

# GAR Sustainability Highlights





**gar**

agribusiness and food

# About GAR



# A leading integrated palm oil company

- A leading integrated palm oil plantation company
- Largest palm oil grower in Indonesia
- Manages 169 plantations
- Provides over 170,000 jobs
- Total revenue: over US\$7.2 billion
- Core net profit: US\$186 million
- 2,510,000 metric tonnes of crude palm oil (CPO) and palm kernel (PK)



**170,700**  
jobs in Indonesia

**46,300**  
permanent  
employees

**68,600**  
smallholders

**55,800**  
fixed-term  
employees



manages more than  
**488,000**  
hectares of palm oil  
estate— **4% of**  
Indonesia's planted  
estates

**429** supplier mills  
across Indonesia



MORE THAN  
**30**  
CONSUMER  
BRANDS

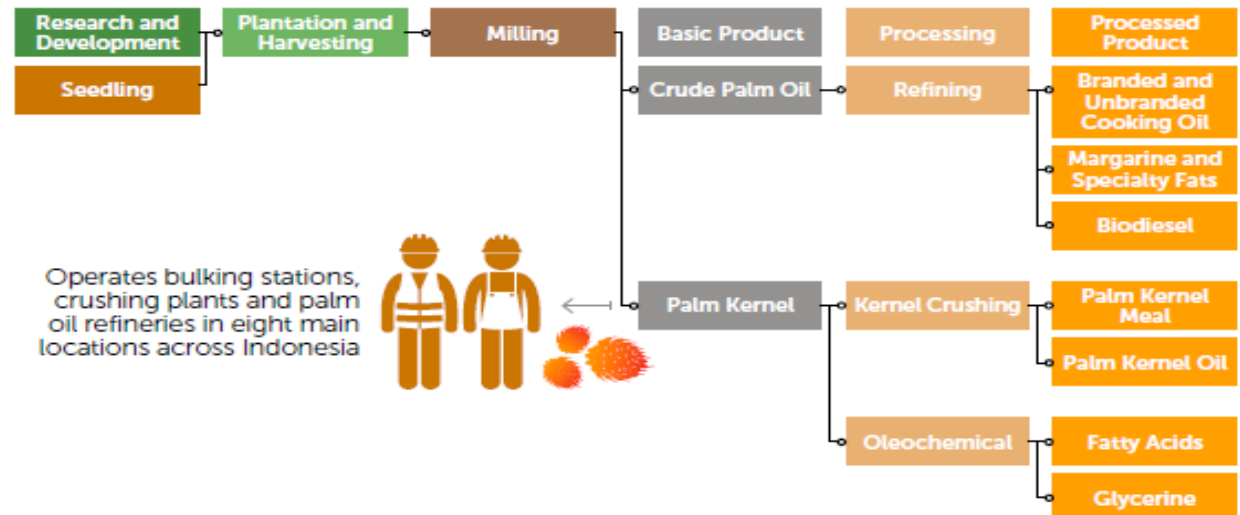


**21%**  
of our managed estates  
are owned by our  
plasma smallholders

Owens  
**45**  
palm oil mills



Products  
sold in  
more than  
**70**  
countries world-wide



# Our products and customers

- We produce an extensive range of products
- Customers include traders, distributors, wholesalers, retailers and other businesses in the food industry, as well as manufacturing businesses that produce secondary goods.

Key brands in Indonesia:

**FILMA**

**bisul Oil**

**MENARA**

**i-SOC**

**Kunci Mas**

**Palmboom**

**PUSAKA**

**DELICIO**

**mitra**

**PALMVITA**

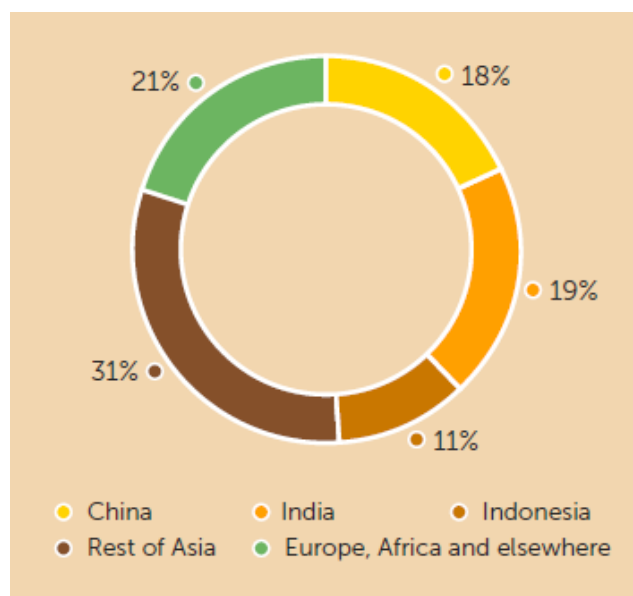
**GOODFRY**

**PALMVITA  
GOLD**

**SMARTBaker**

**RED ROSE**

Revenue by geographical location in 2016:

