are also among our high-yield potential seeds.

We are also collaborating internationally to increase productivity. GAR is an active participant in the Oil Palm Genome Project, a worldwide initiative by a consortium of 16 reputable research organisations from seven countries. The project uses molecular



Using R&D to support sustainable practices

biology as a tool to support conventional breeding. The main objective is to map the entire genome spectrum of oil palm varieties, including identification of specific traits such as disease resistance, drought tolerance, superior quality oil and high yield. We have a dedicated team in our biotechnology division and our staff has been involved in related research activities in Spain and France. The third phase of the project began in 2015 and is expected to bring results in the coming years.

ICOPE 2016: SUSTAINABLE PALM OIL AND CLIMATE CHANGE: THE WAY FORWARD THROUGH MITIGATION AND ADAPTATION

Following on from the historic COP21 meeting in Paris in December 2015 which reached a global consensus on reducing emissions, the fifth International Conference on Oil Palm and Environment (ICOPE) focused on offering scientifically-based innovations in the palm oil industry to mitigate climate change.

Organised by PT SMART and SMARTRI, in partnership with WWF and CIRAD, ICOPE 2016 was held in Bali from the 16 – 18th of March 2016. Over 400 participants from 18 countries including leading international environmental scientists, senior government officials,

civil society and industry representatives, senior researchers and academia attended the biennial event.

In light of increasingly severe weather phenomena such as the El Niño of 2015 which contributed to the haze crisis in Southeast Asia, ICOPE delegates attended a special panel session on adapting to and minimising the fallout from El Niño. Delegates also addressed topics ranging from reducing emissions through forest conservation, increasing carbon fixation and supporting smallholders in mitigating and adapting to climate change.

COLLABORATION WITH FOREIGN UNIVERSITIES
(G4-16)

In 2012, SMARTRI, in collaboration with the University of Cambridge, UK, implemented the Biodiversity Ecosystem and Function in Tropical Agriculture project (BEFTA) in Sumatra.

The BEFTA Project investigates the role of local habitat complexity in supporting biodiversity, ecosystem functioning and crop productivity within oil palm plantations. The project aims to manipulate the understory and epiphyte complexity within the oil palm landscape to assess the potential of biodiversity-friendly management to enhance biodiversity, ecosystem services and crop production. The project also aims to develop and assess the potential of key taxonomic groups for biodiversity monitoring protocols. The goal is to provide practical solutions for improved biodiversity management and sustainable production.

CARBON CYCLE IN OIL PALM PLANTATION: BETWEEN 35 AND 42 TONNES OF CARBON DIOXIDE FIXED IN EACH HECTARE EVERY YEAR

Agricultural activities, including oil palm cultivation, result in a modification of the carbon balance through emission of carbon dioxide and other greenhouse gases. Globally, agriculture contributes around 25 percent of total GHG. It also has the ability to fix carbon in vegetation and fruit biomass as well as in soil, as organic matter, which can help mitigate climate change.

In order to quantify the situation in oil palm cultivation, we have carried out more than four years of continuous recording of carbon dioxide balance. The results confirm that the oil palm agro-system can absorb a significant quantity of carbon, reaching between 35 and 42 tonnes of CO₂ per hectare, per year and can therefore contribute to mitigation of climate change.

These numbers have been recorded through special micrometeorology devices (Eddy covariance system) installed on towers high above the canopy of plantations. Measurements of carbon dioxide flux are done continuously with 10 records per second.

GAR is the first private company using this high-tech methodology to monitor oil palm cultivation carbon balance.

SOIL FERTILITY: MINIMISING NUTRIENT, SOIL, AND WATER LOSSES THROUGH BEST PRACTICES OF SOIL VEGETATION COVER

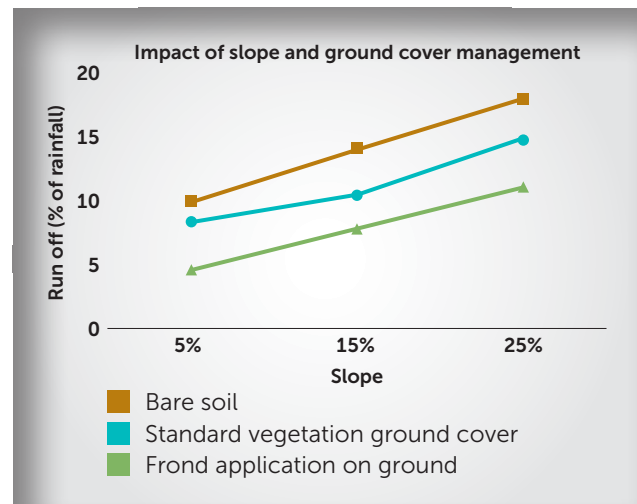
In the last sustainability report, we described nutrient, soil and water losses which showed the importance of good vegetation soil cover management. We have started research to devise best practices to further reduce these losses, improve fertiliser-nutrient and rainfall efficiency, while conserving our soils from erosion.

Our findings show that regular distribution of part of the oil palm frond on the ground, pruned during harvesting or

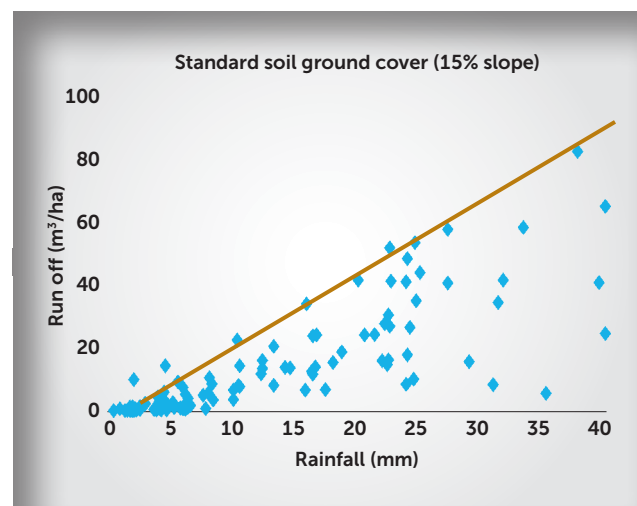
pruning, reduces run-off by 25 to 65 percent. In addition the results show that water run-off was less sensitive to small rain showers, as well as to the slope degree.

Similarly, soil losses could be reduced by 63 to 70 percent, while nitrogen losses by 29 to 40 percent, depending on the slope.

