GAR Sustainability Highlights
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)

- MANAGES MORE THAN 488,000 HECTARES OF PALM OIL ESTATE—4% OF INDONESIA’S PLANTED ESTATES
- OWNS 45 PALM OIL MILLS
- OPERATES BULKING STATIONS, CRUSHING PLANTS AND PALM OIL REFINERIES IN EIGHT MAIN LOCATIONS ACROSS INDONESIA
- PRODUCTS SOLD IN MORE THAN 70 COUNTRIES WORLD-WIDE

- 170,700 jobs in Indonesia
- 46,300 permanent employees
- 68,600 smallholders
- 55,800 fixed-term employees

- Core net profit: US$186 million
- Total revenue: over US$7.2 billion
- Owns 45 palm oil mills
- Operates bulking stations, crushing plants and palm oil refineries in eight main locations across Indonesia
- 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.

Revenue by geographical location in 2016:

- China: 31%
- India: 21%
- Indonesia: 18%
- Rest of Asia: 19%
- Europe, Africa and elsewhere: 11%

Key brands in Indonesia:

- FILMA
- i-soc
- Kuncel Mas
- Palmboom
- MENARA
- PUSAKA
- DELICIO
- mitra
- PALMVITA
- GOODFRY
- PALMVITA Gold
- SMARTBaker
- RED ROSE
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)

<table>
<thead>
<tr>
<th></th>
<th>Palm Oil</th>
<th>Rapeseed</th>
<th>Soybean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>3.24</td>
<td>0.8</td>
<td>0.49</td>
</tr>
<tr>
<td>Fertiliser</td>
<td>47</td>
<td>99</td>
<td>315</td>
</tr>
<tr>
<td>Pesticides</td>
<td>2</td>
<td>11</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Oil World and The Guardian

Yield – Tonnes of oil produced per hectare
Fertiliser – Kg to produce one tonne of oil
Pesticides – Kg to produce one tonne of oil
Committed to sustainable palm oil

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 Toolkit

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

November 2015 GAR launches peat rehabilitation project in PT AMNLS

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
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 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](https://www.gar.com/sustainability) is now publicly accessible on the [GAR website](https://www.gar.com)
Committed to sustainable palm oil

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
<table>
<thead>
<tr>
<th>Company</th>
<th>Rank</th>
<th>Score</th>
<th>RSPO member?</th>
<th>Headquarters</th>
<th>Landbank</th>
<th>Market cap</th>
<th>Total</th>
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<tbody>
<tr>
<td>Daabon Group</td>
<td>1</td>
<td>90.3%</td>
<td>Yes, since 2004</td>
<td>Colombia</td>
<td>11,346.70 ha</td>
<td>Private company</td>
<td>102.5/113.5*</td>
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<td>New Britain Palm Oil Ltd</td>
<td>2</td>
<td>86.8%</td>
<td>Yes, since 2004</td>
<td>PNG</td>
<td>136,268.00 ha</td>
<td>Private company</td>
<td>98.5/113.5*</td>
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<td>Agropalma Group</td>
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<td>84.8%</td>
<td>Yes, since 2004</td>
<td>Brazil</td>
<td>123,514.00 ha</td>
<td>Private company</td>
<td>97.5/115*</td>
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<td>Wilmar International Ltd</td>
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<td>77.5%</td>
<td>Yes, since 2005</td>
<td>Singapore</td>
<td>359,025.00 ha</td>
<td>$15,888,690,176</td>
<td>100/129*</td>
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<td>Golden Agri Resources Ltd</td>
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<td>74.8%</td>
<td>Yes, since 2011</td>
<td>Singapore</td>
<td>642,326.00 ha</td>
<td>$3,392,267,520</td>
<td>95/127*</td>
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<td>Sime Darby Plantation Sdn Bhd</td>
<td>6</td>
<td>74.4%</td>
<td>Yes, since 2004</td>
<td>Malaysia</td>
<td>1,003,860.00 ha</td>
<td>$15,215,931,392</td>
<td>96/129*</td>
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<td>Olam International Ltd</td>
<td>7</td>
<td>71.7%</td>
<td>Yes, since 2011</td>
<td>Singapore</td>
<td>121,810.00 ha</td>
<td>$4,126,934,567</td>
<td>83.5/116.5*</td>
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<td>United Plantations Bhd</td>
<td>8</td>
<td>71.4%</td>
<td>Yes, since 2004</td>
<td>Malaysia</td>
<td>59,484.00 ha</td>
<td>$1,367,087,744</td>
<td>90/126*</td>
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<td>Musim Mas Group PT</td>
<td>9</td>
<td>67.4%</td>
<td>Subsidiaries</td>
<td>Singapore</td>
<td>194,050.00 ha</td>
<td>Private company</td>
<td>87/129*</td>
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<td>Indofood Agri Resources Ltd</td>
<td>10</td>
<td>67.2%</td>
<td>Subsidiaries</td>
<td>Singapore</td>
<td>364,195.00 ha</td>
<td>$477,361,152</td>
<td>86/128*</td>
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<td>HTI Plantation Bhd</td>
<td>11</td>
<td>69.5%</td>
<td>Yes, since 2005</td>
<td>Malaysia</td>
<td>552,931.54 ha</td>
<td>Private company</td>
<td>70/126*</td>
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</table>
Sustainability Highlights
Environmental Management

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

72,000 ha 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

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

Protection-production partnerships:

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

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
Environmental Management

- Verified the calculation of GHG emissions with EY to start baseline studies.
- Reduced emissions by 167,500 tonnes CO2eq 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
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.
Social and Community Engagement

- >200 schools; >1,600 teachers;
- >28,000 students;
- 310 medical personnel treat >700 patients daily
- >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

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 Q4 2016
- TFT also conducted No-Exploitation site visit in 2016

170,700 jobs in Indonesia
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.
Marketplace and Supply Chain

GAR Estates
- FFB
- Palm Kernel
- GAR Mill
  - Crude Palm Oil (CPO)
  - Kernel Crushing Plant
- Palm Kernel Oil (P KO)

3rd-Party Estates
- FFB
- 3rd-Party Mill
  - Crude Palm Oil (CPO)
  - Kernel Crushing Plant
- Palm Kernel Oil (PKO)

3rd-Party Smallholders (Plasma/Independent)
- FFB
- Palm Kernel
- Kernel Crushing Plant
- Palm Kernel Oil (PKO)

Agents
- FFB
- Palm Kernel
- Kernel Crushing Plant
- Palm Kernel Oil (PKO)

GAR Refinery
- Cooking Oil
- Pharmaceutical
- Biodiesel
- Specialty Fats
- Processed Product
- Oleochemicals

Logistics

Customers
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.
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

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

Palm oil plantations absorb

35 – 42 tonnes

CO₂/hectare/year
Thank you