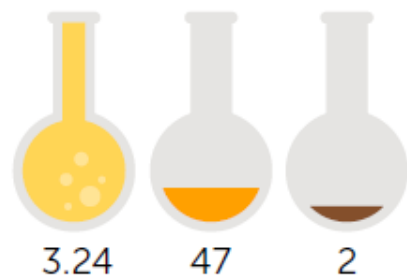




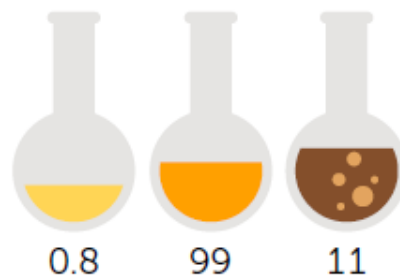
# Palm oil – an SDG commodity

- Provides jobs for estimated 16 million people in Indonesia
- Palm oil farmers earn at least 7 times more than subsistence farmers
- US\$17.8 bn of palm oil exports in 2016 from Indonesia
- Is the most productive vegetable oil crop in the world

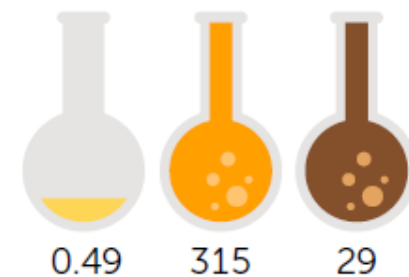
## Resources needed to produce major vegetable oils (MT/ha/y)



Palm Oil



Rapeseed



Soybean

● Yield – Tonnes of oil produced per hectare ● Fertiliser – Kg to produce one tonne of oil  
● Pesticides – Kg to produce one tonne of oil

Source: [Oil World](#) and [The Guardian](#)



**1997**  
First Indonesian palm producer to establish Zero Burning Policy



**January 2005**  
SMART joins RSPO



**February 2010**  
Zero development on peat land regardless of depth



**February 2011**  
GAR launches pioneering Forest Conservation Policy (FCP)



**April 2011**  
GAR joins RSPO



**May 2011**  
GAR publishes first Sustainability Report



**November 2011**  
GAR launches Social and Community Engagement Policy (SCEP)



**February 2012**  
GAR and SMART launch Yield Improvement Policy (YIP)



**March 2013**  
GAR and SMART implement HCS Forest Conservation Pilot



**February 2014**  
GAR's FCP extends to downstream operations



**May 2014**  
GAR launches Sustainability Dashboard



**September 2014**  
GAR endorses New York Declaration on Forests



**March 2015**  
GAR implements Participatory Mapping as part of FPIC



**April 2015**  
GAR and HCS Approach Steering Group publish HCS Approach Toolkit



**September 2015**  
GAR rolls out updated Social and Environmental Policy (GSEP)



**November 2015**  
GAR launches peat rehabilitation project in PT AMNL



**November 2015**  
GAR launches Community Conservation Partnerships



**December 2015**  
GAR completes 100 percent mapping of supply chain to mills



**February 2016**  
GAR launches Desa Siaga Api to help villages stay fire-free



**April 2016**  
GAR announces Traceability to Plantation (TTP) Plan



**January 2017**  
GAR expands fire-free programme into Desa Makmur Peduli Api

# GAR Social and Environmental Policy



**gar**  
agribusiness and food



We want to ensure that GAR upstream and downstream palm oil operations are deforestation-free, traceable and bring benefits to the people and communities where we operate.