Rain water run-off in plantation

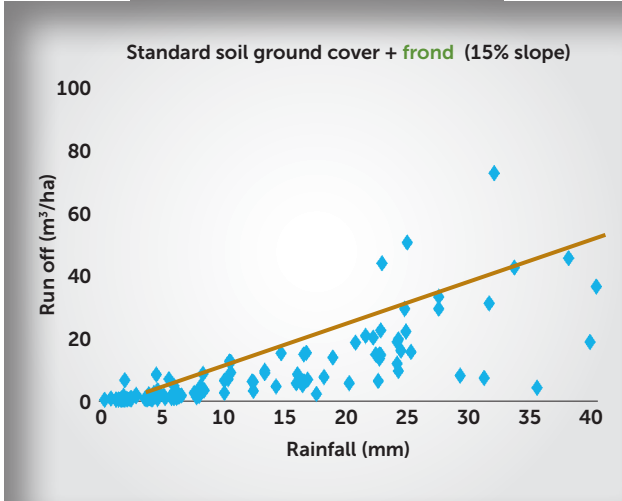


Rain water run-off on 15 percent slope terrain

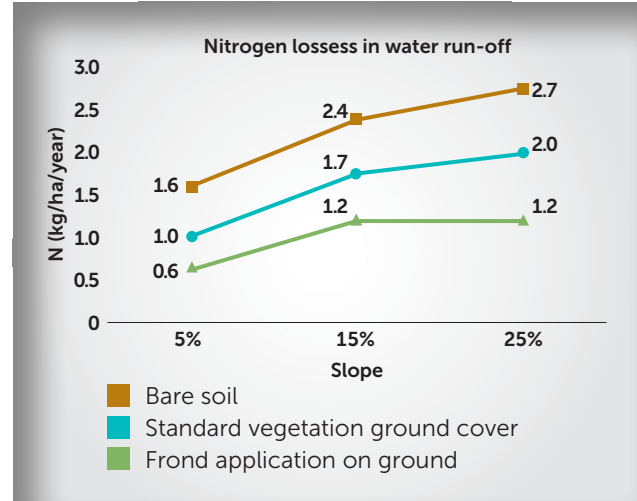


• • • IMPROVING SUSTAINABILITY THROUGH RESEARCH AND DEVELOPMENT

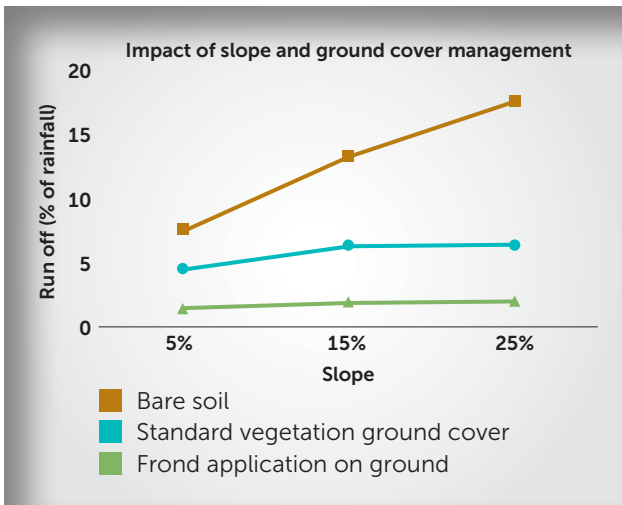
Rain water run-off on 15 percent slope terrain with regular frond application on the ground. Run-off is significantly reduced



Losses of nitrogen in rain water run-off: comparison of various agronomy practices on different slope terrain



Losses of soil on slopes: comparison of various agronomy practices on different slope terrain



Maintaining a good level of vegetation ground cover is also useful for identifying deficiencies in soil nutrients. We have previously carried out a survey in a plantation of 3,500 hectares in Sumatra, Indonesia which identified nearly 190 species of vascular weeds. We recently found that three species of *Pteridophyta*, one species of *Monocotyledones* and one species of *Dicotyledones* were good indicators of low phosphorus levels in the soil, showing a higher requirement for phosphate fertiliser in these fields.

OUR SUPPLIERS

OUR SUPPLIERS (G4-12, G4-DMA* on Supplier Environmental Assessment, Supplier Assessment for Labour Practices, Supplier Human Rights Assessment and Supplier Assessment for Impacts on Society, G4-EN32, G4-EN33)

Building a sustainable palm oil industry requires the active engagement and collaboration of our supply chain. It is through such engagement that we are able to promote inclusive economic growth while ensuring protection for the environment. This is why GAR took the decision in 2014 to extend our sustainability policies to cover our entire supply chain. We have made it a priority to ensure traceability and transparency within our supply chain, and to engage all our suppliers on our sustainability commitments.

The journey that we are taking with our suppliers involves mapping our supply chain to ensure traceability and leveraging this increased understanding to help support them as they move towards compliance with the GSEP. We underpin every stage of our engagement with fair and ethical treatment for all.

GAR'S SUPPLY CHAIN

GAR's overall procurement spend in the rural areas of Indonesia in 2015 was US\$556.84 million. This amount does not include the procurement of CPO and PK. Our upstream suppliers represent the largest proportion of this procurement. They include smallholder farmers and small, local businesses. Excluding FFB providers, it involved almost 10,000 local suppliers. In addition we also work with larger, medium-sized businesses that support the finishing of products for the bulk and consumer markets.

Our spending with suppliers, especially smallholders, generates a positive economic impact particularly in the less-developed rural regions in Sumatra, Kalimantan and Papua, where the majority of our suppliers are based. In 2015, we spent US\$303.15 million on procuring FFB from suppliers including smallholders.



GAR procured over seven million tonnes of CPO and PK for its downstream facilities in 2015

MAPPING OUR SUPPLY CHAIN – ACHIEVING FULL TRACEABILITY

Mapping our supply chain is a key step in engaging all of our suppliers on sustainability. We see a clear industry trend towards buyers wanting more information about the impact of the palm oil they purchase. By tracing where all of the elements of our products come from, how they are sourced, and what the impact of that sourcing is, we can provide customers and consumers with clearer information, enabling them to choose sustainable palm oil products with confidence.

Due to the fragmented nature of our industry's upstream supply chain, achieving full traceability of our supply chain is a complex endeavour. The Indonesian palm oil industry includes more than two million smallholder farmers who cultivate more than 40 percent of the plantations in the country. We are committed to identifying all of the smallholder farmers supplying GAR and engaging them in our sustainability journey. However, the effort involved in mapping our supply chain down to the individual farmer will be enormous – and the process will inevitably take time.

In 2015 we completed an important first step: a major exercise to map and verify our supply chain upstream as far as the mills that supply our refineries and kernel crushing plants. We identified a total of 489 mills that supply GAR, of which 44 are owned and operated by ourselves and 445 are independent. Between them, these mills supplied our eight downstream locations in Indonesia with over seven million tonnes of CPO and PK during 2015.

Mapping our mills creates valuable opportunities to support our suppliers in adopting more responsible social and environmental practices. We have checked the location of our supplier mills against maps of HCV areas and HCS forest, as well as other areas such as peat land and important wildlife habitats. We prioritise visiting suppliers in these sensitive areas with TFT, in order to better understand what they are doing on the ground and to stand ready to offer support if required to improve social and environmental practices.

Engaging with all of our mills also provides us with a valuable foundation for extending traceability upstream to all of the plantations supplying palm oil FFB. We have developed a four year plan to trace our palm oil supply all the way to the point of origin at the growers' plantations. Our objective is to achieve 100 percent traceability for GAR-owned mills by end-2017 and full traceability for independent mills by 2020.

Quarterly progress reports and other details on traceability can be found on the [GAR Sustainability Dashboard](#).

* The DMAs listed here are detailed in the GSEP

• • • OUR SUPPLIERS

ENGAGING SUPPLIERS ON SUSTAINABILITY

We see our suppliers as important partners and we are focused on bringing them along with us on our sustainability journey. During 2015, GAR and TFT visited seven mills, and we plan to visit a further 26 mills during 2016. These site visits enable us to assess the situation on the ground with our suppliers, hear about the challenges that they face in applying sustainability practices, and share our own experiences in adopting the GSEP. The visits also enable us to identify key supplier issues whether specific or systemic that need to be addressed. Workshops and training sessions are being planned for our supplier mills. We are also working with our supplier mills on the next step of mapping our supply chain to the plantation.

HELPING SMALLHOLDERS INCREASE PRODUCTIVITY WHILE REDUCING IMPACT ON THE ENVIRONMENT

GAR has been supportive of the plasma scheme since 1990 and has approximately 67,000 smallholders in Indonesia. Our smallholders supplied about 22 percent of our total intake of FFB in 2015.

While the Company does not own the plasma plantations, they are very closely integrated into our management system and we take the lead in promoting their success and productivity. In 2015, our smallholders achieved a CPO yield of around 4.9 tonnes per hectare, which is among the highest in the industry in Indonesia.

We support and advise our plasma smallholders by supplying them high-yielding seeds and good quality fertilisers. In addition the Company provides them a high level of extension services, ensuring knowledge transfer and capacity building.

For instance, the SMART Research Institute (SMARTRI) has been offering them recommendations regarding the mineral nutrition management of the palms. In 2014 and 2015, SMARTRI organised training sessions on best management practices in crop protection and mineral nutrition management (including optimal fertiliser usage) for 442 farmers, who in turn can disseminate such knowledge to their neighbours. By helping them improve their practices in these areas, we seek to increase the productivity of the palm trees, whilst reducing the impact of palm oil production on the environment.

We also help them improve their knowledge regarding the potential of an Integrated Pest Management (IPM) approach which helps to minimise crop losses due to pest and diseases while reducing the use of pesticides. IPM involves monitoring the condition of palm trees in relation to the population of main pests such as rats and leaf-eating caterpillars, and the implementation of biological control of these pests using barn owls and beneficial plants.

The smallholders are also briefed on the negative impact of the overuse of herbicides, such as lower soil and water quality, as well as the loss of soil nutrients as a result of run-off and erosion. Training on fertiliser usage

is aimed at ensuring that the farmers are able to choose the appropriate type and quantity of fertilisers to use, as well as techniques to ensure their uniform application in the field. They are also taught how to time the use of fertilisers optimally, and to take into consideration weather conditions in their use.

Apart from the sharing of knowledge, smallholders who attended the session also took home young beneficial plants for planting in their own plots.

INNOVATIVE FINANCING TO SUPPORT SUSTAINABLE FARMING PRACTICES (G4-EC1)

In addition to helping our plasma smallholders, GAR is actively involved in helping independent smallholders.

To boost the productivity of one million independent palm oil smallholders in Indonesia, the Indonesian Chamber of Commerce and Industry (KADIN) initiated an Innovative Financing Scheme which was formally endorsed by the Government of Indonesia in 2014.

Through the scheme, independent farmers are able to secure loans with affordable interest rates through cooperatives to fund their replanting. This financial support will help to sustain the living expenses of these smallholders in the initial four years before the oil palms reach maturity. The goal of the scheme is to increase smallholders' annual CPO yield from the current two to three tonnes per hectare to five to six tonnes per hectare. This could help avoid opening additional land for palm oil development, through the use of high-yielding certified seeds and implementation of best agronomy practices by the farmers.

VOICES FROM THE GROUND

Jeffrey H. Noer Regent of Kampar District, Riau on the Innovative Financing Scheme:

"There are about 600,000 hectares of palm oil plantations in Kampar and the majority of trees need to be replaced urgently. If it is not done, our farmers will lose their source of income. GAR/PT SMART has provided a lifeline for communities in the area, enabling the replanting of the palm oil estates."



VOICES FROM THE GROUND

Suherpan, an independent smallholder from Petapahan village, Riau on the benefits of the Innovative Financing Scheme:

"I know that the seeds in my plantation are certified seeds; I can get a good price for my palm oil FFB and my planation is well managed under the Scheme. Since I joined this programme, my family's welfare has improved. I went on Haj, and now I have my own house, my own car and I can provide my kids with the education that my wife and I have always dreamt of."



In December 2014, GAR successfully assisted independent farmers to secure a loan facility of US\$3.59 million from a state-owned bank to replant 500 hectares. The replanting process started in June 2015. As at end-2015, GAR had succeeded in inviting 270 farmers to participate in the scheme.

GAR will continue to assist farmers to obtain loans. GAR has also pledged to support farmer estate development by supplying farmers with high-yielding certified seeds and good quality fertilisers as well as ensuring knowledge transfer and capacity building.

PROMOTING GSEP COMPLIANCE (G4-EN32, G4-LA14, G4-HR10, G4-SO9, DMA-Supplier Assessment for Impacts on Society, DMA-Supplier Environmental Assessment, DMA-Human Rights Assessment, DMA-Supplier Assessment for Labour Practices)

We require all our suppliers, both new and existing, to comply with our sustainability policy as a prerequisite to doing business with us. We will review our business dealings with any supplier that we find to be in breach of the GSEP, including our commitments to no development of HCS forests, Zero Burning, the protection of HCV areas, and our social commitments related to community relations and labour practices. At the same time we recognise that some suppliers will need time to comply with our policy requirements. We engage with suppliers directly to help them take remedial, time-bound actions and correct any non-compliance.

We have a robust due diligence system and do not knowingly source from any suppliers who refuse to

comply with the GSEP. During 2014 and 2015, 233 new suppliers submitted Codes of Conduct demonstrating their compliance with our sustainability policy and during 2015 we audited 85 of these suppliers.

We operate a transparent and accountable system where stakeholders can inform us of issues within our supply chain using our grievance process which is documented on the [GAR Sustainability Dashboard](#), allowing us to respond in a timely and transparent manner.

SUPPORTING COMPLIANCE WITH LAWS AND REGULATIONS

GAR also provides guidance and advice on invoicing, proper documentation and tax compliance for our suppliers. We conduct training on Indonesian tax requirements and encourage suppliers and contractors to register for tax when required. We assign employees to work with our local contractors and ensure that they prepare their invoices properly, avoiding the risk of non-compliance and ensuring that there are no delays in payment.

We audit certain categories of suppliers, especially those supplying packaging and raw materials for our products, to ensure that they comply with food safety standards. Any supplier that breaches Indonesian law, including those pertaining to health and safety, will have their contract terminated immediately. A link to our [Supplier Code of Conduct](#) is included in all purchase orders.

ENSURING FAIR TREATMENT OF SUPPLIERS (G4-12)

We choose our suppliers in an open and transparent manner. We require that all potential suppliers meet the same basic legal and commercial requirements, complying with tax regulations and the law, and holding a Certification of Competence for the type of business they are conducting. We then conduct a transparent procurement process with at least three qualified suppliers invited to tender for purchases. A Tender Committee makes the decision to award the contract based on price, quality and delivery capacity. The committee includes representatives from Central Procurement and the Business Control Division, as well as the relevant operating unit.

We seek to treat our suppliers fairly and ethically, particularly with respect to the prompt payment of bills. Unless otherwise agreed, our payment terms are within 30 days of receipt of a complete and proper invoice. When suppliers present invoices at our head office, we check for completeness and accuracy, so that the supplier can make the necessary corrections promptly and resubmit the documents. Our downstream business has implemented a "One-Day Service" to notify suppliers within 24 hours if their invoice is incomplete or inaccurate. This demonstrates our commitment to pay our suppliers on time and their importance to our business.

We understand that some of our small suppliers in rural areas face challenges in managing their cash flow. To help them, we grant cash advances and expedite payments on a case-by-case basis.

OUR EMPLOYEES

OUR EMPLOYEES (DMA-Employment)

Much of the positive economic impact from our business in Indonesia and elsewhere comes from the employment opportunities that we offer. We are committed to providing equal employment opportunities where possible, treating our employees fairly and maintaining positive working relationships. We invest in training and developing our people, support their health and welfare, and equip them with the skills they need to carry out their work safely and well. We strive for continuous improvement in creating a safer workplace for all.

In 2015, we adopted our new corporate culture, centred on the four pillars of Performance, Collaboration, Ownership and People. These principles are now integrated into our performance management system, internal meetings, and employee awareness campaigns.

OUR IMPACT AS AN EMPLOYER (G4-2, G4-10)

The palm oil industry has a significant positive impact on employment especially in rural areas in Indonesia.

Within Indonesia, GAR provides employment for 174,000 people, of which 49,000 are direct employees, 58,000 are casual workers and 67,000 are plasma smallholders⁴. The casual worker scheme offers flexibility due to the seasonal nature of oil palm cultivation. This enables casual workers to earn extra income whilst still allowing them to tend to their own farmland or other personal responsibilities.

VOICES FROM THE GROUND

Thomas Mulyadi – Plasma Smallholder and Foreman on how his standard of living has improved due to palm oil development in PT Kartika Prima Cipta in West Kalimantan:

"Before the palm oil plantation, I did not have my own house and I was in a difficult situation. When I started working as a palm oil smallholder and foreman, I finally had enough money to build my own house and start my own small shop."



⁴ Plasma scheme smallholders are bound by a contract or credit agreement to a particular mill or estate owned by a company. At GAR, the plasma smallholder plantations are organised, supervised or directly managed by our managers.