## OUR PRINCIPLE COMMITMENTS



### ENVIRONMENTAL MANAGEMENT

- 1.1 No development of and the conservation of High Carbon Stock forests
- 1.2 No development of and the conservation of High Conservation Value areas
- 1.3 No development of and the conservation of peatlands of any depth
- 1.4 No burning for new plantings, replantings or other development
- 1.5 Continuous yield improvement to reduce pressure on new land development without intensification of the use of chemical pesticides and fertilisers
- 1.6 Report and reduce greenhouse gas emissions
- 1.7 Improve waste management
- 1.8 Improve energy efficiency



### SOCIAL AND COMMUNITY ENGAGEMENT

- Respect the Universal Declaration of Human Rights, national laws and ratified international treaties on human rights and indigenous peoples. This will include the following:
- 2.1 Respecting the right to Free, Prior and Informed Consent for indigenous peoples and local communities and recognising the need for food security in new developments
    - 2.1.1 Responsible handling of complaints and grievances
    - 2.1.2 Responsible resolution of conflicts
    - 2.1.3 Open and constructive engagement with local, national and international stakeholders
  - 2.2 Positive economic, social and community development
    - 2.2.1 Empowering people through community development programmes
    - 2.2.2 Involving local farmers and businesses as suppliers
    - 2.2.3 Respecting human rights
    - 2.2.4 Respecting land tenure rights



### WORK ENVIRONMENT AND INDUSTRIAL RELATIONS

- 3.1 Recognising, respecting and strengthening the rights of all our workers



### MARKETPLACE AND SUPPLY CHAIN

- 4.1 Traceable and transparent supply chains
- 4.2 Support to suppliers
- 4.3 Due diligence and grievance procedures
- 4.4 Compliance with all relevant national laws and international certifications' principles and criteria



# Our approach to reporting



- The SR2016 Report covers our main operations which are in Indonesia
- FY 2016 from January to December
- In accordance with GRI Standards – Core option
  - Full content index of GRI indicators on page 66
- Calculation of GHG emissions independently verified by EY
- This year we have included a Board of Director's Statement
- Commissioned external parties to verify implementation of the GSEP and our labour practices
- GAR's reports can be found on the GAR website
- The [GAR Sustainability Dashboard](#) is now publicly accessible on the [GAR website](#)

[Home](#)[Sustainability  
Policies & SOPs](#) ▾[Forest  
Conservation](#) ▾[Traceability](#) ▾[Grievance  
Procedure](#) ▾[Search](#) 🔍

## GAR SUSTAINABILITY DASHBOARD

Sustainability is an integral part of our business. Because we understand that being a sustainable palm oil company requires a consistent and holistic approach, in 2015 we combined our Forest Conservation, Social and Community Engagement and Yield Improvement policies into a single GAR Social and Environment Policy known as GSEP.

> 480,000 ha  
Planted Area

79% 21%  
Nucleus Plasma

2.51m T  
Palm production  
FY2016

45  
Mills Owned

29  
Mills  
RSPO-certified

429  
Supplier mills



ENVIRONMENTAL  
MANAGEMENT



SOCIAL AND  
COMMUNITY ENGAGEMENT



WORK ENVIRONMENT AND  
INDUSTRIAL RELATIONS



MARKETPLACE AND  
SUPPLY CHAIN





ABOUT ASSESSMENTS ▼ NEWS

Search...

Signup

BETA

Company	Rank	Score	RSPO member?	Headquarters	Landbank	Market cap	Total
Daabon Group	1	90.3%	Yes, since 2004	Colombia	11,346.70 ha	Private company	102.5/113.5*
New Britain Palm Oil Ltd	2	86.8%	Yes, since 2004	PNG	136,268.00 ha	Private company	98.5/113.5*
Agropalma Group	3	84.8%	Yes, since 2004	Brazil	123,514.00 ha	Private company	97.5/115*
Wilmar International Ltd	4	77.5%	Yes, since 2005	Singapore	359,025.00 ha	\$15,888,690,176	100/129*
Golden Agri Resources Ltd	5	74.8%	Yes, since 2011	Singapore	642,326.00 ha	\$3,392,267,520	95/127*
Sime Darby Plantation Sdn Bhd	6	74.4%	Yes, since 2004	Malaysia	1,003,860.00 ha	\$15,215,931,392	96/129*
Olam International Ltd	7	71.7%	Yes, since 2011	Singapore	121,810.00 ha	\$4,126,934,567	83.5/116.5*
United Plantations Bhd	8	71.4%	Yes, since 2004	Malaysia	59,484.00 ha	\$1,367,087,744	90/126*
Musim Mas Group PT	9	67.4%	Subsidiaries	Singapore	194,050.00 ha	Private company	87/129*
Indofood Agri Resources Ltd	10	67.2%	Subsidiaries	Singapore	364,195.00 ha	\$477,361,152	86/128*
Indofood Agri Resources Ltd	11	65.5%	Yes, since 2004	Malaysia	333,331.00 ha	\$5,533,433,534	84.5/123*

# Sustainability Highlights





# Environmental Management



**gar**  
agribusiness and food

Delivering UN Sustainable Development Goals (SDGs):



- No development of and the conservation of High Carbon Stock (HCS) forests.
- No development of and the conservation of peat lands of any depth.
- No development of and the conservation of High Conservation Value (HCV) areas.
- To conserve and protect rare, threatened and endangered species as well as ecosystems and critical habitats of rare, threatened and endangered species.