ENSURING RESPONSIBLE EMPLOYMENT PRACTICES

(DMA-Labour/Management Relations, G4-11, G4-15, G4-LA2)

We comply with all employment laws that apply to the countries in which we operate. The Indonesian labour laws that we comply with cover issues such as freedom of association for our employees, decent pay and working hours, non-discrimination and elimination of child or forced labour. Where relevant legal frameworks do not exist, we strive to follow international best practice on employment and workers' rights. In this regard, we recognise and respect the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Our HR policies commit us to providing all of our workers (including contract, temporary, casual and migrant workers) with clear access to remedy, and an accountable grievance mechanism. These policies are also part of the GSEP.

Through our subsidiary, SMART, we are a signatory to the UN Global Compact and are committed to upholding its ten principles which include human rights and labour standards. GAR is an equal opportunities employer, and we ban discrimination based on gender, race, sexual orientation, national origin, religion, disability, union membership and political affiliation. Our commitment to fair labour practices is a key focus of our employee handbook. No incidents of discrimination or abuse were reported in either 2014 or 2015.

We do not require our employees to deposit identity papers or money as a condition of their employment with us, and all employees enter employment freely. Some employees join through pre-employment training or education programmes paid for fully by GAR when they agree to work for the company upon completion of the training programme. The conditions for training are explained thoroughly to potential candidates. Upon graduation, candidates are assigned to different estates or mills throughout Indonesia and earn an income without any salary being deducted for the training we provided.

FREEDOM OF ASSOCIATION AND TRADE UNION MEMBERSHIP (G4-11, G4-15)

Freedom of association is mandated by Indonesian Law and Regulation No. 21/ 2000 on Trade/ Labour Unions and is in line with International Labour Organization Convention No. 98 on the freedom of organisation and collective bargaining. In 2015, there were 168 Labour Unions representing 40,638 non-management employees (82.3 percent) across our plantations in Indonesia. We seek to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace. Each of our units has union representatives, elected by members, who meet with local management representatives regularly in bipartite forums, to discuss and resolve issues.

GUARDING AGAINST CHILD LABOUR (DMA-Child Labour, G4-HR5)

The minimum age for employment in GAR in any capacity is 18 years. We oppose all forms of child labour and

rigorously enforce these principles at all plantations, mills and other places of work. To ensure adherence to these policies, our recruitment officers check identification cards against prospective employees' school records.

EMPOWERING WOMEN (DMA-Employment, G4-10, G4-LA1, G4-LA12)

We actively promote the employment of women at GAR. We recognise that some work on our plantations is potentially more suitable for men due to the heavy physical nature of the tasks. While male workers perform tasks including harvesting fresh fruit bunches and carrying them to trucks for transport to the mills, women are assigned work including weeding and collecting loose fruits that have fallen on the ground. We provide day care centres at all of our operating sites to support our female employees and their children.

Our Standard Operating Procedure (SOP) includes a clear anti-sexual harassment policy that is designed to protect our female employees. As part of the implementation of the SOP, we train all of our estate and mill workers on appropriate behaviour, socialising our anti-harassment policy. We have established gender committees which include representatives from labour unions and management, to promote female participation and advancement in the workplace, handle sexual harassment complaints and provide support for victims. When a harassment case is reported, informally or formally, the relevant committee investigates to determine if further sanctions are needed or if law enforcement action needs to be taken.

Workforce in Indonesia (excluding smallholders)

| | 2014 | | 2015 | |
|-----------------|----------------|---------------|----------------|----------------|
| | Men | Women | Men | Women |
| Permanent Staff | 43,301 (87.3%) | 6,295 (12.7%) | 43,151 (87.3%) | 6,235 (12.7%) |
| Casual Workers | 36,879 (56%) | 28,990 (44%) | 32,447 (55.5%) | 26,024 (44.5%) |
| Managers | 698 (81.5%) | 158 (18.5%) | 733 (81%) | 171 (19%) |

Workforce in Singapore

| | 2014 | | 2015 | |
|-----------|-------------|-------------|-------------|-------------|
| | Men | Women | Men | Women |
| Employees | 133 (55.9%) | 105 (44.1%) | 127 (53.1%) | 112 (46.9%) |
| Managers | 83 (68.6%) | 38 (31.4%) | 80 (68.4%) | 37 (31.6%) |

Workforce in China

| | 2014 | | 2015 | |
|-----------|---------------|---------------|-------------|-------------|
| | Men | Women | Men | Women |
| Employees | 2,260 (49.7%) | 2,283 (50.3%) | 1,829 (50%) | 1,828 (50%) |
| Managers | 147 (68.6%) | 60 (31.4%) | 128 (54.7%) | 106 (45.3%) |

PAYING FAIR WAGES AND EMPLOYEE BENEFITS

(DMA-Equal Remuneration for Women and Men, G4-LA13, G4-SO1)

All employees of GAR, including both permanent and casual workers, receive at least the minimum wage for their province, in addition to a range of additional benefits.

Minimum wages in Indonesia are set by provincial and district authorities, which check the local prices of goods and services and the amount therefore required for living. The relative living standards of our employees and casual workers are shown in the chart below.

GAR Employee's daily average wages against minimum wage set by local government

| | 2014 | 2015 |
|--|---------|---------|
| Average daily wages of GAR's Permanent workers | US\$5.6 | US\$6.1 |
| Average daily wages of GAR's Casual workers | US\$5.3 | US\$5.8 |
| Average daily minimum wage set by local government | US\$5.2 | US\$5.7 |

OUR EMPLOYEES

Permanent workers on our plantations earned approximately US\$6.1 per day in wages, excluding incentive and non-cash benefits in 2015. Through incentives, our employees have the opportunity to earn progressively higher incomes depending on skill level and productivity. In addition, permanent workers receive free healthcare for themselves and family, company housing, water, electricity and free education for their children from kindergarten to junior high.

Our casual workers are paid around US\$5.8 per day on average in 2015. Although they do not receive all of the benefits of permanent employees, they do receive free medical services at our polyclinics and their children are able to learn at our estate schools.

CREATING A SAFE AND HEALTHY WORKPLACE (DMA-Occupational Health and Safety, G4-LA5)

We are committed to continuous improvement in our Occupational Health and Safety (OHS) performance, in accordance with the Government Regulation Number 50/2012 regarding Health and Safety Management System. We are committed to keeping pace with best practice, new technologies and scientific advances in order to ensure the wellbeing of our employees.

In November 2013, we launched a new Health and Safety policy that reinforces our commitment to promoting a safer workplace:

- Creating awareness on health and safety management amongst our staff and related stakeholders
- Ensuring compliance with government regulations and related guidelines
- Adopting health and safety practices as part of the GAR's operating procedures
- Identifying and managing operational risks to prevent and reduce work-related accidents or illness
- Regular monitoring and evaluation to continually improve our OHS performance

We currently have nearly 530 dedicated OHS experts within our workforce and conduct periodic training for all employees in accordance with national regulations. In 2014 and 2015, 6,890 of our downstream employees received OHS training.

Each of our units has an OHS Supervisory Committee, which promotes co-operation between GAR and its employees on OHS management and complies with Law No. 1 of 1970 on Occupational Safety. On average, the committees for our plantations and mills have 40 members, 60 percent of which are employees.

Our Indonesian operations under SMART holds the SMK3 OHS management system certification, in recognition of good OHS management and implementation. In

total, 15 of our mills and one estate currently hold SMK3 certification.

MONITORING THE FREQUENCY AND SEVERITY OF ACCIDENTS (G4-LA6)

Reducing the Frequency Rate (FR) and Severity Rate (SR) of accidents at our sites is a key objective of our OHS programme. FR refers to the number of accidents in one million hours of work, while the SR is the number of workdays lost in one million hours of work within the year. The SR illustrates the extent of safety problems by highlighting how critical each injury and illness is.

In 2014, the FR of work-related accidents remained within the range of 6.77, which translates to approximately seven accidents per million man-hours worked. During January – December 2014, 1,309 accidents were recorded.

In 2015, the FR of work-related accidents remained within the range of 5.59 in 2015, which translates to approximately six accidents per million man-hours worked. During January – December 2015, 1010 accidents were recorded.

We recorded an average SR in 2014 of 223.00 lost workdays per million man-hours worked.

In 2015, the average SR was 219.55 lost workdays per million man-hours worked.

Such indicators help us track the effectiveness of measures taken to improve occupational safety and health in our operations and plantations. This in turn helps the Company focus and identify the most useful preventive action.

Frequency and Severity Rate of work-related accidents in 2014 and 2015

| | 2014 | 2015 |
|---|------|--------|
| FR (accidents per million man-hours worked) | 6.77 | 5.59 |
| SR (lost workdays per million man-hours worked) | 223 | 219.55 |

In 2015, one of our smallholder schemes and four of our mills received Zero Accident Awards from the Indonesian Minister of Manpower and Transmigration to recognise one million accident-free hours.

FATALITIES (G4-LA6)

We regret to report that work-related accidents resulted in a total of eight fatalities in 2014 and seven fatalities in 2015 across all our operations. Most of the fatalities were a result of road traffic accidents. In each case, we have worked to assist the families that were bereaved by these tragedies, with financial assistance and support, including support submitting BPJS Ketenagakerjaan (Indonesian Accident Insurance, Life Insurance, and Pension Fund) claims.

We are committed to eliminating such fatal accidents from our operations and to this end, we conducted

thorough investigations of each accident to uncover underlying causes, using expert investigators to help develop additional and enhanced safety measures.

Number of fatalities in plantations and mills (2014, 2015)

| | 2014 | 2015 |
|---------------------------------|------|------|
| Number of fatalities upstream | 6 | 6 |
| Number of fatalities downstream | 2 | 1 |

EMERGENCY RESPONSE EQUIPMENT

(DMA-Occupational Health and Safety)

Every GAR plantation and mill has an emergency response team on location, which is fully equipped with the following emergency response equipment:

- Fire Sprinkler/Flapper
- Shovel
- Fire extinguishers
- Portable tank with fire hose and nozzle
- Water tanks
- First Aid Kit
- Alarm and fire hydrant in the mill
- Personal equipment for team including clothes, gloves, head lamp, helm and fireproof shoes
- HT Radio, Radio Rig, and megaphone for communication
- Several estates also have watch towers, fire truck and ambulance

Our response teams conduct regular training sessions to ensure that workers are fully prepared to respond to any emergencies. We have currently trained around 10,000 Emergency Response personnel who are stationed across our plantations.

SECURITY GUARDS (DMA-Security Practices, G4-HR7)

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 the 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.

HEALTHCARE FACILITIES (G4-SO1)

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 built healthcare facilities on most of our estates, staffed with qualified healthcare professionals who receive regular training to enhance their skills. At the end of 2015, we had 150 polyclinics with inpatient

facilities, 26 doctors and 291 paramedics, serving an average of 1,113 patients daily.

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.

PROVIDING TRAINING AND DEVELOPING OUR PEOPLE (G4-15, DMA-Training and Education, G4-LA10, G4-LA11)

GAR sees training and development as an investment that delivers benefits to both employees and the employer. We spent a total of US\$5.16 million in 2015 and US\$4.77 million in 2014 on training and development in our Indonesian operations. We deliver training both formally and informally, with the formal training curriculum taught at six regional training centres across Indonesia.

Time spent on training and development in Indonesia operations (2014, 2015)

| | 2014 | 2015 |
|---|-------|-------|
| Upstream average training time in hours | 18.75 | 19.80 |
| Downstream average training time in hours | 12.92 | 7.72 |

Our training and development programmes have two main objectives: equipping employees with the skills and capabilities they need to excel in their roles at GAR, and ensuring that all employees embrace our corporate values of integrity, positive attitude, commitment, continuous improvement, innovation, and loyalty.

The orientation programme introduces all new employees to our corporate values, which we believe form the foundation for an effective workforce. We also emphasise the values during our leadership and shared values programmes.

Training is compulsory for management employees at every level starting from the Basic Management Development Programme for new starters to the Supervisory Management Development programme, Middle Management Development Programme and Executive Development Programme. The Individual Development Plan and Staff Development Discussion provided by Talent Centre are trainings that are offered regularly for all employees, with public training also available to those requiring additional, external training. Our learning and development department works closely with our business leaders to identify training needs and develop high quality training materials and programmes to meet those needs.

In line with our commitment to continuous improvement, we have continued to increase training opportunities for our staff. 5,474 staff in 2015 were trained in employee

• • • OUR EMPLOYEES

development, up from 4,079 staff in 2014. We also provided formal training to more than 800 clerical and non-management employees. As learning is not limited to a classroom setting, we deliver many informal briefings by competent supervisors and managers as part of cascade learning. Informal sessions are embedded in daily routines, such as morning briefings or small group learning sessions in order to enhance employee skills, boost morale, increase productivity and promote safety.

In 2015, we also provided training on the GSEP to over 1,700 employees.

In order to nurture our workforce, we seek to identify high performing candidates for leadership development and provide them with relevant training to help them progress in their careers. We are guided by ISO 10015 (Quality Management – Guidelines for Training), for which we received certification in 2013.



GAR provides jobs for 174,000 people in Indonesia

OUR CUSTOMERS

OUR CUSTOMERS (G4-8)

The vast majority of the palm oil that GAR produces is distributed through our customers, which include traders, distributors, wholesalers, retailers and other businesses in the food industry, as well as manufacturing businesses that use our oil as a raw material in the production of secondary goods. The support of these stakeholders is vital to our future success as a business and to our goal of a sustainable future for palm oil.

OUR CUSTOMER BASE (G4-8)

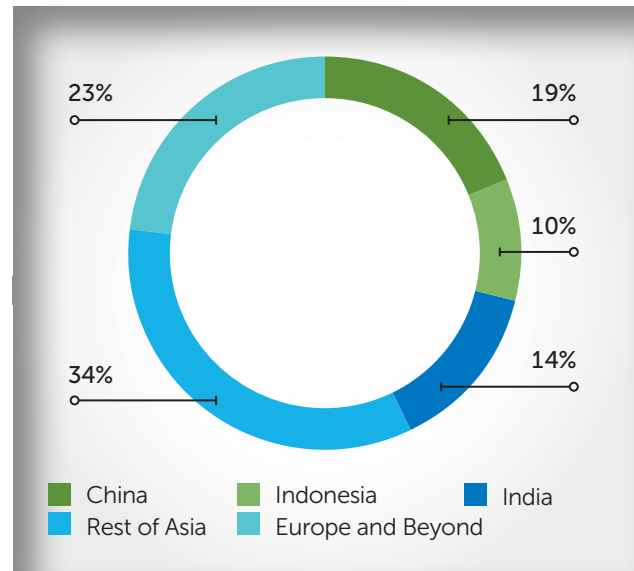
We sell our products to customers across the world, with 19 percent of our revenues deriving from China, 14 percent from India and 10 percent from our customers in Indonesia. The rest of Asia contributes 34 percent of our revenues, while countries in Europe, Africa and elsewhere account for 23 percent.

Our broad customer base incorporates a range of different trading relationships. We deal directly with industrial customers, and maintain regular communication, tailoring our products to their requirements. Our responsibilities to these customers include fair pricing and transparent processes, traceability, as well as efficient distribution.

We aim to offer an extensive range of products that meet the varying needs of our different customers. In recent years this has involved GAR extending our product range

into high-value areas such as palm-based oleochemicals, which are used to manufacture soaps and other products. It also involves responding to the growing market demand for traceable and sustainable palm oil.