We have identified and are committed to protecting an area the size of Singapore



**72,000ha**  
of conservation  
area (HCV/HCS)



**87**  
wild-born orangutans  
rehabilitated &  
released since 2011

## Protection – production partnerships:

- Intensive engagement and consultation with communities
- Firstly through Participatory Mapping to ensure their land rights are fully respected
- Building on those consultations we initiate discussions with community on conservation of HCS forests



Protection-production  
partnerships:

**10 villages**  
in community conservation  
partnerships to protect  
**>7,000 ha**

## To date:

- 10 villages have agreed to protect over 7000 ha of forests
- Alternative Livelihood programmes are being launched to help communities earn income without disturbing conservation areas



Alternative Livelihood  
programmes: **increase**  
community income,  
**improve** food self-  
sufficiency & **support**  
conservation goals



- Since 1997 GAR has operated a strict Zero Burning Policy and a policy of no development on peat.
- Our fire management programme includes:
  - The training of emergency response personnel
  - investing in new technology and equipment (e.g. drones and satellite surveillance)
- Virtually zero fires in our concessions in 2016 (0.01%)
- Conduct outreach and collaboration with the local communities and villages through Desa Siaga Api programme.
- Expanded to Desa Makmur Peduli Api programme – includes fire prevention/conservation/food security



**10,000**  
Emergency Response personnel to prevent & suppress fires



Nearly  
**Zero** fire incidents in GAR areas in 2016

- Verified the calculation of GHG emissions with EY to start baseline studies.
- Reduced emissions by 167,500 tonnes CO<sub>2</sub>eq since 2015 from methane capture at three facilities.
- Zero Waste Policy is implemented in all operations.
- Stopped using the herbicide paraquat in 2016.



*Methane capture facility*



**100%**  
reuse of solid and  
liquid waste



**Zero**  
paraquat use



Methane capture  
facilities reduce

**40 - 55%**  
GHG emissions on site

Reduced

**300**



tonnes of plastic  
packaging waste  
in 2016



# Social and Community Engagement

Delivering UN SDGs:



Our Commitments:

- To respect the right to FPIC for indigenous peoples and local communities and recognising the need for food security in new developments.
- The responsible handling of complaints and grievances.
- The responsible resolution of conflicts
- FPIC remediation in 2016 in 4 concessions; 4 more in 2017

## MEET THE VILLAGE HEAD: PAK SURYADI

*The level of education used to be very basic. Before the palm oil plantation opened, only the children of parents working in the civil service or business could send their kids to university. But now, many more high school graduates are able to continue their education at university.*

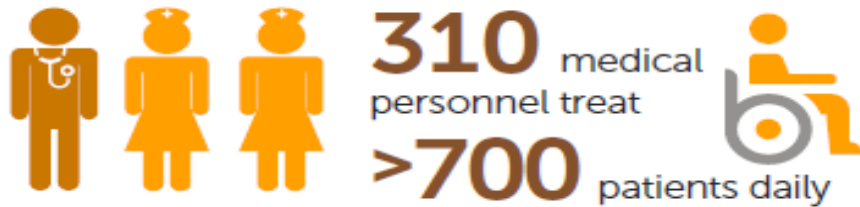
*See how access to education has improved for remote villages on the [GAR website](#).*



## Social and Community Engagement

gar  
agribusiness and food

**>200** schools; **>1,600** teachers;  
**>28,000** students;



**>US\$1.8 mil**  
for scholarships;

**Free** medical & dental for  
**>4,900** patients



Child health, vaccination  
and nutrition for  
**>5,000** beneficiaries



Aid **>1,200**  
flood & fire victims



**100%** plantations have social and community development programmes

# Work Environment and Labour Relations



**gar**

agribusiness and food

Delivering UN SDGs:



- Provide jobs for 170,700 people including 68,600 plasma smallholders
- Pay above minimum wage for full-time and part-time workers
- Commissioned study by Business for Social Responsibility to check on labour practices in Q42016
- TFT also conducted No-Exploitation site visit in 2016

  
**170.700** jobs in Indonesia

## MEET THE ENVIRONMENTAL ENGINEER: IBU NOVIANTI

*Almost 70 percent of oil palm fresh fruit bunches becomes waste once crude palm oil (CPO) is extracted. We are referring to waste such as fibres and shells, as well as liquid effluent. So a big part of my job is to reuse, reduce, recycle, and manage this "waste" responsibly—I play an important role in producing palm oil sustainably. Most are surprised to see a woman working as an environmental engineer in this male-dominated industry but it doesn't faze me. I studied environmental engineering at Diponegoro University, which was male-dominated too. I like the challenge and I'm proud of the work I do. It is quite extraordinary—I turn waste into something useful.*

Read more about Ibu Novianti on the [GAR website](#)



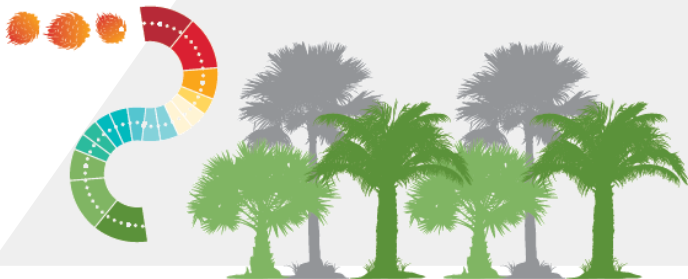


# Marketplace and Supply Chain

Delivering UN SDGs:



- In 2015, GAR finished mapping all mills that supply our refineries and kernel crushing plants in Indonesia.
- In 2016, 474 mills supplied GAR with CPO and PK; 45 are GAR-owned and 429 are independent.
- Now working with these mills to achieve 100 percent traceability all the way to the plantation by 2020.
- In 2016, 15 GAR mills achieved full TTP (As of Q2 2017, 23 GAR mills have achieved full TTP)
- We are getting to know and understand our suppliers and the issues they face.
- This enables us to help them adopt better social and environmental practices.
- Special workshops and training for suppliers to help them with responsible practices



# 100%

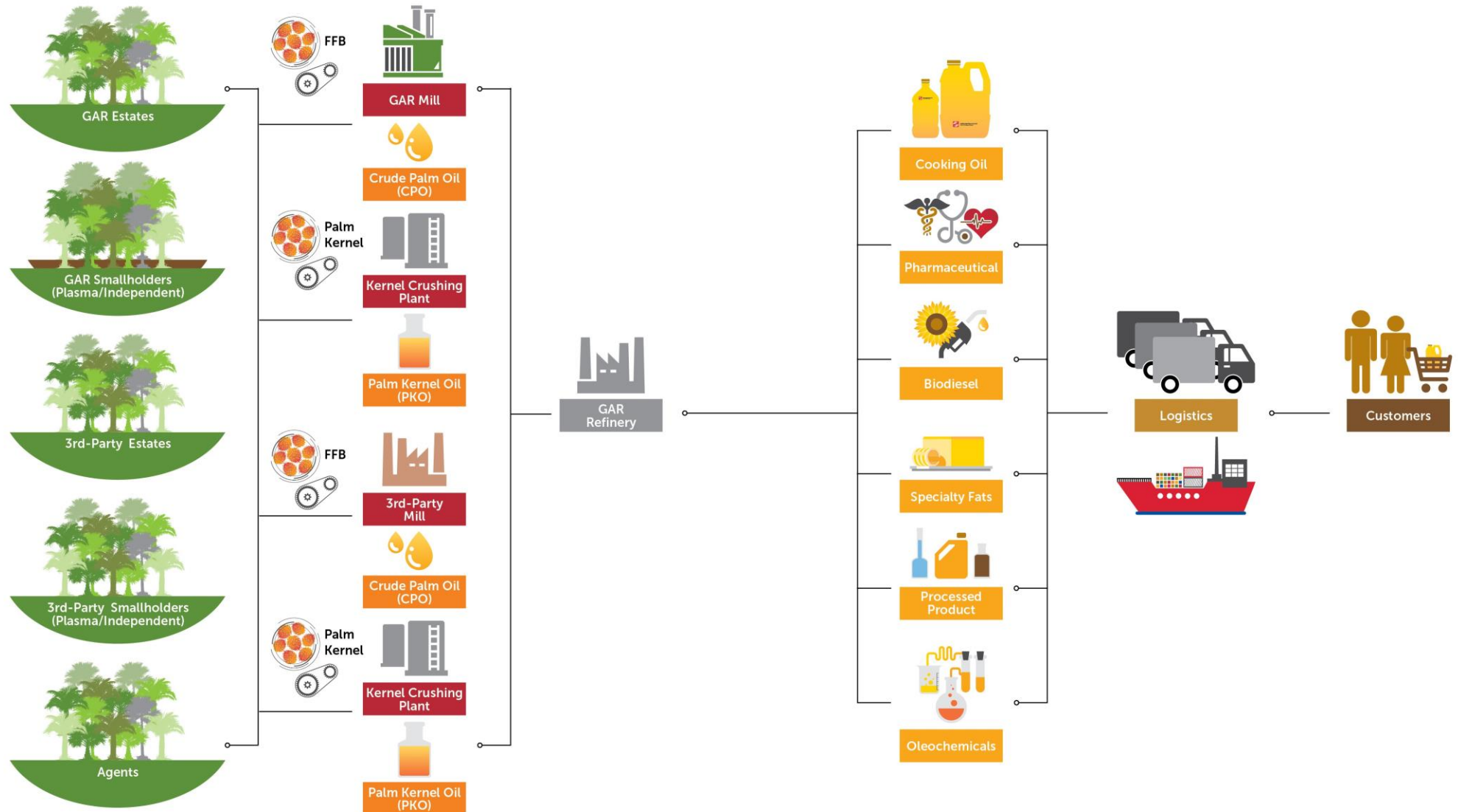
Traceability to  
Plantation for GAR-owned  
mills by end-2017