Revenue by geographical location in 2015 (G4-8, G4-EC1)



Uses for palm products (G4-4)

| Palm Oil | Palm Kernel Oil | Oleochemical | Palm Kernel Meal |
|--|--|--|---|
| <ul style="list-style-type: none"> Bakery fats Biodiesel Biscuit cream fats Chocolate and coatings Cocoa-butter extender Cooking oil Dry soup mixes Ice-cream Instant noodles Lubrication Margarine Shortening Soap and detergents Specialty fats Sugar confectionary Textile oils Vegetable ghee Vitamins | <ul style="list-style-type: none"> Biscuit cream fats Cocoa-butter substitute Coffee whiteners Cosmetics Ice-cream Imitation cream Shampoo Shortening Specialty fats Sugar confectionary | <p>Glycerine</p> <ul style="list-style-type: none"> Cosmetics Explosives Food protective coatings Pharmaceutical products <p>Methyl esters</p> <ul style="list-style-type: none"> Detergents Emulsifiers Lubricants Metal processing Pharmaceutical products Plasticisers Plastics Textiles processing | <ul style="list-style-type: none"> Animal Feed |

TRADING WITH OUR CUSTOMERS (G4-16)

We use standardised contracts for pricing and trading our products, which are issued by trade associations such as The Federation of Oils, Seeds and Fats Associations Ltd (FOSFA) and The Palm Oil Refiners Association of

Malaysia (PORAM). These contracts set the terms of trading, including how payment is made.

When we trade palm oil on the wholesale market, we use the crude palm oil price as the basis of our negotiations

OUR CUSTOMERS

with brokers or customers. We offer the options of spot or forward market prices. All buyers are assessed to ensure that they are financially solvent and we require letters of credit to be supplied when GAR is to handle the shipping of palm oil.

DELIVERING OUR PRODUCTS

We handle the distribution of palm oil and palm oil products through a joint venture with the global transportation businesses Stena Weco A/S and Stena Bulk AB. In the past few years, we have increased the size of our fleet and developed our logistics infrastructure by investing in warehousing, jetty and port facilities in important strategic locations. We also opened branch offices in several destination countries that will help us respond to customer demand efficiently in these markets. Within Indonesia, our acquisition of a national Fast Moving Consumer Goods (FMCG) distribution business in 2014 has significantly strengthened our distribution capabilities in all of the country's primary and secondary cities.

PROVIDING SUSTAINABLE CHOICES THROUGH CERTIFICATION (G4-15)

Our commitment to traceability and transparency throughout our supply chain is important to meet a growing demand on the part of our customers for certified, sustainable palm oil. By meeting this demand, and helping to grow it, we can move our industry towards a more sustainable future. For more details of our progress in mapping our supply chain and traceability, please see "Our Suppliers".

Industry certification is part of GAR's on-going commitment to adopt best practices and standards in sustainable palm oil production.

We have developed a master check list based on all the indicators and criteria of various certification schemes to facilitate operational improvement at the plantation level. This, combined with documentation of best practices from the plantations we own, will allow GAR to achieve a higher level of operational performance. Through this approach, certification will be used as part of verification tools for improved management practices.

ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO) (G4-15)

To date, 263,777 hectares of plantations including smallholder plantations of 50,874 hectares, 29 mills, five kernel crushing plants, four refineries, six bulking stations and one oleochemical plant have received RSPO certification. In order to comply with ongoing changes in Indonesian Sustainable Palm Oil regulations regarding the land ownership certification, we are extending the timeframe for completion of RSPO certification for the remaining 10 mills (as at 30 June 2010). Under the current regulatory conditions, we expect to complete the RSPO certification process by 2020.

Total units to be certified by 2020 consist of 39 mills and 385,004 hectares of plantations which include 55,021 hectares of plasma plantations (as at 30 June 2010). Palm oil operations established after 30 June 2010 will be part of a separate time-bound plan.

In addition, on 28 February 2014, we received certification for having met the RSPO-RED Requirements for compliance with the EU Renewable Energy Directive Requirements (RSPO-RED scheme). The certification includes one mill and its supply base comprising nucleus and plasma plantations in Kijang, Riau.

The RSPO-RED scheme has been designed as voluntary add-on to the RSPO standard and allows palm oil producers and processors under certain conditions to comply with requirements in the EU Directive 2009/28/EC on the promotion of the use of energy from renewable sources. This Directive specifies sustainability requirements for biofuels and bioliquids in the European Union. The milestone marks an extension of our commitment to RSPO certification. With the RSPO-RED certification, we now offer an alternative certified palm oil for biofuel production.

INDONESIAN SUSTAINABLE PALM OIL SYSTEM (ISPO) (G4-15)

GAR is supportive of the Indonesian Sustainable Palm Oil (ISPO) Scheme. This was 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 to focus on environmental issues. SMART and IMT took part in the ISPO field trials in early 2011 to provide feedback and input on the implementation of ISPO standards.

To date, 128,971 hectares of plantations and 21 mills have received ISPO certification.

INTERNATIONAL SUSTAINABILITY AND CARBON CERTIFICATION (ISCC) (G4-15)

ISCC is the establishment of an internationally oriented, practical and transparent system for the certification of biomass and bioenergy. ISCC is oriented towards the reduction of greenhouse gas emissions, the sustainable use of land, the protection of natural biospheres and social sustainability.

To date, 297,969 hectares of plantations including smallholder plantations of 57,755 hectares, 30 mills, two kernel crushing plants, five refineries and 14 bulking stations have received ISCC certification. The audit was conducted by GUTcert, the German partner of AFNOR Group DQS-UL CFS GmbH, and Intertek Certification GmbH.

DEVELOPING A BIOFUEL MARKET FOR PALM OIL (G4-4, G4-6, G4-9)

GAR has invested in building two biodiesel plants in South Kalimantan and near Jakarta, which will extend our product range to include the use of palm oil as a biofuel, and is in response to the policy of the Indonesian government supporting biofuel production. The first biodiesel plant in South Kalimantan has been completed in the first semester of 2016 and we expect the second to begin operation in 2017. Together the two plants will have a total capacity of 600,000 tonnes per annum.

OUR CONSUMERS

OUR CONSUMERS (DMA-Customer Health and Safety)

We are focused on building a fully vertically integrated business that handles every aspect of the cultivation, manufacture, packaging, marketing and distribution of palm products. Our consumers are key stakeholders and we are committed to providing them with safe, high-quality, affordable and sustainable products.

OUR CONSUMER MARKETS (G4-4)

China is GAR's single largest consumer market, in which we sell palm-based and soybean-based products and offer a range of cooking oils, noodles and other food products. We look to optimise our oil refineries and soybean crushing facilities in the country on a continuous basis to meet evolving consumer demand, and we are developing new distribution channels to help our brands reach new areas of the country.

Indonesia is our second largest consumer market. Here we sell palm oil-based products that are widely used by both consumers and commercial customers. Our cooking oil brands Filma and Kunci Mas have been trusted by Indonesian consumers for almost a quarter of a century; our margarine and shortening products under the Filma, Palmboom and Goodfry brands for almost as long.

Traditionally, most palm oil-based cooking oil has been sold in bulk in Indonesia. However, the Indonesian Government favours phasing out the bulk purchasing of cooking oil, placing greater importance on consumer brands, and ensuring strict hygiene levels, stable prices and more consistent tax payments. We welcome their efforts to ensure a fair and transparent market for palm oil products in the country and we believe that this will create opportunities for GAR's trusted brands.

We have also entered India, the third largest edible oil market, through the ownership of a destination

processing facility. This asset enables us to participate in high-growth branded cooking oil and specialty fat industries in the country and also to bring our products closer to greater European and Middle East markets.

Besides those countries, we are expanding the reach of our branded consumer products across new markets in the Philippines, Africa and South America with the Mitra, Filma and Menara brands, and in selected markets, with the Kunci Mas brand (PNG and the Pacific islands).

TACKLING MALNUTRITION THROUGH OUR PRODUCTS (G4-PR1)

Vitamin A deficiency is a significant public health concern in Indonesia, especially amongst women and children. To address this the Indonesian Ministry of Industry requires all local cooking oil producers to fortify their products with a minimum 40 International Units (IU) of Vitamin A per litre. GAR has met this requirement across all our products distributed in Indonesia and we have also gone further to enhance our impact on consumer health. Besides Vitamin A, our Filma Margarine is also fortified with vitamins B1, B2 and B3.

ENSURING PRODUCT QUALITY AND CONSUMER PROTECTION (G4-15)

Our consumers rely on GAR brands for safe, 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.

Four of our six palm oil refineries in Indonesia are accredited with ISO 22000 certification, which recognises that they adhere to strict international food safety standards. Our fatty acid and glycerine products also hold OHSAS 18001, KOSHER, GMP+B2, and FDA accreditation, and we have also implemented

Key brands in Indonesia



• • • OUR CONSUMERS

ISO 9001:2008 Quality Management Systems at all four of these sites. We are working to implement the same standards at our two newest refineries, Tarahan and Lubuk Gaung. Our products have also been awarded the Halal certification from the Indonesian Ulema Council (MUI).

We are committed to rolling out the HACCP food safety system across our operations. This analyses and controls biological, chemical and physical hazards throughout the food preparation process, from raw material production, procurement and handling through to manufacturing, distribution and consumption of the finished product.

CONSUMER ENGAGEMENT (G4-PR5)

We encourage feedback from our consumers to help ensure that our products are meeting their evolving needs. Our toll-free customer care line handles feedback and any complaints regarding product quality and promotions.

We have a strategy of using digital and social media platforms to engage our consumer communities. Our Filma Club has over 14,000 Facebook fans and more than 13,000 Twitter followers, and shares cooking

demonstration videos and recipe ideas through the online platform www.sukamasak.com which has over 16,000 members, 230,000 Facebook fans, and more than 16,000 Twitter followers. Our Marunda refinery also hosts a Filma Factory Visit programme, which enables consumers to see the production of our branded cooking oils first-hand.

INCREASING THE EFFICIENCY OF PACKAGING

(DMA-Effluents and Waste)

Part of our responsibility to consumers includes increasing the efficiency of our packaging to ensure less waste and easier recycling. We continuously look for ways to help reduce our carbon footprint. During 2014 redesigning our four-litre Mitra brand cooking oil bottle increased load capacity by 13.4 percent. Redesigning the cardboard cartons in which our SMART Baker Gold Shortening is distributed increased capacity by 6.3 percent. Redesigns of our 500ml and two-litre Filma cooking oil bottles increased our packaging efficiency by 10 and 11.7 percent respectively.

We encourage consumers to reuse and recycle our product packaging through prominent labelling and suggestions of alternative uses.

OUR GRI G4 REFERENCE TABLE

GENERAL STANDARD DISCLOSURES

We report in accordance with the Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines, at the Core level. The G4 framework sets out the principles and standard disclosures that organisations can use to report their economic, environmental, and

social performance and impacts. Our GRI Index has been checked by Corporate Citizenship.

Corporate Citizenship confirms that in their view the Index meets the requirement of 'In accordance – Core option', as set out in the GRI G4 Guidelines.

General standard disclosures

| Standard Disclosure | Page number | Disclosure Requirements |
|---|--|--|
| STRATEGY AND ANALYSIS | | |
| G4-1 | 8, 10 | Statement from the most senior decision-maker of the organisation |
| G4-2 | 2 – 9, 27, 35, 50 | Description of key impacts, risks, and opportunities. |
| ORGANISATIONAL PROFILE | | |
| G4-3 | 1, 12 | Name of the organisation. |
| G4-4 | 11 – 12, 16, 55 – 57 | Primary brands, products, and services. |
| G4-5 | 12 | Location of the organisation's headquarters. |
| G4-6 | 12, 16, 56 | Location of the organisation's operations covered in the report |
| G4-7 | 12 | Nature of ownership and legal form. |
| G4-8 | 12, 55 | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). |
| G4-9 | 11 – 13, 17, 56 | Scale of the organisation. |
| G4-10 | 11, 50 – 51 | Profile of the employees. |
| G4-11 | 50 | Percentage of total employees covered by collective bargaining agreements. |
| G4-12 | 16, 47, 49 | Describe the organisation's supply chain. |
| G4-13 | 2 – 7, 16 | Significant changes during the reporting period. |
| G4-14 | 8 – 9, 27, 32 | Precautionary approach or principle is addressed by the organisation. |
| G4-15 | 2 – 9, 18 – 19, 42, 43, 50, 53 – 54, 56 – 57, 63 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses. |
| G4-16 | 18, 45, 55 – 56 | Memberships of associations (such as industry associations) and national or international advocacy organisations in which the organisation. |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | |
| G4-17 | 1, 12 – 13, 16 | The entities included in the organisation's consolidated financial statements or equivalent documents covered in the report. |
| G4-18 | 1, 22 | Process for defining the report content and the Aspect Boundaries and how the organisation has implemented the Reporting Principles for Defining Report Content. |
| G4-19 | 2 – 7, 22 – 24 | List all the material Aspects identified in the process for defining report content. |
| G4-20 | 22 – 24 | Aspect Boundary within the organisation for each material aspect. |
| G4-21 | 22 – 24 | Aspect Boundary outside the organisation for each material aspect. |
| G4-22 | No restatement of information | Effect of any restatements of information provided in previous reports, and the reasons for such restatements. |
| G4-23 | 1 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries. |
| STAKEHOLDER ENGAGEMENT | | |
| G4-24 | 25 – 26 | Provide a list of stakeholder groups engaged by the organisation. |
| G4-25 | 25 – 26 | Report the basis for identification and selection of stakeholders with whom to engage. |
| G4-26 | 25 – 26 | Report the organisation's approach to stakeholder engagement. |
| G4-27 | 25 – 26 | Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns. |

OUR GRI G4 REFERENCE TABLE

General standard disclosures

| Standard Disclosure | Page number | Disclosure Requirements |
|-----------------------------|-------------------|--|
| REPORT PROFILE | | |
| G4-28 | 1 | Reporting period (such as fiscal or calendar year) for information provided. |
| G4-29 | 1 | Date of most recent previous report (if any). |
| G4-30 | 1 | Reporting cycle (such as annual, biennial). |
| G4-31 | Inside back cover | Provide the contact point for questions regarding the report or its contents. |
| G4-32 | 1 | The 'in accordance' option the organisation has chosen, the GRI Content Index and cross reference to External Assurance report. |
| G4-33 | 1 | Report the organisation's policy and current practice with regard to seeking external assurance for the report. |
| GOVERNANCE | | |
| G4-34 | 8, 19 – 22 | Governance structure of the organisation. |
| G4-35 | 8, 19 | Process for delegating authority for economic, environmental and social topics. |
| G4-36 | 8, 12, 15, 19 | Executive-level position or positions with responsibility for economic, environmental and social topics. |
| G4-39 | 12, 15 | Highest governance body is also an executive officer. |
| ETHICS AND INTEGRITY | | |
| G4-56 | 12, 15 – 16 | The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics. |
| G4-58 | 16 | Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. |

Specific standard disclosures

| Standard Disclosure | Page number | Disclosure Requirements |
|-------------------------------------|------------------|---|
| CATEGORY: ECONOMIC | | |
| ASPECT: ECONOMIC PERFORMANCE | | |
| G4-EC1 | 17, 48 – 49, 55 | Direct economic value generated and distributed. |
| CATEGORY: ENVIRONMENTAL | | |
| ASPECT: WATER | | |
| G4-EN8 | 31 – 32 | Total water withdrawal by source. |
| ASPECT: BIODIVERSITY | | |
| G4-DMA | 35 | Generic Disclosures on Management Approach. |
| G4-EN11 | 27 – 29 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. |
| G4-EN12 | 2 – 7, 28 – 30 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. |
| G4-EN13 | 27 – 30, 36 – 37 | Habitats protected or restored. |
| G4-EN14 | 29, 30 | Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. |
| ASPECT: EMISSIONS | | |
| G4-DMA | 27, 30 | Generic Disclosures on Management Approach. |
| G4-EN15 | 30 – 31 | Direct greenhouse gas (GHG) emissions (Scope 1). |
| G4-EN17 | 30 – 31 | Other indirect greenhouse gas (GHG) emissions (Scope 3). |
| G4-EN19 | 2, 6 | Reduction of greenhouse gas (GHG) emissions. |