# 100%

Traceability to  
Plantation for independent  
mills by 2020



# Marketplace and Supply Chain



## GAR helps smallholders increase productivity while reducing impact on the environment

- GAR has 68,600 plasma smallholders in Indonesia
- Provide regular training sessions on best agronomy practices (Integrated Pest Management, fertiliser application) and supplies them with high yield seeds.
- GAR plasma smallholder yield comparable to nucleus estate yield.

## Innovative financing to support sustainable farming practices

- In 2016, GAR helped independent farmers secure IDR 107 billion in loans from a state-owned bank to replant 1,300 hectares.
- This helps boost incomes, productivity and reduces pressure on opening new land.

### MEET THE FARMER TRAINER: PAK BUDIN

*Whenever there's a question about new farming methods, everyone says, "Ask Budin!" As a farmer trainer with GAR, I'm usually the first to learn about new farming techniques that could help our smallholder farmers improve their harvests.*

*I have seen the farmers and cooperatives benefit in the span of a single harvest cycle. With better plot maintenance and fertilisation, and better quality harvests, the farmers have increased their earnings to IDR five to six million per lot. Today, their yields are among the highest in the industry.*

*Read more about Pak Budin on the [GAR website](#).*



*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.*

- To date, 262,442 hectares of plantations including 51,149 hectares of smallholder estates, 29 mills, nine kernel crushing plants, five refineries, seven bulking stations and one oleo-chemical plant have received RSPO certification.
- We have extended the time frame for completion of RSPO certification until 2020 for the remaining operations which includes 213,415 hectares of plantations and encompasses 49,233 hectares of plasma estates and 16 mills.
- One mill and its supply base in Kijang, Riau has been certified under RSPO-RED scheme.
- 186,307 ha of plantations and 30 mills have received ISPO certification – the most certificates in Indonesia.
- 291,351 ha of plantations including smallholder plantations of 57,755 ha, 29 mills, 2 kernel crushing plants, 5 refineries and 14 bulking stations have received ISCC certification.
- Latest certification updates can be viewed on our [website](#).





# R&D supports responsible palm oil



**gar**  
agribusiness and food

Delivering UN SDGs:



- USD9 million on upstream and downstream R&D
- Develops disease-resistant, high-yielding seeds – climate-change resilient
- Looks into impact of palm oil plantations on climate change mitigation – carbon fixation
- Downstream R&D focuses on safeguarding consumer health
- Reformulation of products to eliminate all trans fatty acids
- Looking into eliminating 3-MCPD

**Eliminating**  
trans fats from  
our edible products



Palm oil plantations **absorb**  
**35 – 42** tonnes  
CO<sub>2</sub>/hectare/year





Thank you