Specific standard disclosures

| Standard Disclosure | Page number | Disclosure Requirements |
|---|-----------------|---|
| CATEGORY: ENVIRONMENTAL | | |
| ASPECT: EFFLUENTS AND WASTE | | |
| G4-DMA | 32, 58 | Generic Disclosures on Management Approach. |
| G4-EN22 | 32 | Total water discharge by quality and destination. |
| G4-EN23 | 32 | Total weight of waste by type and disposal method. |
| G4-EN25 | 33 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. |
| ASPECT: OVERALL | | |
| G4-DMA | 42 | Generic Disclosures on Management Approach. |
| G4-EN31 | 42 | Total environmental protection expenditures and investments by type. |
| ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT | | |
| G4-DMA | 33 – 34, 47, 49 | Generic Disclosures on Management Approach. |
| G4-EN32 | 33 – 34, 47, 49 | Percentage of new suppliers that were screened using environmental criteria. |
| G4-EN33 | 2 – 7, 47 | Significant actual and potential negative environmental impacts in the supply chain and actions taken. |
| ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS | | |
| G4-DMA | 35 | Generic Disclosures on Management Approach. |
| G4-EN34 | 35 – 36 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms. |
| CATEGORY: SOCIAL | | |
| SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK | | |
| ASPECT: EMPLOYMENT | | |
| G4-DMA | 50 – 51 | Generic Disclosures on Management Approach. |
| G4-LA1 | 51 | Total number and rates of new employee hires and employee turnover by age group, gender and region. |
| G4-LA2 | 50 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation. |
| ASPECT: OCCUPATIONAL HEALTH AND SAFETY | | |
| G4-DMA | 52 | Generic Disclosures on Management Approach. |
| G4-LA5 | 2, 5, 52 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. |
| G4-LA6 | 2, 5, 52 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender. |
| G4-LA8 | 2, 5 | Health and safety topics covered in formal agreements with trade unions. |
| ASPECT: TRAINING AND EDUCATION | | |
| G4-DMA | 53 | Generic Disclosures on Management Approach. |
| G4-LA10 | 53 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. |
| G4-LA11 | 53 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category. |
| ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN | | |
| G4-DMA | 51 – 52 | Generic Disclosures on Management Approach. |
| G4-LA13 | 51 – 52 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation. |
| ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES | | |
| G4-DMA | 47, 49 | Generic Disclosures on Management Approach. |
| G4-LA14 | 47, 49 | Percentage of new suppliers that were screened using labour practices criteria. |

OUR GRI G4 REFERENCE TABLE

Specific standard disclosures

| Standard Disclosure | Page number | Disclosure Requirements |
|---|----------------------------|--|
| CATEGORY: SOCIAL | | |
| SUB-CATEGORY: HUMAN RIGHTS | | |
| ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT | | |
| G4-DMA | 35, 47, 49 | Generic Disclosures on Management Approach. |
| G4-HR10 | 49 | Percentage of new suppliers that were screened using human rights criteria. |
| G4-HR11 | 38 – 39 | Significant actual and potential negative human rights impacts in the supply chain and actions taken. |
| ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS | | |
| G4-DMA | 37 – 38 | a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organisation manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: <ul style="list-style-type: none"> • The mechanisms for evaluating the effectiveness of the management approach • The results of the evaluation of the management approach • Any related adjustments to the management approach |
| G4-HR12 | 35 – 39 | a. Report the total number of grievances about human rights impacts filed through formal grievance mechanisms during the reporting period. b. Of the identified grievances, report how many were: <ul style="list-style-type: none"> • Addressed during the reporting period • Resolved during the reporting period c. Report the total number of grievances about human rights impacts filed prior to the reporting period that were resolved during the reporting period. |
| SUB-CATEGORY: SOCIETY | | |
| ASPECT: LOCAL COMMUNITIES | | |
| G4-DMA | 40 – 41 | Generic Disclosures on Management Approach. |
| G4-SO1 | 2, 4 – 6, 40 – 41, 51 – 53 | Percentage of operations with implemented local community engagement, impact assessments, and development programs. |
| G4-SO2 | 2, 4 – 6, 38 – 39 | Operations with significant actual and potential negative impacts on local communities. |
| ASPECT: ANTI-CORRUPTION | | |
| G4-DMA | 16 | Generic Disclosures on Management Approach. |
| G4-SO5 | 16 | Confirmed incidents of corruption and actions taken. |
| ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY | | |
| G4-DMA | 47, 49 | Generic Disclosures on Management Approach. |
| G4-SO9 | 49 | Percentage of new suppliers that were screened using criteria for impacts on society. |
| SUB-CATEGORY: PRODUCT RESPONSIBILITY | | |
| ASPECT: CUSTOMER HEALTH AND SAFETY | | |
| G4-DMA | 57 | Generic Disclosures on Management Approach. |
| G4-PR1 | 57 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement. |
| G4-PR5 | 58 | Results of surveys measuring customer satisfaction. |

• • • OUR COMMITMENT TO UNITED NATIONS GLOBAL COMPACT (UNGC)

OUR COMMITMENT TO UNITED NATIONS GLOBAL COMPACT (G4-15)

The United Nations Global Compact (UNGC) is a voluntary sustainability initiative for businesses to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

As a signatory member through our subsidiary, PT SMART Tbk, we understand the importance of the ten core principles and are committed to following them in our everyday operations.

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 in Indonesia.

As an active participant of the UNGC, we submit an annual Communication on Progress (COP) – a public report on how we are implementing the Ten Principles on the UNGC. This COP is available via the [UNGC website](#).

• • • GLOSSARY OF ACRONYMS

| | | | |
|-------|---|---------|---|
| AMNL | – PT Agro Lestari Mandiri | KDA | – PT Kresna Duta Agroindo |
| BAS | – PT Buana Artha Sejahtera | KKPA | – Koperasi Kredit Primer Anggota |
| BEFTA | – Biodiversity Ecosystem and Function in Tropical Agriculture | KTS | – Koperasi Tiga Serumpun |
| CPO | – Crude Palm Oil | OHS | – Occupational Health and Safety |
| CSO | – Civil Society Organisation | PM | – Participatory Mapping |
| CSR | – Corporate Social Responsibility | PCP | – Participatory Conservation Planning |
| DSF | – Dispute Settlement Facility | PK | – Palm Kernel |
| EFB | – Empty Fruit Bunch | PT | – Perseroan Terbatas (Limited Liability Company) |
| FCP | – Forest Conservation Policy | PT KPC | – PT Kartika Prima Cipta |
| FFB | – Fresh Fruit Bunch | POME | – Palm Oil Mill Effluent |
| FPP | – Forest People’s Programme | RSPO | – Roundtable on Sustainable Palm Oil |
| FPIC | – Free, Prior and Informed Consent | SC | – Sustainability Committee |
| GAR | – Golden Agri-Resources Ltd | SCEP | – Social and Community Engagement Policy |
| GHG | – Greenhouse Gas | SOP | – Standard Operational Procedure |
| GRI | – Global Reporting Initiative | SMART | – PT SMART Tbk |
| GSEP | – GAR Social and Environmental Policy | SMARTRI | – SMART Research Institute |
| HACCP | – Hazard Analysis and Critical Control Point | TFT | – The Forest Trust |
| HCV | – High Conservation Value | TTP | – Traceability to Plantation |
| HCS | – High Carbon Stock | UNGC | – United Nations Global Compact |
| ICOPE | – International Conference on Oil Palm and Environment | YIP | – Yield Improvement Policy |
| IPM | – Integrated Pest Management | | |
| ISCC | – International Sustainability and Carbon Certification | | |
| ISPO | – Indonesian Sustainable Palm Oil | | |

FEEDBACK AND POINT OF CONTACT

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 Communications,
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